

# Franchise Disclosure Document

EmbroidMe.com, Inc.  
A Florida Corporation  
d/b/a FULLY PROMOTED  
2121 Vista Parkway  
West Palm Beach, FL 33411  
(561) 640-7367  
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[mikeb@ufgcorp.com](mailto:mikeb@ufgcorp.com)



The franchisee will own and operate a Fully Promoted® franchise which operates a full service branded products and marketing services business. We offer two types of Fully Promoted franchises, a store franchise and an office franchise.

The total investment necessary to begin operation of a Fully Promoted store is from \$128,205 to \$362,615. These amounts include \$49,500 that must be paid to the franchisor if you obtain financing for the purchase of your equipment to between \$204,475 to \$256,875 that must be paid to the franchisor if you purchase your equipment, and \$0 to \$3,500 that must be paid to the franchisor's affiliate.

The total investment necessary to begin operation of a Fully Promoted office is from \$99,100 to \$138,240. These amounts include \$70,995 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact a Franchise Development Specialist at 2121 Vista Parkway, West Palm Beach, FL 33411, (888) 816-6749.

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

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

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

**Issue Date: March 17, 2022**

## How to Use This Franchise Disclosure Document

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

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

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

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

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

**Supplier restriction.** 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 operation a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### **Some States Require Registration**

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by arbitration or litigation only in Florida. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or to litigate with us in Florida than in your own state.
2. **Spousal Liability.** If you are married and you elect to finance the equipment required to operate this franchised business, your spouse will be required to guarantee the loan thereby placing personal and marital assets at risk. The franchisee's spouse must sign a personal guaranty making such spouse jointly and severally liable for the obligations under the franchise equipment loan agreement which also places the spouse's personal assets at risk. You may want to consider this when making a decision to purchase this franchise opportunity.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

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.

**THE FOLLOWING APPLY TO  
TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY**

**The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and 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 a 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 OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
**CONSUMER PROTECTION DIVISION**  
Attention: Franchise Section  
G. Mennen Williams Building, First Floor  
525 West Ottawa Street  
Lansing, Michigan 48933  
Telephone Number: (517) 373-7117

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ATTACHED EXHIBITS:

Exhibit A	Franchise Agreement with Schedules and State Franchise Agreement Addenda
Exhibit B	Navitas Loan Agreement
Exhibit C	Deposit Receipt
Exhibit D	Financial Statements
Exhibit E	List of Franchisees
Exhibit F	Table of Contents for Operating Manual
Exhibit G	Agents for Service of Process/State Administrators
Exhibit H	General Release Agreement
Exhibit I	List of Terminated, Cancelled or not Renewed Franchisees
Exhibit J	Compliance Certificate
Exhibit K	Nondisclosure and Non-Competition Agreement
Exhibit L	Disclosure Document Addenda
Exhibit M	State Effective Dates
Exhibit N	Disclosure Document Receipt



## **ITEM 1**

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

To simplify the language of this Disclosure Document “Company,” “us” or “we” refers to **EmbroidMe.com, Inc. d/b/a Fully Promoted** (the “Franchisor”). “You” means the person, including any owner, partner or corporation who is looking at our franchise.

The Company is a corporation incorporated in February 2000 in the State of Florida. Our principal place of business is 2121 Vista Parkway, West Palm Beach, Florida 33411. We do business under our corporate name, EmbroidMe.com, Inc., and our trade names “Fully Promoted” and “EmbroidMe.” We do not have any predecessors or a parent entity. Our agents for service of process are listed in Exhibit G to this Disclosure Document.

### **COMPANY HISTORY**

In April 2000, we opened the first EmbroidMe retail store as a company store in West Palm Beach, Florida. In September 2000, we began franchising EmbroidMe businesses and today have 269 franchise locations in 11 countries. In January 2017, we modified our principal trademark for the retail stores from “EmbroidMe” to “Fully Promoted,” although Fully Promoted stores will also continue to use our EmbroidMe trademark in their store operations. Our corporate name has remained the same and is still “EmbroidMe.com, Inc.”

We now grant franchises to qualified persons for the right to own and operate a Fully Promoted business (the “Business”) under the terms of our standard Franchise Agreement (a copy is attached as Exhibit A).

We sold our corporately owned store as a franchise in August 2001. We do not have any company owned or operated units. We have not previously offered franchises in any other line of business.

### **DESCRIPTION OF A FULLY PROMOTED BUSINESS**

The Company offers to you, our customer, the right to own and operate a full service Fully Promoted store (a “Store”) or a Fully Promoted office (an “Office”). In your Store or Office, you will use our trademark, trade name, proven and sophisticated procedures and trade secrets. You will service retail, organization and business customers by providing them with embroidered, screen-printed apparel and/or advertising and promotional product merchandise along with marketing campaigns for a variety of printed marketing materials, lead generation services and general marketing services. Embroidered, screen-printed apparel and advertising and promotional merchandise will include specific items such as golf/polo shirts, caps, jackets, denim, uniforms, logo reproduction, outerwear, towels, t-shirts, bags, aprons, photographic gifts, pens, mouse pads, cups/mugs and magnetic business cards. Your competitors include independent marketing and advertising businesses and embroidery shops, franchisees of other marketing, sign, print and advertising businesses, certain catalog companies that embroider, online businesses and uniform companies. Your customer base will primarily be small to medium sized businesses, along with corporations and organizations. Fully Promoted is truly a one-stop shop for small and medium-sized businesses and organizations. We are the place customers come to get customers!

Many states and/or municipalities regulate embroidery and the retail sale of apparel. The State of California requires an embroidery shop to register as a garment manufacturer and pay an annual

fee of \$750. There also will be other local, state and federal laws applicable to your Fully Promoted business. We encourage you to make further inquiries and seek legal counsel about these laws.

## **AFFILIATES AND SUBSIDIARIES**

The Company is a member of United Franchise Group, an affiliated group of companies located at 2121 Vista Parkway, West Palm Beach, Florida 33411, whose franchising companies are:

1. **Sign\*A\*Rama Inc.** (“Signarama”), the world’s largest franchisor of retail sign shops, that has been in franchising since 1987 and has 703 locations in 36 countries;
2. **Transworld Business Advisors, LLC** (“TBA”), a franchisor of business brokerage agencies that also provide franchise referral lead services that has been franchising since December 2010 and currently has agencies servicing 341 territories in 9 countries;
3. **J.S. Subs, LLC** d/b/a Jon Smith Subs (“JSS”), a franchisor of restaurants offering made-to-order submarine sandwiches, grilled sandwiches, salads and other related foods and beverages that has been franchising since February 2016 and currently has 17 locations in 5 countries;
4. **Venture X Franchising, LLC** (“VTX”), a franchisor of co-working, collaborative office facilities, that has been franchising since March 2016 and currently has 39 locations in 4 countries;
5. **Great Greek Franchising, LLC** (“TGG”), a franchisor of fast-casual restaurants specializing in Greek and Mediterranean food that has been franchising since January 2018 and currently has 17 locations;
6. **Network Lead Exchange, LLC** (“NLX”), a franchisor of local chapters that belong to an online business networking site that has been franchising since January 2019 and currently has chapters in 17 territories;
7. **Resource Operations International d/b/a Preveer** (“PVR”), a franchisor of businesses offering to contract out various services, including technology, back office, creative and professional services that has been franchising since January 2020 and currently has 3 locations; and
8. **Graze Craze Franchising, LLC** (“GCZ”), a franchisor of stores offering grazing and charcuterie style cuisine. It has been franchising since June 2021 and currently has 4 locations.

The location and territory information disclosed above for our affiliates TBA, Signarama and VTX is as of December 31, 2021. The location and territory information disclosed above for our affiliates GCZ, NLX and PVR is as of June 30, 2021. The location and territory information disclosed above for our affiliate TGG is as of April 30, 2021. The location and territory information disclosed above for our affiliate JSS is as of December 31, 2020. The Signarama, TBA, JSS, VTX, TGG, NLX, GCZ and PVR franchises are different businesses than the Fully Promoted Business described in this Franchise Disclosure Document.

Our affiliate, Franchise Real Estate, Inc. (“Franchise Real Estate”) is a Florida real estate services corporation which was incorporated in the State of Florida in October 2002. Franchise Real Estate’s principal business address is 2121 Vista Parkway, West Palm Beach, Florida 33411.

Franchise Real Estate offers real estate services and assistance to our franchisees including, retail site selection, lease negotiation, construction management, store design and layout, and assistance with obtaining building renovation costs.

We have not and none of these affiliates has offered franchises in any other line of business. None of these affiliates operates a business which is similar in nature to a Fully Promoted Store or Office.

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## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **Ray Titus – Chief Executive Officer and Director – West Palm Beach, FL**

- Chief Executive Officer of GCZ since March 2021; Preveer since August 2019; NLX since July 2018; Paramount Franchising, LLC (“PTA”), a franchisor of tax preparation businesses, West Palm Beach, FL, from June 2017 to March 2018; TGG since November 2017; JSS since April 2015; and Experimax Franchising, LLC (“EXM”) a franchisor of retail computer stores that buy, sell, repair and refurbish pre-owned electronics in West Palm Beach, FL from June 2013 to August 2021.

#### **Ellen Titus Lee – Secretary/Treasurer and Director – West Palm Beach, FL**

- Secretary/Treasurer of the Company since its founding in February 2000.

#### **Brady Lee – Chief Operating Officer– West Palm Beach, FL**

- Chief Operating Officer of GCZ since March 2021; Preveer, NLX, TGG, JSS, VTX, TBA, Fully Promoted and Signarama since June 2020 and SuperGreen in West Palm Beach, FL from June 2020 to December 2020.
- President of EXM in West Palm Beach, FL from November 2020 to August 2021; and Accurate Franchising, Inc., a consulting business in West Palm Beach, FL from January 2019 to June 2020.
- Director of Sales in Sydney, Australia for NLX, TGG, JSS, VTX, EXM, SuperGreen, TBA, Fully Promoted and Signarama from March 2018 to January 2019.
- Vice President of Franchise Development of EXM, SuperGreen, TBA, Fully Promoted and Signarama from October 2016 to March 2018.

#### **Todd Newton – Chief Financial Officer – West Palm Beach, FL**

- Chief Financial Officer of GCZ since March 2021; Preveer since August 2019; NLX since July 2018; TGG since November 2017; PTA in West Palm Beach, FL from June 2017 to March 2018; VTX since September 2015; JSS since April 2015; EXM in West Palm Beach, FL from June 2013 to August 2021; TBA since October 2010; SuperGreen in West Palm Beach, FL from October 2010 to December 2020 and Signarama and Fully Promoted since January 2007.

#### **Michael Brugger – Director and President – West Palm Beach, FL**

- Director of Fully Promoted since January 2019; and EXM in West Palm Beach, FL from January 2019 to November 2020.
- President of Fully Promoted since October 2018.
- Vice President of Operations of JSS, VTX, EXM, TBA, Fully Promoted and Signarama from January 2016 to September 2018.
- Vice President of Franchise Real Estate of JSS and VTX from December 2015 to December 2017 and EXM, SuperGreen and Fully Promoted from December 2015 to December 2017.

**Jeffrey Thompson – *International Director – Newport Beach, CA***

- International Director of GCZ, Preveer, NLX, TGG, JSS, VTX, TBA, Fully Promoted and Signarama since January 2022.
- Regional Vice President of GCZ from May 2021 to December 2021; Preveer from January 2020 to December 2021; NLX from January 2019 to December 2021; TGG from November 2017 to December 2021; PTA in Newport Beach, CA from June 2017 to March 2018; VTX, JSS, TBA, Fully Promoted and Signarama from January 2016 to December 2021; and EXM in West Palm Beach, FL from January 2016 to August 2021.

**Tipton Shonkwiler – *Senior Executive – West Palm Beach, FL***

- Senior Executive of GCZ since May 2021; Preveer and NLX since November 2020; TGG, VTX, JSS, EXM, TBA, Fully Promoted and Signarama since January 2020 and SuperGreen in West Palm Beach, FL from January 2020 to December 2020 and EXM in West Palm Beach, FL from January 2020 to August 2021.
- Director of Global Sales of EXM and Fully Promoted from January 2020 to November 2020.
- International Director of NLX from January 2019 to December 2019, TGG from November 2017 to December 2019, VTX, JSS, EXM, SuperGreen, TBA, Fully Promoted and Signarama from December 2015 to December 2019; and of PTA in West Palm Beach, FL from June 2017 to March 2018.

**A.J. Titus – *Senior Executive – West Palm Beach, FL***

- Senior Executive of GCZ since May 2021; Preveer, NLX, TGG, VTX, JSS, EXM, TBA and Fully Promoted since November 2020; and EXM in West Palm Beach, FL from November 2020 to August 2021.
- President of Signarama since March 2018.
- Executive Vice President of Signarama from July 2017 to February 2018.
- Sales Manager of Signarama from January 2017 to June 2017.
- Operations Manager of Signarama from March 2015 to December 2016.

**Michael White – *Chief Development Officer – Durham, NC***

- Chief Development Officer (formerly known as Chief Revenue Officer) of GCZ since May 2021; Preveer, NLX, TGG, VTX, JSS, TBA, Fully Promoted and Signarama since November 2020; and EXM in West Palm Beach, FL from November 2020 to August 2021.
- President of VTX since January 2022.
- Director of Sales of GCZ from May 2021 to December 2021; Preveer from January 2020 to December 2021; NLX from January 2019 to December 2021; TGG, VTX, JSS, TBA, Fully Promoted and Signarama from September 2018 to December 2021; EXM in West Palm Beach, FL from December 2015 to August 2021; and SuperGreen in West Palm Beach, FL from September 2018 to December 2020.
- Senior Executive Vice President of TGG, VTX, JSS, EXM, SuperGreen TBA, Fully Promoted and Signarama from December 2017 to August 2018; and of PTA in Durham, NC from December 2017 to March 2018.
- Executive Vice President of TGG from November 2017 to December 2017; PTA in Durham, NC from June 2017 to December 2017 and VTX, JSS, EXM, SuperGreen, TBA, Fully Promoted and Signarama from December 2015 to December 2017.

**Nick Bruckner – Senior Vice President of Sales – West Palm Beach, FL**

- Senior Vice President of Sales of GCZ since May 2021; Preveer since January 2020; NLX since January 2019; TGG since November 2017; PTA in West Palm Beach, FL from June 2017 to March 2018; JSS and VTX since December 2015; TBA since February 2015 and SuperGreen in West Palm Beach, FL from February 2015 to December 2020; EXM in West Palm Beach, FL from July 2014 to August 2021; Fully Promoted since October 2004 and Signarama since January 2000.

**Walter Seltzer – Executive Vice President – West Palm Beach, FL**

- Executive Vice President of GCZ, Preveer, NLX, TGG, JSS, VTX, TBA, Fully Promoted and Signarama since January 2022.
- International Director of Preveer, NLX, TGG, VTX, JSS, EXM, TBA, Fully Promoted and Signarama from November 2020 to December 2021.
- Senior Executive of Preveer from August 2019 to November 2020; NLX from January 2019 to November 2020; TGG from November 2017 to November 2020; PTA in West Palm Beach, FL from June 2017 to March 2018; JSS, EXM, SuperGreen, TBA, Fully Promoted and Signarama from January 2017 to November 2020.

**Andrew Titus – Executive Vice President – West Palm Beach, FL – South Florida Region**

- Executive Vice President of GCZ, Preveer, NLX, TGG, JSS, VTX, TBA, Fully Promoted and Signarama since January 2022.
- Regional Vice President of GCZ from May 2021 to December 2021; Preveer, NLX, TGG, JSS, VTX, EXM, TBA, Fully Promoted, and Signarama since March 2020 and SuperGreen in West Palm Beach, FL from March 2020 to December 2020.
- Regional Manager of NLX, TGG, JSS, VTX, EXM, SuperGreen, TBA, Fully Promoted and Signarama from August 2019 to March 2020.

**Eric Brewstein – Regional Vice President – Maple Glen, PA – Northeast/New England Region**

- Regional Vice President of GCZ since May 2021; Preveer since January 2020; NLX since January 2019; TGG since November 2017; PTA in Maple Glen, PA from June 2017 to March 2018; JSS, VTX, TBA, Fully Promoted and Signarama since January 2017 EXM in West Palm Beach, FL from January 2017 to August 2021; and SuperGreen in West Palm Beach, FL from January 2017 to December 2020.

**John Fleming – Regional Vice President – Monroe, WA – Western Region**

- Regional Vice President of GCZ since May 2021; Preveer since January 2020; NLX, TGG, VTX, JSS, TBA, Fully Promoted and Signarama since April 2019; EXM in West Palm Beach, FL from April 2019 to August 2021; and SuperGreen in West Palm Beach, FL from April 2019 to December 2020.
- Director of Business Development of RGP Resource Global Professionals, a consulting business in Seattle, WA from April 2017 to April 2018.
- Director of Sales and Marketing of Dirtfish, a hospitality company in Snoqualmie, WA from March 2014 to October 2016.

**Dan Nemunaitis – Regional Vice President – Crystal Lake, IL – Midwest Region**

- Regional Vice President of GCZ since May 2021; Preveer since January 2020; NLX since January 2019 and TGG since November 2017; PTA in Crystal Lake, IL from June 2017 to March 2018; VTX and JSS since December 2015; EXM in West Palm Beach, FL from February 2015 to August 2021; TBA since February 2015, SuperGreen in West Palm Beach, FL from January 2014 to December 2020; Fully Promoted since December 2013 and Signarama since November 2011.

**Evan Opel – Regional Vice President – Midlothian, VA –Mid-Atlantic Region**

- Regional Vice President of GCZ since May 2021; Preveer since January 2020; NLX since January 2019; TGG since November 2017; PTA in Midlothian, VA from June 2017 to March 2018; JSS, VTX, TBA, Fully Promoted and Signarama since December 2015; EXM in West Palm Beach, FL from December 2015 to August 2021; and SuperGreen in West Palm Beach, FL from December 2015 to December 2020.

**Paul Scales – Regional Vice President – Powell, OH – Columbus Region**

- Regional Vice President of GCZ since May 2021; Preveer, NLX, TGG, VTX, JSS, TBA, Fully Promoted and Signarama since February 2020; EXM in West Palm Beach, FL from February 2020 to August 2021; and SuperGreen in West Palm Beach, FL from February 2020 to December 2020.
- Regional Vice President of Atalian Global Services, a facility services company in Columbus, OH from April 2019 to October 2019.
- President and founder of The Cleaning Pros, a facility services company in Cleveland, OH from October 2017 to April 2019.
- Vice President of System4 LLC, a facility services and franchise sales company in Independence, OH from January 2006 to September 2017.

**Alan Van Campen – Regional Vice President – Suwanee, GA – Georgia/Southeast Region**

- Regional Vice President of GCZ since May 2021; Preveer since January 2020; NLX since January 2019; TGG since November 2017; JSS and TGG since November 2017; PTA in Suwanee, GA from October 2017 to March 2018; VTX, TBA, Fully Promoted and Signarama since October 2017; EXM in West Palm Beach, FL from October 2017 to August 2021; and SuperGreen in West Palm Beach, FL from October 2017 to December 2020.
- District Manager of American Lubefast, an oil change and preventative maintenance company in Lawrenceville, GA from January 2016 to September 2017.

**Preston Welch – Regional Vice President – Southeast Region**

- Regional Vice President GCZ, Preveer, NLX, TGG, JSS, VTX, TBA, Fully Promoted and Signarama since August 2021.
- Sales Manager of Govspend a Tech company in Deerfield Beach, FL from March 2020 to August 2021.
- Broker/Sales Trainer at SmartProcure, a Tech company in Deerfield Beach, FL from October 2018 to October 2019.
- Manager Partner of Welch & Associates, a Tech company in Ft. Lauderdale, FL from March 2017 to October 2018.
- Sales representative of SmartProcure, a Tech company in Deerfield Beach, FL from February 2015 to March 2017.

**Lowell S. Dunn III – Regional Manager – Dallas, TX – Southwest Region**

- Regional Manager of GCZ, Preveer, NLX, TGG, JSS, VTX, TBA, Fully Promoted and Signarama since June 2021
- Vice President of Sales of SndRight LLC, a digital communication company in Lynchburg, VA from February 2020 to May 2021.
- Vice President of TxtRed LLC, a digital communication company in Lynchburg, VA from August 2018 to May 2021.

**Eric Redden – Regional Development Director–Charlotte, NC – Carolinas Region**

- Regional Development Director of GCZ, Preveer, NLX, TGG, VTX, JSS, TBA, Fully Promoted and Signarama since January 2022.
- Regional Vice President of Preveer, NLX, TGG, VTX, JSS, TBA, Fully Promoted and Signarama since March 2020; EXM in West Palm Beach, FL from March 2020 to August 2021; and SuperGreen in West Palm Beach, FL from March 2020 to December 2020.
- Regional Manager of Preveer from January 2020 to March 2020, and NLX, TGG, VTX, JSS, EXM, SuperGreen, TBA, Fully Promoted and Signarama from January 2019 to March 2020.
- Franchise Development Representative of the TGG, VTX, JSS, EXM, SuperGreen, TBA, Fully Promoted and Signarama from February 2018 to December 2018.
- Lifestyle Director of First Service Residential, a property management business in Dania Beach, FL from June 2015 to February 2018.

**Casey Matthews –Development Manager – West Palm Beach, FL**

- Development Manager (formerly known as Sales Manager) of Fully Promoted since January 2020; and EXM from January 2020 to August 2021.
- Regional Vice President of TGG, JSS, VTX, SuperGreen, TBA, Fully Promoted and Signarama from January 2019 to January 2020.
- Regional Manager of TGG from November 2017 to December 2018; PTA in West Palm Beach, FL since June 2017; JSS, VTX, EXM, SuperGreen, TBA, Fully Promoted and Signarama from July 2016 to December 2018.
- Franchise Development Representative of JSS from February 2016 to July 2016; VTX from March 2016 to July 2016; and SuperGreen, TBA, EXM, Fully Promoted and Signarama from November 2015 to July 2016.

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**ITEM 3**  
**LITIGATION**

A. Pending Litigation: None

B. Litigation Against Franchisees Commenced in the Past Fiscal Year:

EmbroidMe.com, Inc. v. Alfadhli, (Case No. 50-2021-CA-009537-XXXX-MB, Circuit Court, Palm Beach County, FL), Filed August 6, 2021. Suit initiated by Company to enforce covenants against competition and for failure to pay royalties.

C. Completed Litigation: None

D. Restrictive Orders:

The following injunctive order relates to Signarama, an affiliate of the Company and covers certain directors, officers and employees of Signarama:

Federal Trade Commission, Plaintiff, v. Minuteman Press International, Inc., Speedy Sign-A-Rama, USA, Inc., Roy W. Titus and Jeffrey Haber, Defendants (CV 93-2496) Filed on June 4, 1993, in the United States District Court, Eastern District of New York. The Federal Trade Commission complaint alleged that the Defendants violated Section 5(a) of the Federal Trade Commission Act and the Commission's Franchise Rule (16 CFR Part 436) by falsely representing to prospective franchisees potential gross sales levels and profitability of their franchise units, failing to disclose the obligation to pay a substantial transfer fee up on the resale of the franchise, and by making earnings claims without proper documentation and in contradiction of statements in their disclosure documents. On December 18, 1998, an injunction was filed prohibiting the Defendants, excluding Haber from doing the following: A. Making, or assisting in the making of, expressly or by implication, orally or in writing, to any prospective franchisee any statement or representation of past, present or future sales, income, or gross or net profits of any existing or prospective franchisee or group of franchisees, unless at the time of making such representation the defendant possesses written material that provides a reasonable basis for the representation. B. Violating any provision of the Franchise Rule 16 C.F.R. Part 436 or the Rule as it may later be amended and the disclosure requirements of the UFOC in effect at the time. C. Assessing or collecting a transfer/training fee from any franchisee who sells or assigns its franchise unless the selling franchisee received a copy of a disclosure statement indicating that such fee would be charged. D. Failing to monitor and investigate any complaints about compliance with the rule or the injunction. E. To cooperate with the Commission in the enforcement of this injunction.

The following order relates solely to Signarama, an affiliate of the Company:

Signarama entered into a consent order with the Securities Commissioner of Maryland in January of 1996. The matter is captioned In the Matter of Speedy Sign-A-Rama, USA, Inc. and is Case No. S-95-112. It is alleged in the consent order that Signarama sold 4 franchises in the State of Maryland after its registration under the Maryland Franchise Law had lapsed, and before it was renewed. In settlement of the matter, and while neither admitting nor denying the findings in the order, Signarama agreed to offer rescission to the 4 franchisees, adopt a compliance program intended to avoid unregistered sales and disclose the existence of the order in its franchise Disclosure Document under the Maryland Franchises Law. All four 4 Franchisees stayed with Signarama.

The following order relates solely to TGG:

TGG entered into a consent order with the Department of Financial Protection and Innovation of the State of California in July 2021. The matter is captioned In the Matter of: The Commissioner of Financial Protection and Innovation v. Great Greek Franchising, LLC. The Commissioner found that TGG removed a condition of registration that was previously imposed on the franchisor, which required franchisor to defer collection of initial franchise fees until all of its pre-opening obligations were completed and franchisees commenced doing business, without express authorization from the Department, and also failed to indicate the change in the marked copy of the FDD submitted to the Department, in violation of 10 C.C.R. § 310.122.1 and Corporations Code § 31200. Franchisor also collected franchise fees prior to completing its pre-opening obligations and franchisees opening for business, in violation of Corporations Code § 31203. In settlement of the matter, TGG agreed to desist and refrain from the violations of Corporations Code section(s) 31200, 31203, and Rule 310.122.1, pay an administrative penalty, offer rescission to each of the franchisees who were offered and sold a franchise from October 18, 2018 to August 20, 2020, and attend continuing education. As of today, TGG has mailed the rescission offers to the franchisees, paid the administrative penalty, completed the continuing education, and made all payments required under the rescission offer.

The following orders relate solely to TGG, GCZ and UFG:

In February 2022, TGG, GCZ, and UFG entered into consent orders with the State of California, and its Department of Financial Protection and Innovation, as it relates to alleged violations which occurred at a trade show in California. It is alleged in the consent orders that, in October 2021, TGG and GCZ, holding themselves out as members of the UFG affiliated family of brands in a booth during a trade show within the state of California, provided information regarding the franchise offerings without a valid registration or exemption to offer or sell franchises in California. More specifically, a single representative of TGG, GCZ and UFG showed an individual the Graze Craze website and that the same representative made financial performance representations regarding The Great Greek Mediterranean Grill franchise system. Further, the Department concluded that the employee's actions constituted a response to an inquiry regarding GCZ franchise offering, and a later representation by a GCZ representative that all inquiries had been declined was concluded to be untruthful. As required by the consent orders, TGG, GCZ, and UFG agreed to desist and refrain from the violations of Corporations Code section(s) 31110, 31201, and 31204, pay an administrative penalty, send a Notice of Consent Order to TGG franchisees, and contract with an independent monitor for up to three years to assist with developing, implementing, and reviewing policies and procedures of its franchise sales.

Other than these actions, no litigation is required to be disclosed in this item.

#### **ITEM 4**

#### **BANKRUPTCY**

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

## **ITEM 5**

### **INITIAL FEES**

Except as noted below, all franchisees purchasing a new Fully Promoted franchise pay an initial franchise fee of \$49,500 when they enter into our Franchise Agreement. At least 14 days after we provide you with a copy of this Disclosure Document, together with a copy of all proposed agreements relating to the purchase of a franchise, but prior to signing the Franchise Agreement, you will be required to pay a \$9,500 deposit (commonly referred to as a “binder”). This binder is fully refundable if you do not purchase a Fully Promoted franchise. After we receive your binder, we assist you with your search for your Store or Office location. On the date you enter into your Franchise Agreement, the binder is applied against the initial franchise fee leaving a remainder of \$40,000 which must be paid at the time of signing the Franchise Agreement. The initial franchise fee is non-refundable. All current owners pay a second-store franchise fee of \$35,500 that is nonrefundable and due at closing. Any conversion franchisee converting an existing branded products and marketing services business to a Fully Promoted franchise also will pay an initial franchise fee of \$35,500, which is nonrefundable and must be paid at the time of signing the Franchise Agreement. In addition, if you are purchasing an existing resale outlet, you or the seller will pay to us \$29,500 or 10% of the purchase price of the outlet (whichever is greater), or the then current transfer/training fee from the closing proceeds as described in Items 6 and 7.

Eligible United States military veterans will receive a discount of 20% of the franchise fee for their first franchise location. Eligible military veterans acquiring additional franchise locations will pay an initial franchise fee of \$25,500. An eligible veteran is a veteran who has received an honorable discharge.

Owners in good standing of certain affiliated brands (Signarama, TBA, GCZ, JSS, VTX and TGG) purchasing our franchise will pay a reduced nonrefundable franchise fee of \$39,500.

In addition to the initial franchise fee, you must purchase an equipment package from us, as further described in Items 7 and 8. If purchasing a Store franchise, the cost of the equipment package including shipping is \$154,975 plus taxes. You have the option of adding on a silk screen equipment package, which would bring the cost to \$207,375 (including shipping) plus taxes. A deposit of \$12,500 is due at the time of signing your Franchise Agreement. The balance of the purchase price, \$142,475 or \$194,875 depending on which option you select, plus taxes, is due 10 days after signing a lease for the premises of your Store. If purchasing an Office franchise, the cost of the equipment package including shipping is \$21,495 plus taxes and is due in full at the time of signing your Franchise Agreement. The equipment package contains all of the equipment and supplies, except for a few items, to begin operations. The purchase is nonrefundable. See Items 7 and 10 for information regarding obtaining financing for the purchase of the equipment package.

If you are purchasing a resale Store franchise, you will be required to rebrand or refresh the branding of the existing Fully Promoted Store you are purchasing and you must purchase a resale equipment package from us which includes signage, window graphics and other items necessary to rebrand the Store. The cost of the resale equipment package including shipping and data conversion will not exceed \$25,500 plus taxes. Payment is due at the signing of the Franchise Agreement and is nonrefundable.

If purchasing a Store franchise, our affiliate, Franchise Real Estate assists you with site selection, lease negotiation, construction management, store design and layout and assistance with obtaining

building renovation costs for your Store. You may use Franchise Real Estate's services at your option. Franchise Real Estate may be compensated by your landlord for their services, but if you opt not to use Franchise Real Estate and you retain another real estate company for this assistance, then you will be required pay a service charge to Franchise Real Estate for their pre-opening assistance of \$3,500. This service charge will be required to be paid prior to opening your Fully Promoted Store and is non-refundable. If purchasing an Office franchise, these services are inapplicable.

Except as described above, generally, the franchise establishment fee is uniformly charged, however, in certain unique circumstances in the past fiscal year, we have reduced a fee for a particular franchisee. In 2021, for an Office, we reduced the fee to as low as \$39,500 (which was the franchise establishment fee for an Office in FY 2020).

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## **ITEM 6**

### **OTHER FEES**

<b>Name of fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty <sup>1</sup>	The greater of \$500 per month or 6% of your gross revenues up to \$600,000.00; 4% of your gross revenues from \$600,000.01 to \$1,000,000; and 2% of your gross revenues over \$1,000,000.	Payable monthly on the 2 <sup>nd</sup> business day of the following month	Gross revenues include all revenue from the franchise location. Gross revenues do not include sales tax. The amounts of each royalty cap tier are adjusted for inflation annually on January 1.
Marketing Fee <sup>2</sup>	1% of your gross revenues or \$650 per month whichever is greater	Payable monthly on the 2 <sup>nd</sup> business day of the following month	See Item 11 for more information on marketing
Business Management System (“BMS”) Software & Website Maintenance Fee <sup>3</sup>	\$199 to \$399 per month or the then current fee	Payable monthly	Payable to the Company and designated vendors
Transfer Fee	The greater of: (1) \$29,500; (2) 10% of the sale price of the franchise, or (3) the then current transfer fee at time of transfer	Prior to consummation of transfer	Payable by the seller from the proceeds of the sale of the franchise
Online Sourcing Fee <sup>4</sup>	Fees vary, currently approximate fee ranges from \$75 to \$150 per month	Payable monthly	Payable to designated vendor
Microsoft Office 365 Business Subscription Fee <sup>5</sup>	Fees vary, currently approximate fee is \$300 annually	Payable annually	Payable to designated vendor
Lead Generation Subscription <sup>6</sup>	\$100 to \$250	Payable monthly after the first year of operation	Payable to designated vendor

<b>Name of fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Fully Promoted Expo Attendance <sup>7</sup>	\$1,000 to \$1,700	Payable prior to convention	Payable to the Company, hotels and airlines
Technology Fee <sup>8</sup>	\$125 or then current fee	Payable monthly	Payable to Company or designated vendor
Employee Training Fee <sup>9</sup>	\$225 or then current fee per person attending training plus travel & hotel expenses	Payable prior to start of training program	Payable to the Company
Renewal Fee	\$1,500	30 days before renewal	To cover costs of closing and processing paperwork
Audit <sup>10</sup>	Cost of audit plus interest on underpayment	Payable at the time of audit	Payable only if an audit shows an understatement of at least 2% on any one-month's reports
Non-compliance fee	\$250-\$500 per compliance violation	Payable on demand	Payable to Company if your business is not in compliance with Company's system specifications or a non-monetary term of the franchise agreement and you fail to correct the non-compliance after 30 days' notice. \$500 for the first violation, and \$250 per violation thereafter.

Unless indicated otherwise, the fees or payments listed above are nonrefundable. All of the fees listed above are uniformly applied to franchisees, however, in certain unique circumstances, we may reduce or waive a fee for a particular franchisee for a limited period of time.

<sup>1</sup> Our Franchise Agreement requires you to pay to us a continuing royalty payable monthly. You are prohibited from offsetting or deducting this required royalty payment in any form or fashion. On the second business day of the following month, we will obtain from your computer by electronic polling your sales figures for the prior month and will withdraw the royalties, Marketing Fee, Technology Fee and website maintenance fee from your designated bank account. We may charge you interest and/or late fees if we are unable to withdraw the

royalties and other amounts due to us in a timely manner. For a detailed definition of gross revenue, please see Section 10.E of the Franchise Agreement.

<sup>2</sup> This Marketing Fee is paid to an advertising fund which is currently controlled by franchisees, although we reserve the right to bring the advertising fund under our control in the future. This fee will be used for national advertising, Internet advertising and web hosting and development. Currently, the advertising fund allocates \$300 of the \$650 on local advertising for the franchisees. See Item 11 for more information regarding this advertising fund. In addition, you will conduct your own local marketing as described in Item 11.

<sup>3</sup> The Software & Website Maintenance Fee is \$199 to \$399 per month. This fee is for the maintenance and hosting of between 5 and 10 licenses for your administrative and sales staff for your Business Management System (“Point of Sale System” or “BMS”) software and one website license for a BMS-based business website. These licenses are initially provided to you as part of the equipment package you are required to purchase. This fee can be increased by the vendors in the future. This fee may also be increased if we introduce a new business management or point of sale system or make major modifications to your business management or point of sale system in the future. As disclosed in Item 8, you must purchase and use the Point of Sale System or BMS that we specify. Our specifications may change. If we change our specifications, you will need to effect such changes.

<sup>4</sup> The Online Sourcing Fee provides access to a promotional product sourcing data base maintained by a third-party vendor. There are a number of third-party vendors who offer promotional product sourcing data base subscriptions. Fees vary by vendor and also based on the number of users who will need access. Third party vendors may increase or decrease their fees in future years.

<sup>5</sup> You will need to subscribe to Microsoft Office® 365-Business Edition. Your subscription includes licenses for 3 users and includes Outlook®, Word®, Excel® and PowerPoint® as well as one terabyte (1 TB) of file storage and 24/7 phone and web support.

<sup>6</sup> Hosting and maintenance of lead generation subscription software allows you to pull local customer data for local business marketing.

<sup>7</sup> The Fully Promoted Expo or an UFG Expo for franchisees of the Company is held every 12-18 months. Costs include admission fee, airfare, hotel, meals and incidentals. The UFG Expo is a conference in which all of the franchise brands of United Franchise Group of affiliated franchise companies attend.

<sup>8</sup> The Technology Fee is for hosting and maintenance of your branded website, domain and email addresses. Fees are subject to change during the term of the franchise. Third party vendors may increase or decrease their fees in the future.

<sup>9</sup> A training fee is charged for employees of a franchisee attending a training class or any additional persons who attend our initial training program with you.

<sup>10</sup> You give us the right at all times to examine your Business Management System (“BMS”), financial books, bank accounts, bank statements, tax returns and records relating to the Fully Promoted Store or Office, together with the right to make copies. You must provide BMS reports and data, copies of your financial books, bank statements, tax returns and other records to us if we request. This right to audit shall also apply to any other business operated from your Fully Promoted Store or Office premises that is owned or controlled by you or a member

of your family. You are not permitted to combine or commingle your Fully Promoted Business operations with that of any other business. You are not permitted to use the bank account or BMS designated for your Fully Promoted Business to process transactions, sales, make deposits or pay expenses for another business. You must keep the financial books and records of your Fully Promoted Business separate and apart from your personal financial books and records and from the books and records of any other business you own or operate. You must not file consolidated tax returns for the Fully Promoted Business which consolidate the income and deductions of the Fully Promoted Business with those of another business. This audit will be at our sole expense; provided, however, you will pay the reasonable cost of any audit where this audit discloses that you have paid less than 98% of your royalties in any one month plus interest at the lesser of 18% or the highest rate allowed by law from date such royalties were due. Currently, the cost you are charged for an audit is a fixed amount of \$600. Audit costs are subject to change. You will be required to maintain all of your financial records for a period of 6 years. In addition, you will be required to provide us with a profit and loss statement monthly and/or our BMS sales report, as we may direct. You must send to us financial reports annually in the form that we request (balance sheet, profit and loss statement, etc.). You must also provide us with copies of your tax returns on an annual basis. Financial statements and reports for the Fully Promoted Business must not be consolidated with any other business. If you consolidate, combine or commingle any of the financial books and records, tax returns or financial reports for the Fully Promoted Business with those of another business or use your BMS or bank account designated for the Fully Promoted Business in the operation of another business, our right to audit will be extended to the complete financial records, tax returns, books and bank accounts of the other business.

If your franchise is located in a jurisdiction where the franchise fee, royalty or any other fees paid by you to us are subject to a tax, then you will be required to pay those taxes.

You must file all state, federal and local financial reports and returns that may be required by law relative to operating your Fully Promoted Business. We have the right to request copies of all of these reports or returns.

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**ITEM 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT – RETAIL STORE**

<b>Type of expenditure</b>	<b>Amount Estimated Range (Equipment Purchase)</b>	<b>Amount Estimated Range (Equipment Financing)</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
Initial Franchise Fee <sup>1</sup>	\$49,500	\$49,500	Lump sum	At signing of Franchise Agreement	Company
Travel and Living expenses while at training school <sup>2</sup>	\$210 to \$490 (\$15 to \$35 per day)	\$210 to \$490 (\$15 to \$35 per day)	As incurred	During training	Restaurants, entertainment, etc.
Initial Marketing Fee <sup>3</sup>	\$6,000 to \$10,000	\$6,000 to \$10,000	As incurred	At the time of opening	Suppliers
Real Estate (Rental payments vary from location to location.) <sup>4</sup>	Note 4	Note 4	Note 4	Note 4	Note 4
Real Estate Service Charge <sup>4</sup>	\$0 to \$3,500	\$0 to \$3,500	Lump sum	Prior to opening	Franchise Real Estate, an affiliate of Company
Leasehold Improvements <sup>5</sup>	\$5,000 to \$30,000	\$5,000 to \$30,000	As incurred	As incurred prior to opening store	Landlord, contractors
Equipment Package <sup>6</sup>	\$154,975 to \$207,375 (plus taxes)	--	Lump sum	Deposit at signing of Franchise Agreement; balance, plus taxes 10 days after signing lease for store premises	To Company if you choose to purchase your equipment outright

Type of expenditure	Amount Estimated Range (Equipment Purchase)	Amount Estimated Range (Equipment Financing)	Method of Payment	When Due	To Whom Payment is Made
Equipment Package initial payments and Processing Fee (if financed) <sup>6</sup>	--	\$30,995 (plus taxes)	Lump sum	At signing of loan agreement	Payable to finance company if you choose a loan to finance the purchase of your equipment
Insurance <sup>7</sup>	\$1,000 to \$2,000	\$1,000 to \$2,000	As arranged	As incurred	Supplier
Security Deposit/ Utility Deposits/ Licenses <sup>8</sup>	\$500 to \$3,000	\$500 to \$3,000	As arranged	As incurred	Landlord, utilities, licensing authorities
Opening Supplies <sup>9</sup>	\$500 to \$1,750	\$500 to \$1,750	Lump sum	As incurred	Suppliers
Additional Funds (0-6 mos.) <sup>10</sup>	\$35,000 to \$55,000	\$35,000 to \$55,000	As incurred	As incurred	Employees, suppliers and other third party vendors
Totals <sup>11</sup>	Low = \$252,685 High = \$362,615	Low = \$128,205 High = \$186,235			

(\***NOTE:** Your estimated initial investment will be \$14,000 lower if you are acquiring a second or additional Fully Promoted Store franchise (the difference between an initial franchise fee of \$49,500 and \$35,500).

(\***NOTE:** Your estimated initial investment for a conversion franchise will be significantly lower if you can continue to use your existing location and equipment and convert the business to a Fully Promoted Store. The total estimated initial investment for a conversion franchise is approximately \$49,500 to \$57,000, which includes the \$35,500 initial franchise fee and an amount for signage and other improvements to fit the Fully Promoted image. Your initial investment for a conversion franchise may be higher and may include most or all of the expenses noted in the Item 7 table if you are unable to use your existing location and equipment in the conversion. If you purchase an existing Fully Promoted Store from one of our franchisees, you will be required to rebrand or refresh the branding of the existing Store and you must purchase a resale equipment package from us. The cost of the resale equipment package including shipping is \$25,500 plus taxes.)

(Except where noted otherwise, all amounts that you pay to us are nonrefundable. Third party lessors and suppliers will decide if payments to them are refundable. Neither we nor any of our affiliates offer any financing for any of your initial investment. See Item 10 of this Disclosure Document for more information.)

<sup>1</sup> The initial franchise fee is discussed in detail in Item 5 of this Disclosure Document.

<sup>2</sup> We provide one round trip airfare to our Florida Corporate Headquarters where we hold our training. We also provide your hotel accommodations and one daily meal. The only costs that you will incur will be for your other daily meals, local transportation and your entertainment. Of course, these costs will vary depending upon your requirements.

<sup>3</sup> This cost includes conducting a grand opening for the Store and advertising within the local community.

<sup>4</sup> A typical new Fully Promoted Store generally occupies 1,000 to 1,500 square feet of interior space with HVAC, lighting fixtures, electrical outlets and data ports installed for your business. Cost per square foot of leasing commercial space varies greatly depending on your location and the market conditions affecting commercial property at the time of your lease. We will help you find your location and then you and we must both agree that it is the right place for you to open up your new business. At your option, our affiliate, Franchise Real Estate, assists you in locating and negotiating the lease for the premises, with construction management and store design layout and obtaining building renovation costs and, in some cases, may receive compensation from the landlord. If you opt not to use Franchise Real Estate or if you retain another real estate services company to provide these services, you will be required to pay a service charge of \$3,500 to Franchise Real Estate as described in Item 5.

<sup>5</sup> You will need to improve your Store premises to meet our specifications and standards, including changes to flooring, ADA bathrooms, ceiling and walls, paint, sprinkler, HVAC and electrical. The cost of the leasehold improvements will depend on a number of factors including the layout and condition of the premises, labor and material costs, plans and permits in the market where your Store will be located and the landlord's contribution to the cost of the improvements. In some cases, Franchise Real Estate may be able to assist you in negotiating with the landlord to pay for all or a substantial portion of the improvements or to reimburse you on terms agreed to between you and the landlord. Some required improvements such as exterior electrical signage, including installation, and window graphics are provided by us as part of the equipment package. This range of costs assume some construction allowances are provided by the landlord which are reimbursable to you based on terms agreed between you and the landlord.

<sup>6</sup> Obtaining a loan to finance the purchase of your equipment through an outside finance company reduces your initial investment by spreading out monthly payments for the purchase of your Store's equipment, rather than paying an initial lump sum for the entire purchase price. A loan does reduce your initial investment but likely will result in higher payments over the term of the loan because of interest payments and other charges. You and the loan company will determine the precise amount of any initial or periodic payments at the time of the transaction. The payments ordinarily are not refundable. Market forces will determine loan repayment totals and interest rates. We are not obligated to offer directly or indirectly any arrangements for financing of your initial investment, your equipment or the continuing operation of your franchise. We do not guarantee your note, loan, lease or any other obligation.

The total cost of the equipment package is from \$154,975 for the standard equipment package to \$207,375 for the standard equipment package plus the optional silk screen equipment; plus

any applicable sales and use taxes. We have arranged for equipment financing through Navitas Credit Corporation (“Navitas”). We may also make arrangements through other lending sources in the future. The terms of payment and other conditions of an equipment loan or lease vary by lending sources and leasing company and are subject to change without notice. Equipment financing companies require monthly loan payments over the term of the loan. For example, if you choose to finance your purchase of your equipment through Navitas, you will pay a monthly loan payment of approximately \$2,893, plus any applicable sales and use taxes with a term of 48 months. In addition, Navitas requires you to pay a 10% security deposit when you sign your loan documents plus a processing fee of \$550. If you are married, Navitas requires both you and your spouse to apply and be listed on the loan documents. You (and your spouse, if applicable) will also be required to personally guarantee your loan. Depending on your personal credit status, the loan company may approve you for less than the full amount of the equipment package. If you are approved for a lesser amount, you will be required to pay the remaining balance of the purchase price of the equipment package to us. A copy of Navitas’s equipment financing agreement is included with this Disclosure Document as Exhibit B. Your loan may be prepaid at any time. However, you will still be responsible to pay the full amount of loan payments and, therefore, may not realize a savings by prepaying.

<sup>7</sup> You are obligated under the Franchise Agreement to hold certain business insurance policies including comprehensive general liability policy, a policy covering “all risk” of physical loss and additional policies as may be required under your local laws or ordinances. The amount listed in this table reflects our estimate of basic insurance for your first six months of operation. Your expenses will vary depending on your exact requirements as dictated by your landlord and/or local insurance rates.

<sup>8</sup> You will need to provide deposits for your real estate and your utilities. The amounts of these deposits will vary depending on the practices of your landlord and/or utility company. You must also register your business with the local county along with a fictitious name and other requirements of your local or state government. Each of these entities may charge a fee for your registration and/or certain taxes.

<sup>9</sup> You will need to purchase miscellaneous supplies, including Store maintenance items, computer supplies, software and other office supplies required by any business.

<sup>10</sup> You will need capital to support your ongoing expenses, e.g. payroll and utilities, to the extent that these costs are not covered by sales revenue when you first open. This figure does not include sums necessary for living or personal expenses nor payments for your debt service. New businesses often generate a negative cash flow for a time. We estimate the amount given will be sufficient to cover on-going expenses for the start-up phase of your business that we calculate to be up to 6 months. However, this is only an estimate and we cannot assure you that additional capital will not be necessary during your start-up phase. Our estimate of the capital you will need to support your ongoing expenses during your start-up phase is based on our experience in the business since 2000. Your costs will depend on factors such as how much you follow our systems and procedures, your management skills and experience, your business skills, local economic conditions, the prevailing wage rate, the local market for the Fully Promoted Business, competition and sales levels reached during the start-up phase.

<sup>11</sup> This total is an estimate of your initial investment and is based on our estimate of average costs and market conditions prevailing as of the date of this Disclosure Document and our experience in the business since 2000. We encourage you to seek the advice of your own business advisor, accountant or attorney to help formulate a business plan and a methodology of your business operation. ***Remember: A Business Plan is an important step in understanding your financial***

**needs.** You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and other local market conditions, which can be highly variable. You must bear any deviation or escalation in costs from the estimates in this Item 7.

**ESTIMATED INITIAL INVESTMENT**  
**YOUR ESTIMATED INITIAL INVESTMENT - OFFICE**

<b>Type of expenditure</b>	<b>Amount Estimated Range (Equipment Purchase)</b>	<b>Amount Estimated Range (Equipment Financing)</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
Initial Franchise Fee <sup>1</sup>	\$49,500	Financing not available	Lump sum	At signing of Franchise Agreement	Company
Travel and Living expenses while at training school <sup>2</sup>	\$105 to \$245 (\$15 to \$35 per day)	Financing not available	As incurred	During training	Restaurants, entertainment, etc.
Initial Marketing Fee <sup>3</sup>	\$6,000 to \$12,000	Financing not available	As incurred	At the start of business	Suppliers
Real Estate (Rental payments vary from location to location.) <sup>4</sup>	Note 4	Financing not available	Note 4	Note 4	Note 4
Real Estate Service Charge	Not Applicable	Financing not available	Not Applicable	Not Applicable	Not Applicable
Leasehold Improvements <sup>5</sup>	\$0 to \$2,500	Financing not available	As incurred	Prior to opening office	Landlord, contractors
Equipment Package <sup>6</sup>	\$21,495 (plus taxes)	Financing not available	Lump sum	At signing of Franchise Agreement	Company
Equipment Package initial payments and Processing Fee (if financed) <sup>6</sup>	Financing not available	Financing not available	Financing not available	Financing not available	Financing not available
Insurance <sup>7</sup>	\$1,000 to \$2,000	Financing not available	As arranged	As incurred	Supplier

Type of expenditure	Amount Estimated Range (Equipment Purchase)	Amount Estimated Range (Equipment Financing)	Method of Payment	When Due	To Whom Payment is Made
Security Deposit/ Utility Deposits/ Licenses <sup>8</sup>	\$500 to \$2,500	Financing not available	As arranged	As incurred	Landlord, utilities, licensing authorities
Opening Supplies/Office Furniture <sup>9</sup>	\$500 to \$3,000	Financing not available	Lump sum	As incurred	Suppliers
Additional Funds (0-6 mos.) <sup>10</sup>	\$20,000 to \$45,000	Financing not available	As incurred	As incurred	Employees, suppliers and other third party vendors
Totals <sup>11</sup>	Low = \$99,100 High = \$138,240	Financing not available			

<sup>1</sup> The initial franchise fee is discussed in detail in Item 5 of this Disclosure Document.

<sup>2</sup> We provide one round trip airfare to our Florida Corporate Headquarters where we hold our training. We also provide your hotel accommodations and one daily meal. The only costs that you will incur will be for your other daily meals, local transportation and your entertainment. Of course, these costs will vary depending upon your requirements.

<sup>3</sup> This cost includes conducting a grand opening for the Store and advertising within the local community.

<sup>4</sup> A typical new Fully Promoted Office generally occupies 250 to 600 square feet of interior space with HVAC, lighting fixtures, electrical outlets and data ports installed for your business. Cost per square foot of leasing commercial space varies greatly depending on your location and the market conditions effecting commercial property at the time of your lease. We will help you find your location and then you and we must both agree that it is the right place for you to open up your new business.

<sup>5</sup> You will need to improve your Fully Promoted Office premises to meet our specifications and standards, including changes to flooring, walls, paint, sprinkler, HVAC and electrical. The cost of the leasehold improvements will depend on a number of factors including the layout and condition of the premises, labor and material costs, plans and permits in the market where your Fully Promoted Office will be and the landlord's contribution to the cost of the improvements.

<sup>6</sup> You are obligated to purchase an equipment package as described in Item 5. We have not arranged for financing the equipment package for the Office franchise through a loan or lease.

<sup>7</sup> You are obligated under the Franchise Agreement to hold certain business insurance policies including comprehensive general liability policy, a policy covering "all risk" of physical loss and additional policies as may be required under your local laws or ordinances. The amount

listed in this table reflects our estimate of basic insurance for your first six months of operation. Your expenses will vary depending on your exact requirements as dictated by your landlord and/or local insurance rates.

<sup>8</sup> You will need to provide deposits for your real estate and your utilities. The amounts of these deposits will vary depending on the practices of your landlord and/or utility company. You must also register your business with the local county along with a fictitious name and other requirements of your local or state government. Each of these entities may charge a fee for your registration and/or certain taxes.

<sup>9</sup> You will need to purchase miscellaneous supplies, including Office maintenance items, computer supplies, and other office supplies required by any business. Many offices include furniture, but if your leased office does not come furnished then you are required to purchase furniture on your own.

<sup>10</sup> You will need capital to support your ongoing expenses, e.g. payroll and utilities, to the extent that these costs are not covered by sales revenue when you first open. This figure does not include sums necessary for living or personal expenses nor payments for your debt service. New businesses often generate a negative cash flow for a time. We estimate the amount given will be sufficient to cover on-going expenses for the start-up phase of your business that we calculate to be up to 6 months. However, this is only an estimate and we cannot assure you that additional capital will not be necessary during your start-up phase. Our estimate of the capital you will need to support your ongoing expenses during your start-up phase is based on our experience in the business since 2000. Your costs will depend on factors such as how much you follow our systems and procedures, your management skills and experience, your business skills, local economic conditions, the prevailing wage rate, the local market for the Fully Promoted Business, competition and sales levels reached during the start-up phase.

<sup>11</sup> This total is an estimate of your initial investment and is based on our estimate of average costs and market conditions prevailing as of the date of this Disclosure Document and our experience in the business since 2000. We encourage you to seek the advice of your own business advisor, accountant or attorney to help formulate a business plan and a methodology of your business operation. ***Remember: A Business Plan is an important step in understanding your financial needs.*** You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and other local market conditions, which can be highly variable. You must bear any deviation or escalation in costs from the estimates in this Item 7.

## **ITEM 8**

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

In order to ensure a uniform image and uniform quality of products and services in all Fully Promoted businesses, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us, you must improve and equip the building from which you operate the Business in accordance with our then current approved design specifications and standards. In addition to meeting our design specifications and standards, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state or local laws.

You also must use equipment (which includes hardware and software for the computer system), signage, fixtures, furnishings, products, supplies, and marketing and sales promotion materials that meet our specifications and/or standards. The standards and specifications imposed on franchisees are formulated and modified based on the Company's experience and industry standards for quality and efficiency. The standards and specifications are issued to franchisees through the Operations Manual and by periodic informational updates. The Franchise Agreement requires you to sell or use only those products and services in connection with the Fully Promoted Marks and Business that we have approved in writing. The purpose of this requirement is to ensure that all franchisees adhere to the uniformity requirements and quality standards associated with Fully Promoted businesses and not to exercise any day-to-day control over the operation of your Fully Promoted Business.

As noted in Items 5 and 7, you must buy an equipment package from us. The equipment package contains all of the equipment and supplies you will need to begin operations and is further described on Schedule A attached to the Franchise Agreement. For the year ended December 31, 2021, our gross revenue from the sale of equipment and supplies to franchisees was \$194,377 or 3.4% of our total revenue of \$5,734,640. We are the only approved supplier of the required equipment package.

You must purchase Business Management System ("BMS") software maintenance services from us or our designated supplier. For the year ended December 31, 2021, our gross revenue from franchisee purchases of these services was \$99,902 or 1.7% of our total revenue of \$5,734,640. We or our designated supplier are the only approved suppliers of the required BMS software maintenance services.

If purchasing a Store franchise, our affiliate, Franchise Real Estate is an approved supplier which supplies real estate services and assistance to you. As noted in Items 5 and 7, if purchasing a Store franchise, then at your option, you may obtain real estate services from Franchise Real Estate including, assistance with site selection, lease negotiation, construction management and assistance with obtaining building renovation costs. If you opt not to obtain these services from Franchise Real Estate, and you use another real estate services company for these services, you pay a penalty or service fee of \$3,500 to Franchise Real Estate. When you use Franchise Real Estate's services, Franchise Real Estate may receive compensation from the lessor of your business premises. If purchasing an Office franchise, the services and penalty or service fee are not applicable to you. For the year ended December 31, 2021, Franchise Real Estate's gross revenue from providing real estate services to franchisees was \$7,295 or 1.3% of the affiliate's total revenue of \$552,804. We computed the affiliate's total revenue, and its revenue from providing real estate services to franchisees using the affiliate's audited financial statement for the year ended December 31, 2021. Our CEO, Ray Titus and Secretary/Treasurer, Ellen Titus Lee own an interest in our Company and Franchise Real Estate.

We require in the Franchise Agreement that you purchase at least 80% of your products and store supplies in the following categories from our approved suppliers:

- Clothing items
- Promotional products
- Decoration supplies
- Machinery and equipment
- Digital marketing services
- Print products and services
- Lead generation and database services

You are required to use payroll services and credit card processing and merchant services vendors in your operations. We have approved suppliers for these services and for insurance, financing and bookkeeping software and website hosting and maintenance services. You must purchase website



hosting, merchant services and maintenance services from our approved suppliers and there is no alternate source of supply. You may purchase or obtain payroll services, insurance and financing from our approved suppliers or another vendor of your choice. You may purchase bookkeeping from our approved suppliers or another vendor of your choice as long as you obtain our prior approval. Neither the Company nor any of its affiliates are approved suppliers of these products and services and no officer of the Company owns an interest in any of the approved suppliers of these products or services. We reserve the right to add or delete categories of products, supplies and services which must be purchased from approved suppliers or from us. We locate our approved suppliers through personal contact, franchisee referral, attendance at industry trade shows as well as other various means. We provide you with a list of the names, addresses, and phone numbers of local and national vendors approved for your use when you open your Store. Furthermore, in an effort to provide you additional benefits, we do interview, select, and negotiate prices, shipping and other terms with approved suppliers. For your convenience, we maintain an active electronic list of all approved vendors, specials they offer for our franchisees, as well as updating addresses and phone numbers. We do not charge fees for approving suppliers. Although we reserve the right to do so in the future, we do not currently (i) provide written specifications standards or criteria for approving suppliers to franchisees or (ii) have a formal procedure for supplier approval.

We reserve the right to receive payments from approved suppliers in connection with franchisee purchases. The payments from these suppliers are expected to be in a range of 0-20% of the total purchases by franchisees from these suppliers. The approved suppliers may also sponsor events and/or rent booths at expo, an UFG Expo or regional meetings and may advertise in publications issued by us. Except as disclosed above, we derive no revenue or other material benefit from approved suppliers that provide products or services to our franchisees. We do not provide material benefits to our franchisees based on a franchisee's use of a designated or approved source. When your franchise is up for renewal or you apply for an additional franchise, among the factors we consider are your compliance with your Franchise Agreement and support of our programs and policies, which would include compliance with the requirements described in this Item 8.

Except as described above, we do not require you to purchase your on-going supplies for the operation of your Business through us or from our approved suppliers, although you may purchase certain items from us.

We estimate that your purchase of equipment, products, supplies, and marketing materials from us or that meet our specifications and standards will represent approximately 75% to 90% or more of the cost to establish the franchise business and from approximately 25% to 40% of the cost to operate the franchise business on an ongoing basis.

The Franchise Agreement requires you to purchase and maintain liability insurance in an aggregate amount that we designate periodically, as described in Item 6. You also must purchase and maintain any other insurance required by any agreement related to the franchise business or law. You must furnish to us copies of all insurance policies. The insurance requirements are minimum requirements. You should consult with your local insurance agent and legal counsel to ensure your franchise business is adequately insured, you have all insurance required by law and under the terms of any agreement to which you are a party.

You may use only marketing and promotional materials that we have approved. (See Items 6 and 11 for more information on marketing).

There are no purchasing or distribution cooperatives in the franchise system that offer to you certain products used in the franchise business.

Our standards, specifications and designation of approved suppliers disclosed above are required for the purpose of protecting the goodwill associated with the Fully Promoted trademarks and to ensure a uniform image and uniform quality services in all Fully Promoted Stores. We will vary our standards, specifications and designations at your request if necessary for you to comply with local laws or regulations.

## **ITEM 9**

### **FRANCHISEE'S OBLIGATIONS**

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

	<b>OBLIGATION</b>	<b>SECTION IN AGREEMENT</b>	<b>ITEM IN DISCLOSURE DOCUMENT</b>
a.	Site selection and acquisition/lease	Section 3	Items 7 and 11
b.	Pre-opening purchase/leases	Section 6	Items 5, 7 and 8
c.	Site development and other pre-opening requirements	Sections 3 and 6	Items 5, 7 and 11
d.	Initial and ongoing training	Sections 6.C, 7 and 8	Items 7 and 11
e.	Opening	Section 6	Item 11
f.	Fees	Section 10	Items 5, 6 and 7
g.	Compliance with standards and policies/operating manual	Sections 6, 11, 12, 20 and 26.H	Items 8 and 11
h.	Trademarks and proprietary information	Sections 6.E, 6.G, 6.H, 6.V, 6.Y and 14	Items 13 and 14
i.	Restrictions on products/services offered	Sections 6.F and 6.R	Item 16
j.	Warranty and customer service requirements	Sections 6 and 21	Item 11
k.	Territorial development and sales quotas	None	Item 12

	<b>OBLIGATION</b>	<b>SECTION IN AGREEMENT</b>	<b>ITEM IN DISCLOSURE DOCUMENT</b>
l.	Ongoing product/service purchases	Sections 6.B, 6.F, 6.R, 6.S, 6.BB, 6.CC and 11.A	Item 8
m.	Maintenance, appearance and remodeling requirements	Sections 2.C, 6.J, 6.K, 6.N, 6.P, 6.Q, 6.S, 6.CC and 15.C	Items 8 and 11
n.	Insurance	Section 13	Items 7 and 8
o.	Advertising	Section 12	Item 11
p.	Indemnification	Section 6.AA	Item 6
q.	Owner's participation/management/staffing	Sections 6.D, 6.E, 6.O, 6.T, 6.U, 6.Z and 6.EE	Items 11 and 15
r.	Records and reports	Sections 10.F and 11	Item 6
s.	Inspection and audits	Sections 11 and 20.G	Items 6 and 11
t.	Transfer	Section 15	Item 17
u.	Renewal	Sections 2.B, 2.C, 2.D and 2.E	Item 17
v.	Post-termination obligations	Section 17	Item 17
w.	Non-competition covenants	Sections 6.X and 17.F	Item 17
x.	Dispute resolution	Sections 23, 24, 25 and 26	Item 17
y.	Other	Not applicable	Not applicable

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**ITEM 10**  
**FINANCING**

We offer indirectly, arrangements for financing of your equipment through business financing companies. We do not offer directly or indirectly any arrangements for financing of any other initial investment expenditures or of the continuing operation of your franchise. We do not guaranty your loan, lease, or any other obligation. We have arranged for equipment financing through Navitas Credit Corporation (“Navitas”), an unrelated third party not affiliated with the Company in any manner. We may also arrange for equipment financing or leasing through other lending sources in the future. If you choose to obtain financing for the purchase of your equipment through Navitas, this financing company will finance a major portion of your purchase of the equipment package that you need to establish the Fully Promoted Business, up to \$154,975 worth of equipment. The maximum term available is for 60 months. If you borrow the full equipment package amount from Navitas, your monthly payment will be approximately \$3,210 per month, plus any applicable sales and use tax. When you sign your equipment loan documents, you may be required to pay 20% or higher security deposit plus a processing fee of \$399. If you are approved to finance the required sales and use tax, your initial security deposit and monthly payment will increase. Payment factors and terms are subject to change without notice. Depending on your personal credit status and other qualifications, the leasing or finance company may approve you for less than the full amount of the purchase price of the equipment package and your rate and term may differ. If you are approved for a lesser amount, you will be required to pay the remaining cost of the equipment package, plus any applicable sales tax directly to us. Navitas and other loan and leasing companies will require you to personally guaranty your loan or lease. If you are married, your spouse will be required to apply for and be listed on the loan documents and also be required to personally guaranty the loan or lease. Navitas will retain a security interest in the equipment. In the event of a default, Navitas may take action against you. Such action may include the acceleration of the payment of the outstanding balance of the loan, repossession, and removal of the equipment with or without notice to you. You will also be responsible for their reasonable collection costs, legal fees and expense incurred in enforcing the loan agreement and recovering the equipment. Further details can be found in Sections 10 and 11 of the copy of the Navitas loan agreement in Exhibit B of this Disclosure Document. You may prepay your loan at any time. However, you may still be responsible to pay the full amount of loan or lease payments, and therefore may not realize a savings by prepaying. Should you cease to be a franchisee prior to the completion of the loan payments, another Fully Promoted franchisee may apply to take over the remaining terms of your loan. However, Navitas may choose to retain your personal guaranty until the loan is paid in full. We may identify new leasing or finance companies and arrange for equipment leasing or financing through other lending sources in the future. We may receive compensation from another lending source.

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## **ITEM 11**

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

**Except as provided below, the Company is not required to provide you with any assistance.**

#### **PREOPENING OBLIGATIONS**

Prior to opening your franchise to the public, we are required under the Franchise Agreement to provide the following assistance and service to you:

1. At least 14 days after we provide you with a copy of this Disclosure Document, together with a copy of any proposed agreements relating to the purchase of the franchise, you pay to us your fully refundable deposit of \$9,500, and we begin the process of helping you find a location for your Fully Promoted Business. We do not own the location that you will lease. Your lease will be between you and the landlord. While we are not obligated to help you negotiate your lease, as noted in Item 5, if you will be leasing a Store premises you may obtain assistance from our affiliate, Franchise Real Estate. Both, you and we must approve selection of any proposed Store or Office site (at a commercial location). We use our business experience, and also demographics of your community in helping you locate your site. However, we cannot guarantee the future. Our approval of any site does not constitute any form of guarantee that the Fully Promoted Business will be profitable at that location and you retain final approval of the site selected and leased by you. (See the Franchise Agreement Section 4)
2. If establishing a Store franchise, after you select your Store location for your new Fully Promoted Store, our affiliate Franchise Real Estate will assist you in planning your Store layout. (See the Franchise Agreement, Section 4.D) We provide consultation and advice regarding alterations, refurbishment, renovation and decoration of the Store (or Office as needed). We do not provide assistance with regard to conforming the premises to local ordinances and building codes nor do we provide assistance with obtaining required permits.
3. We ensure that once your build out or alterations are completed, your new Store or Office meets our current standards. (See the Franchise Agreement, Sections 4.D and 4.G)
4. Prior to opening your Fully Promoted Business we will provide you with training that combines remote and classroom hours – classroom provided at our training facility. We will provide you with a hotel room and a daily meal during your stay. In addition, you will undergo what we believe is the most advanced, complete and best training in our business. (We will provide additional training for your employees at your expense). (See the Franchise Agreement Section 7)
5. We assist you during your initial set up and operation of your Fully Promoted Store. If you are setting up a Store, we offer training with qualified field/marketing representatives for a minimum of 80 hours. If setting up an Office, we offer training with qualified field/marketing representatives for a minimum of 40 hours. (See the Franchise Agreement Section 4.F) Our representative(s) will help you with additional training, guidance on beginning your business, fitting your equipment, and other means of assistance.

6. Regardless of whether you obtain financing for the purchase of your equipment, or purchase it outright, all of your equipment will come from us. In addition, we will supply you with your opening inventory and supplies, except for a few miscellaneous items as part of the equipment package. (See the Franchise Agreement Section 4 as well as Item 8 of this Disclosure Document). We deliver your opening package to your Store or Office location and upon its arrival assist you in setting up your Store or Office. Your website is included with your equipment package and will be installed and activated by us.
7. We help you to locate local vendors, suppliers and contractors for the ongoing work of your Fully Promoted Business. (See the Franchise Agreement Section 4.I)
8. Included in your opening package, we provide you with a suggested bookkeeping system. (See the Franchise Agreement Section 4.J)
9. We provide you with a detailed operating manual together with other relevant manuals and written material which will aid you in the operation of your Fully Promoted Business. (See the Franchise Agreement Sections 4.K and 4.L)

### **COMPANY'S CONTINUING OBLIGATIONS**

During the ongoing operation of your Fully Promoted Business, we are required by our Franchise Agreement to provide the following assistance and services to you.

1. We are constantly researching and developing ideas that we believe will improve our system. As we do so, we will provide you with details. In addition, we will periodically update your operating manual to reflect these alterations and/or improvements. (See the Franchise Agreement Section 5.A)
2. We will visit you in your location periodically in order to ascertain the progress of your Fully Promoted Business and to assist you. Furthermore, you may at any time request that we send out a field/marketing representative to aid you in your Business. If we have a representative available at the time of your request, we will send them at an agreed-to cost. (See the Franchise Agreement Section 5.B)
3. As of the date of this Disclosure Document, we periodically host a Fully Promoted Expo or an UFG Expo and may also host regional Fully Promoted meetings for our franchisees. Regional meetings would generally not be held in the same year as our Fully Promoted Expo or an UFG Expo. We invite vendors, suppliers and outside contractors to these meetings in order to make you aware of technological advancements and to potentially save you money on your ongoing supplies. In addition, we conduct seminars on many topics relating to your ongoing training and improved operation of your Fully Promoted Business. Furthermore, we update you on the progress of our corporation and the Fully Promoted system as a whole. In addition to our conventions, we may provide several seminars and smaller regional franchisee meetings for your benefit. All of these meetings occur from time to time at our discretion. We invite and encourage all of our franchisees to attend each of these conventions, meetings and seminars. (See the Franchise Agreement Section 5.C)
4. We will send you corporate news updates in electronic format from time to time. The corporate news updates contain useful and pertinent information relating to the ongoing operation of your Fully Promoted Store or Office as well as money saving specials provided to you by outside vendors. (See the Franchise Agreement Section 5.D)

5. From time to time we will send you bulletins on sales and service methods, marketing development and techniques, and business and operating procedures. (See the Franchise Agreement Section 5.E)
6. We will offer you continual advice and technical assistance for all your Fully Promoted Store's equipment, hardware and software as well as for the embroidery and other processes by toll free telephone, and via the Internet, either directly or through third parties we designate to provide advice and technical assistance. (See the Franchise Agreement Sections 5.F and G)

## **ADVERTISING**

From time to time, we conduct national and regional advertising. We do not receive any rebate or other compensation from this national or regional advertising.

We do not have an advertising council comprised of franchisees that advises us on advertising policies, although we reserve the right to form one in the future. We have a Franchisee Advisory Council which advises us on brand marketing and promotions we conduct from time to time.

You must participate in any local or regional advertising cooperative that we designate. In November 2001, an advertising cooperative controlled by franchisees was formed as a Florida corporation under the name of EmbroidMe.Com Advertising Fund, Inc. In March 2017, the name of the advertising cooperative was changed to Fully Promoted Advertising Fund, Inc. (the "Fund"). All new Fully Promoted franchisees with a Store or Office in the United States, including those acquiring existing Stores or Offices, must join and participate in the Fund. The Fund is organized on a membership basis with each Fully Promoted franchisee being a member and having voting rights. You are required to pay a marketing fee equal to 1% of your gross revenues or \$650 (whichever is greater) to the Fund. This fee will be collected by automatic withdrawal from your designated bank account on the first day of each month based on your sales for the prior month. This monthly fee can be increased in the future (See Section 10.C of the Franchise Agreement). If we were to open any company-owned stores or offices, such stores or offices would pay the same marketing fee as a new franchisee at that time.

The Fund shall use the marketing fees paid by franchisees for national advertising, branding, pay per click and Internet advertising, search engine optimization and web hosting and development. The sources used by the Fund may be in-house, or national or regional agencies. A portion of this money can be allocated to local marketing, as directed by us. Any local marketing spend by the Fund does not count toward the franchisee's minimum direct marketing and local advertising spend, as more fully described below. No money from the Fund is spent principally to solicit new franchisees for the Company.

During calendar year 2021, expenditures by the Fund by category were as follows: production of advertising (including social media) 36%, rebranding grants 27%, media placement 3%, promotional products 11%, administration 7%, accounting and collection 7%, and a reserve of 9%. A copy of the un-audited financial statement of the Fund will be supplied to every franchisee upon request.

We reserve the right to require cooperatives to be formed, changed, dissolved or merged. You are not required to participate in any other advertising fund.

You will be responsible for all of your own direct marketing and local advertising of the business. You must expend at least an amount equal to 5% of all gross revenues on direct marketing or local advertising (including public relations) in each year. While not required, we recommend that

franchisees spend a minimum of \$700 per month on direct marketing and local advertising. Of that 5% (or \$700, whichever is greater), at least half must be spent on digital advertising such as online advertising, pay per click, search engine optimization of your website and mobile marketing, or then current digital technology. For the purposes of this paragraph, the term “direct marketing or local marketing” shall mean all marketing and public relations costs, advertising and promotions effected through the medium of the Internet, mobile marketing, email and other digital communications media, local radio or television broadcasts, newspapers, periodicals, billboard advertising, sales commissions and public relations. Upon our request, you must submit to us an accounting of the monies you have spent, together with copies/proof of all marketing. We will not unreasonably withhold approval of any marketing materials that you propose to use, if your materials are factually accurate and current, conform to the highest standards of ethical marketing and all applicable laws and regulations, and are in good taste and accurately depict the Fully Promoted Marks. Our review and approval of your marketing materials is not a warranty of any kind. You are responsible for ensuring that your materials are factually accurate and current, and all materials and activities conform to the highest standards of ethical marketing and applicable laws and regulations.

The Company also believes in and encourages you to participate in cooperative advertising where available. Although we do not currently do so, we also reserve the right to require regional marketing cooperatives to be formed, changed, dissolved or merged.

### **COMPUTER HARDWARE AND SOFTWARE SYSTEMS - STORE**

You must install computer systems meeting our standards, as modified from time to time in response to business, operations and market conditions. The computer hardware and software systems described below are included in Schedule A to the Franchise Agreement. The cost of this hardware and software is \$9,488, which is included in the Schedule A equipment package price.

#### **GRAPHIC DESIGN STATION**

The **Graphic Design Station** consists of a High-Speed Graphics Card and Intel™ Processor, Ram and large capacity hard drive with a high-resolution LCD monitor. This station features a network interface card, a keyboard and mouse set, all necessary cables, switches and installation. This computer also has a warranty of Onsite/In-Home Service after remote diagnosis for 3-years.

#### **POINT OF SALE STATION**

The **Point of Sale Station** consists of a high-speed Intel processor and a **high resolution LCD monitor**. This station features a large capacity hard drive, a keyboard and mouse set, soundcard, all necessary cables, and installation. This station operates the **Business Management Software P.O.S. (Point of Sale)**.

#### **P.O.S. STATION LASER PRINTER**

Invoices, quotation forms and record keeping reports are easily generated on this black and white laser printer that is linked to your **Point of Sale Station**.

#### **MANAGEMENT LAPTOP**

The **Management Computer Station** consists of a high-speed Intel processor and a **high-resolution LCD monitor**. This station features a hard drive and integrated keyboard, soundcard and installation.

#### **MARKETING TABLET**

You will use a **Marketing Tablet** with Wi-Fi capabilities in your sales and marketing for the business.



### **NETWORK PRINTER**

A Multi-Function **Wireless** printer/fax/scanner is networked to the workstations' computers to print documents and pricing information. It makes short run copies, sends and receives faxes and scans documents to your computers.

### **IN STORE COMPUTER NETWORK & SWITCH**

This upgrade to your computers allows you to share your printers and files over a computer network. The switch allows you to share files, and internet access over all the stores' computers. (DSL or Cable modem not included – Local Internet Service Provider required.)

The Franchise Agreement allows us to require you to upgrade your equipment at least once every three years without limitation on the cost of the upgrade. The annual cost of maintenance or upgrades to the computers and printers described above is approximately \$750.

### **GRAPHIC DESIGN SOFTWARE PACKAGE**

This package includes clip art and fonts for custom designs for heat transferred, promotional products and screen-printed items.

### **EMBROIDERY SOFTWARE**

Included in this package is the **Embroidery Software** with a collection of embroidery fonts, which is used to design, edit and produce stitched designs for your customers.

### **CUSTOMIZED BUSINESS SOFTWARE**

The **Business Management Software P.O.S.** (Point of Sale) is utilized to quickly and accurately price your customers' orders. In addition, your Business Management Software P.O.S. provides you with automated invoicing and customer tracking. The entire package has been designed to help your business run smoothly and efficiently. A monthly subscription is required for your maintenance and updates.

### **PROMOTIONAL PRODUCT SOURCING SOFTWARE**

This software will allow you to source promotional products by company name, keywords and price. Your first year is provided in the purchase of the equipment package and includes a PPAI membership. A continued yearly subscription is required for your maintenance and hosting.

### **LEAD GENERATION BUSINESS SUBSCRIPTION**

One (1) year of **Lead Generation Subscription** for 1 user, which includes monthly access for up to 1000 local business contacts. A continued yearly subscription is required.

### **MICROSOFT OFFICE® 365 BUSINESS SUBSCRIPTION**

One (1) year of **Microsoft Office 365 Business** subscription for 3 users includes the latest Desktop and Web version of Outlook®, Word®, Excel® and PowerPoint®. One license covers 5 phones, 5 tablets & 5 PC's or MAC's per user. 1TB file storage and 24/7 phone & web support. The subscription will help simplify your business with the ability to collaborate with your team, store files online, and give you the latest version of Microsoft Office® Programs where and when you need them. A continued yearly subscription is required for your maintenance and hosting.

You will also receive access to our proprietary vendor/product-listing program known as the Learning Management System, which is used to easily sort vendor or product information with the click of a mouse. Internet based software such as the promotional product sourcing software, email, and your website software will require a yearly renewal fee at the then current rate. (See Item 6 of this Disclosure Document).

We are required to offer you advice, support and technical assistance for all of your computer hardware and software by toll-free telephone and via the Internet. (See the Franchise Agreement Section 5). We maintain a technical support crew for this purpose. We provide maintenance services for your point of sale software. As a part of the continuing subscriptions you purchase for your Microsoft Office® 365 Software, Business Management (point of sale) Software and Promotional Product Sourcing Software and Lead Generation Software, the companies that offer these subscriptions are required to maintain, host and update the software programs. Neither we, nor our affiliates or any third party have an obligation to repair or upgrade your computer hardware or software, although some repairs of your computerized equipment may be provided by the equipment manufacturer under a warranty. None of our software may be substituted. In addition, the Franchise Agreement allows us to require you to upgrade your software, and there are no contractual limitations on the frequency and cost. (See the Franchise Agreement Sections 6, 11 and 26.H)

We will have independent access to the information and data that is electronically collected in the P.O.S. system or through hosted servers. There are no contractual limitations on our right to access this information.

We may modify our specifications for computer hardware and software systems and introduce new computer hardware and software systems. There are no contractual limitations on the frequency and cost of implementing modifications to our specifications for computer hardware and software systems.

### **COMPUTER HARDWARE AND SOFTWARE SYSTEMS - OFFICE**

You must install computer systems meeting our standards, as modified from time to time in response to business, operations and market conditions. The computer hardware and software systems described below are included in Schedule A to the Franchise Agreement. The cost of this hardware and software is \$3,920, which is included in the Schedule A equipment package price.

#### **P.O.S. LASER PRINTER**

Invoices, quotation forms and record keeping reports are easily generated on this black and white laser printer that is linked to your **Point of Sale**.

#### **POS STATION COMPUTER**

The **POS Station Computer** consists of a high-speed Intel processor and a **high resolution LCD monitor**. This computer features a large capacity hard drive, a keyboard and mouse set, a multi speed DVD/CD-RW Drive, soundcard, all necessary cables, switches and installation.

#### **MARKETING TABLET**

You will use a **Marketing Tablet** with Wi-Fi capabilities in your sales and marketing for the business.

The Franchise Agreement allows us to require you to upgrade your equipment at least once every three years without limitation on the cost of the upgrade. The annual cost of maintenance or upgrades to the computers and printers described above is approximately \$750.

#### **GRAPHIC DESIGN SOFTWARE PACKAGE**

This package includes clip art and fonts for custom designs for heat transferred, promotional products and screen-printed items.

### **CUSTOMIZED BUSINESS SOFTWARE**

The **Business Management Software P.O.S.** (Point of Sale) is utilized to quickly and accurately price your customers' orders. In addition, your Business Management Software P.O.S. provides you with automated invoicing and customer tracking. The entire package has been designed to help your business run smoothly and efficiently. A monthly subscription is required for your maintenance and updates.

### **SOFTWARE SYSTEM/EQUIPMENT LICENSE**

This license entitles you to utilize the Fully Promoted.com business software system on the computers provided.

### **PROMOTIONAL PRODUCT SOURCING SOFTWARE**

This software will allow you to source promotional products by company name, keywords and price. Your first year is provided in the purchase of the equipment package and includes a PPAI membership. A continued yearly subscription is required for your maintenance and hosting.

### **LEAD GENERATION BUSINESS SUBSCRIPTION**

One (1) year of **Lead Generation Subscription** for 1 user, which includes monthly access for up to 1000 local business contacts. A continued yearly subscription is required.

### **MICROSOFT OFFICE® 365 BUSINESS SUBSCRIPTION**

One (1) year of **Microsoft Office® 365 Business** subscription which includes the latest Desktop and Web version of Outlook®, Word®, Excel® and PowerPoint®. One license covers 3 phones, tablets & PC's or MAC's. 1TB file storage and 24/7 phone & web support. The subscription will help simplify your business with the ability to collaborate with your team, store files online, and give you the latest version of Microsoft Office™ Programs where and when you need them. A continued yearly subscription is required for your maintenance and hosting.

You will also receive access to our proprietary vendor/product-listing program known as the Learning Management System, which is used to easily sort vendor or product information with the click of a mouse. Internet based software such as the promotional product sourcing software, email, and your website software will require a yearly renewal fee at the then current rate. (See Item 6 of this Disclosure Document).

We are required to offer you advice, support and technical assistance for all of your computer hardware and software by toll-free telephone and via the Internet. (See the Franchise Agreement Section 5). We maintain a technical support crew for this purpose. We provide maintenance services for your point-of-sale software. As a part of the continuing subscriptions you purchase for your Microsoft Office™ 365 Software, Business Management (point of sale) Software and Promotional Product Sourcing Software and Lead Generation Software, the companies that offer these subscriptions are required to maintain, host and update the software programs. Neither we, nor our affiliates or any third party have an obligation to repair or upgrade your computer hardware or software, although some repairs of your computerized equipment may be provided by the equipment manufacturer under a warranty. None of our software may be substituted. In addition, the Franchise Agreement allows us to require you to upgrade your software, and there are no contractual limitations on the frequency and cost. (See the Franchise Agreement Sections 6, 11 and 26.H)

We will have independent access to the information and data that is electronically collected in the P.O.S. system or through hosted servers. There are no contractual limitations on our right to access this information.

We may modify our specifications for computer hardware and software systems and introduce new computer hardware and software systems. There are no contractual limitations on the frequency and cost of implementing modifications to our specifications for computer hardware and software systems.

### **SELECTION OF YOUR FULLY PROMOTED STORE OR COMMERCIAL OFFICE LOCATION**

In assisting you to locate your Store or Office site at a commercial location (hereinafter “Commercial Office”), we analyze extensive demographic information regarding your community. Our Regional Vice President assesses the demographics and then visits potential sites in your area with you. We generally will respond within 30 days of your request for approval of a proposed site. If we do not approve the site you proposed, we will allow you to examine alternative sites for your Store or Commercial Office. Approval must be obtained, and operations must commence within 180 days of the date of the Franchise Agreement. While we will not unreasonably withhold our approval of a site, if we cannot agree with you on a site, you may forfeit your initial franchise fee. The Franchise Agreement does not have any provision that addresses termination if you do not select a site within a prescribed period. We may terminate the Franchise Agreement, however, if you have not commenced operation of the Fully Promoted Store or Office from an approved site within 180 days from the date of the Franchise Agreement unless the period is extended by us.

You may locate your own site rather than utilizing our assistance. However, you and the Company must mutually agree on your location prior to opening. Our approval is not a warranty or a guarantee of your success at your selected location, and you retain final approval of the site selected and leased by you.

We consider some of the following factors when assessing the acceptability of a location:

- Population volume
- Business and commercial enterprises readily available
- Commercial income
- Competitive analysis
- Accessibility by car
- Accessibility by walk in traffic
- Financial institutions in the area
- Accessibility to Post Office, Banks and other businesses
- General cleanliness and security of the area
- Parking
- Sign exposure
- Square footage
- Rent
- Visibility
- Traffic
- Proximity to other Fully Promoted businesses
- Condition of premises
- Cost of construction
- Length of construction time
- Surrounding tenants and landlord
- and others

We obtain our demographic information from some of the following sources:

- The U.S. Post Office
- Your local, state, national and international Chambers of Commerce
- Your local Better Business Bureau
- Online data sources
- Building and Development Departments
- Physical Inspections and Business Counts
- Professionally performed demographic surveys.
- Local business (traffic counts from next door neighbors).

A Fully Promoted franchisee is required to select their Store or Commercial Office location prior to attending our franchisee training school. Typically, during the training period, either your landlord or professionals you hire are building out your Store location or making alterations to your Office. The typical franchisee goes straight from training to their Store or Office location. The total time from the signing of the Franchise Agreement to the opening of a new location is typically one to four months. Factors that may affect this time period include the ability to procure and install equipment and computers, make acceptable financial arrangements, obtain any required approvals in zoning and/or building permits, as well as resolve other factors bearing on construction.

## **TRAINING PROGRAM**

Prior to opening your Fully Promoted Business, you must attend and complete to our satisfaction our training program offered by our corporate headquarters in West Palm Beach, Florida. The training program must be completed at least one week prior to the opening of your Business. If you purchased a new Business, your training fees are covered in your initial franchise fee. If you purchased a resale, then your training fee was either paid by the seller out of the proceeds of the sale or by you. We will pay for your transportation to and from West Palm Beach, your hotel and one daily meal for the duration of the training period. An additional trainee may attend the training program with you for a fee of \$250 per person and you will be responsible for their travel, lodging and meals expense.

Our training program will be offered twelve times during 2022. Although it is not required, you may attend a refresher-training program or send your representative to be trained at any time in the future. All you have to do is pay your travel, lodging, meals and a training fee if charged at that time. For a complete list of your rights and obligations under your Franchise Agreement in regard to training, please consult the Franchise Agreement Sections 7 and 8.

The instructional materials used in our training program include a workbook, PowerPoint® presentations and video presentations.

Monica Markulin is a training instructor for the Company. She joined the Company in October 2001. Monica brings over 31 years of corporate training experience in our industry.

## TRAINING PROGRAM – STORE AND OFFICE

SUBJECT	CLASSROOM HOURS IN WEST PALM BEACH, FL	REMOTE LEARNING /VIRTUAL
Introduction/Orientation	0	2
Business Planning <sup>3</sup>	1	2
Sales <sup>2</sup>	3	5
Goals Setting <sup>3</sup>	1	1.5
Time Management <sup>1, 3</sup>	1	1
Pricing <sup>2</sup>	3	2.75
Project Management <sup>3</sup>	3	1.5
Production <sup>1</sup>	6	0
Products/Suppliers <sup>1</sup>	3.25	2
Customer Service/Retention <sup>2, 3</sup>	1	2
Financial Management <sup>3</sup>	2	2
Operations Overview <sup>2, 3</sup>	1	1
Marketing <sup>2</sup>	4	2
Personnel <sup>3</sup>	2	2
Internet Marketing	1	2
<b>Totals</b>	<b>32.25</b>	<b>28.75</b>

<sup>1</sup>Production end of the business

- How to design
- How to put projects together
- How to sell to a walk-in customer
- What materials to use for different orders

<sup>2</sup>Marketing and promotion of the business

- Basic sales principles
- How to price different leads for apparel sales
- Learning about products sold but not made at your location
- Dealing with outside apparel vendors

- How to price leads for digital marketing services
- How to price leads for print services
- Conducting client marketing assessments
- Direct marketing and sales techniques and process

<sup>3</sup>Business management end of the business

- How to schedule jobs and organize production flow
- Doing the bookkeeping for the business
- Franchisor support services
- Working with third party providers and ordering products and services

Hours of on-site training are hands on and experiential. All of the training hours (61) listed above are conducted either in our West Palm Beach, Florida training facility or at your franchise location. We may substitute / modify certain classroom and on-site training hours, depending on the needs of the class / location. Additional training is provided by field representatives during the initial setup of your store. (See Franchise Agreement, Section 4.F)

Our initial and continuing training programs disclosed above are provided so that you and your representatives receive the benefit of our accumulated experience and knowledge relating to the Fully Promoted Business and to ensure a uniform image and uniform quality of services in all Fully Promoted Stores and Offices. You are solely responsible for training your own representatives and employees. We are not an employer, co-employer or joint employer with you of your employees. You are solely responsible for all employment matters, decisions and relationships.

## **OPERATING MANUAL**

A copy of the table of contents of our Operations Manual is attached to this Disclosure Document as Exhibit F. The current Operations Manual contains 340 pages.

## **ITEM 12**

### **TERRITORY**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. We do not operate any company owned “Fully Promoted” businesses. You should be aware that certain Signarama franchisees licensed by our affiliate, Sign\*A\*Rama Inc., offer and sell advertising specialties and other products that will be similar to the products and services you provide to your customers. These products should be a small part of their business, if at all, because they are in the retail sign business.

You may relocate your Fully Promoted location under the following conditions:

1. Prior to relocation, you submit your request in writing to us.
2. You must not be in default of the terms of your Franchise Agreement.

3. We will evaluate your request with respect to the proximity of your proposed location to other marketing services and branded products businesses (both Fully Promoted Businesses and competitors) as well as demographic information.


You have no options, right of first refusal or similar rights to acquire an additional franchise within any particular geographic territory, although you may ask us at any time to purchase additional franchises. You will be granted an additional franchise based on the following:

1. Whether or not you are currently in default or have been in default of any part of your Franchise Agreement;
2. Your financial history and the financial stability of your existing location; and your experience managing your existing location.

### **ITEM 13**

### **TRADEMARKS**

The Franchise Agreement licenses you to use our proprietary trademarks, service marks, trade names, trade dress and commercial symbols (collectively, the “Marks”). You may not use any of the Marks as part of your corporate or business entity name. We are the owner of the Marks listed below. We have a federal registration for the Fully Promoted Marks and EmbroidMe Mark listed below. All required affidavits for the EmbroidMe Mark have been filed. The registration of the EmbroidMe Mark has been renewed. We also claim common law trademark rights for all the Marks you will use in the operation of your Fully Promoted Business.

<b>Trademark, Service Mark or Design</b>	<b>U.S. Reg. No.</b>	<b>Principal/ Supplemental Register</b>	<b>Date of Registration</b>	<b>Comment</b>
<b>FULLY PROMOTED</b>	5,514,696	Principal	7/10/2018	Registered
	5,571,347	Principal	9/25/2018	Registered
<b>EMBROIDME</b>	2,759,315	Principal	9/2/2003	Registered

We will notify you in writing (through the Operating Manual or otherwise) which Marks you are licensed to use. Your use of the Marks and any related goodwill is to our exclusive benefit and you retain no rights in the Marks. You retain no rights in the Marks upon termination of the Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing.

There are no currently effective determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving



the principal Marks. All required affidavits have been filed. There are no superior prior rights in the Marks or infringing uses actually known to us that could materially affect your use of the Marks. There are currently no agreements in effect that significantly limit our rights to use or license the use of any Marks in any manner material to the franchise.

We are not required to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense and/or indemnify you. We reserve the right to control any trademark litigation and will be the sole judge as to whether suit will be brought or settled in any instance when any person or entity infringes the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks that you become aware of and to cooperate with any action that we undertake. If any party claims that its rights to use any of the Marks are superior and if we determine that the claim is valid, you must, at your expense, immediately make the changes and use the substitutions to the Marks as we require.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace supplies, materials, signs, fixtures and equipment (as applicable) and make other modifications we designate as necessary to adapt your business for the new or modified Marks. These changes may require additional investment to conform your business to changes to the Marks and other System modifications. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

#### **ITEM 14**

### **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

We do not grant you the right to use any item covered by a patent and we have no patent applications pending which are material to the franchise. We do communicate to you, and permit you to use many trade secrets and confidential information that are included in our Operating Manual, our method of pricing and our vendor list. See Item 11. Although we have not filed an application for copyright registration for these materials, they are proprietary and we do claim a copyright to them and other similar materials you will use in your business. You can only use this information in conjunction with your Fully Promoted Business. We do not permit any other use. You must comply with all changes to the Operating Manual. You must notify us immediately if you learn about any unauthorized use of our confidential information. We will determine the appropriate response as to any unauthorized use of the confidential information.

#### **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You are not required to sign a personal guarantee, however, you are required to personally sign the Franchise Agreement, even if you form a corporation, partnership or other business entity for the operation of the franchise. Your spouse is also not required to sign a personal guarantee. If you form a corporation or other business entity, you will sign the Franchise Agreement both personally and on behalf of the business entity as an officer or director of the company. If you form a partnership, you and your partners will sign the Franchise Agreement personally. If you are an

individual, you must directly supervise and manage your Fully Promoted Store or Office. If you are a corporation, partnership or other business entity, a principal, general partner or your fully trained manager must devote full-time and best efforts to the management and operation of the Fully Promoted Business. The Fully Promoted Business must at all times be under the direct on premises supervision of someone who has completed our training program. You must also maintain a competent, conscientious, neat and trained staff where applicable.

We do not have the right to approve or disapprove of your choice for manager, although the manager must satisfactorily complete our training program. Your manager is not required to have an equity interest in your business. Your manager must sign an agreement which is the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit K, agreeing to maintain the confidentiality of our trade secrets and other proprietary information described in Item 14, and abide by the non-compete covenants described in Item 17 which are valid for two years after the termination of their employment. You may send any employees at any time for training under the terms of your Franchise Agreement and as outlined in Item 11 of this Disclosure Document.

#### **ITEM 16**

#### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

We require you to offer and sell only goods and services that we have approved but there is no obligation to provide all of the services and goods authorized by us. There are no limits on our right to make modifications to the approved goods and services from time to time as set forth in the Operating Manual or otherwise in writing.

Our Franchise Agreement does not require you to fix a specified or minimum price for any goods or services sold. We and our vendors produce a suggested pricing list that you may change to adapt to your local market conditions and competition. Before adjusting any pricing though, we strongly urge you to conduct a survey of local competition and pricing and submit this survey in writing for us to analyze. We will return the survey to you with full comments for your benefit. You will retain sole and absolute discretion in all product-pricing matters.

We encourage you to respect the clientele of other Fully Promoted Businesses and franchisees.

#### **ITEM 17**

#### **RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

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

#### **THE FRANCHISE RELATIONSHIP**

	<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
a.	Length of franchise term	Section 2.A	35 Years
b.	Renewal or extension of the term	Section 2.B	35 Years
c.	Requirements for franchisee to renew or extend	Sections 2.C, 2.D, and 2.E	Be in full compliance with existing agreement; remodel; pay \$1,500 renewal fee; sign new franchise agreement which may contain materially different terms and conditions than your original franchise agreement; and sign releases.
d.	Termination by franchisee	None	Not applicable
e.	Termination by franchisor without cause	None	Not applicable
f.	Termination by franchisor with cause	Section 16	We can terminate only if you default.
g.	“Cause” defined – curable defaults	Section 16	You have 15 days to cure a non-payment of amounts due and owing, and 30 days to cure a non-compliance with our requirements and specifications regarding products and services, or any other default not listed in Section 16 of the Franchise Agreement.
h.	“Cause” defined – non-curable defaults	Section 16	Non-curable defaults: failure to commence business within 180 days from date of Franchise Agreement, failure to keep open, falsification of franchise application, insolvency and bankruptcy, commencement of dissolution proceedings, unsatisfied or unbonded judgment, falsification of books, records or reports, 2 or more prior defaults in 12 consecutive months, unauthorized assignment, and communication of proprietary information to competitor.

	<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
i.	Franchisee's obligations on termination/non-renewal	Section 17	Obligations include provide us with list of customers, customer databases, customer art files, customer invoices, address card file and business cards, payment of all amounts due, return Operating Manual and other proprietary materials, discontinue use of copyrighted materials and all items identifying our marks or name, assign contracts with customers, change or assign telephone numbers and non-compete.
j.	Assignment of contract by franchisor	Section 15.I	No restriction on our right to assign.
k.	"Transfer" by franchisee - defined	Section 15.G	Includes sale of the business, transfer of beneficial interest in franchisee (if a business entity) or in the Franchise Agreement.
l.	Franchisor approval of transfer by franchisee	Section 15.A	We retain the right to approve all transfers but will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Section 15.C	Qualified purchaser, training completed, execution of new franchise agreement, payment of transfer fee, not in default, and payment of all costs and obligations.
n.	Franchisor's Right of First Refusal to Acquire franchisee's business	Sections 15.E and 15.F	We can match any offer.
o.	Franchisor's option to purchase franchisee's business	Section 17.G	Upon expiration or termination, we can buy certain assets at a price equal to your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Section 15.H	The Franchise Agreement is transferable without additional fee or penalty, subject to Company approval, which shall not be unreasonably withheld.

	<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
q.	Non-competition covenants during the term of the franchise	Section 6.X	No involvement in any competing business, except with prior written consent of Company.
r.	Non-competition covenants after the franchise is terminated or expires	Section 17.F	No competing business for 2 years within 25 miles of former location or any other Fully Promoted Business.
s.	Modification of the agreement	Sections 18 and 26.H	No modifications generally but Operating Manual subject to change.
t.	Integration/merger clause	Sections 18 and 26.H	Only terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. No term, condition or claim contained in any franchise agreement is intended to disclaim the express representations made in this Disclosure Document.
u.	Dispute resolution	Section 25	Either party may request non-binding mediation prior to a suit, action or legal proceeding (subject to applicable state law).
v.	Choice of forum	Sections 25.A, 25.E and 26.D	Your home state for non-binding mediation; Palm Beach County, Florida for litigation (subject to applicable state law).
w.	Choice of law	Section 26.E	Florida law applies (subject to applicable state law).

### **ITEM 18**

#### **PUBLIC FIGURES**

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

## **ITEM 19**

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The financial performance representation information in this Item 19 includes certain financial performance information relating to our Stores' operation in calendar year 2021. We obtained 100% of the gross sales data for the Stores listed in the Store Sales Table and the other financial performance representations included in this Item 19 from monthly sales reported to us by the Stores. The monthly sales reports have not been audited by certified public accountants nor have we sought to independently verify their accuracy for purposes of the financial performance representations. Not all Stores properly reported sales in 2021.

The financial performance representations include annual gross sales of Stores for the year 2021. "Gross sales" means all revenues from the sale of products or services, except sales taxes are excluded and refunds and credits are deducted (to the extent the refund or credit represents amounts previously included in gross sales).

#### **Center Sales Study**

In our Center Sales Study, we disclose the average and median gross sales in 2021 of Stores in the United States in operation for one (1) full year or more as of December 31, 2021, which properly reported their sales for each of the twelve (12) months in 2021, segmented into 3 categories: (1) Stores that employed at least one Full Time outside salesperson in 2021; (2) Stores that only employed one Part Time outside salesperson in 2021; and (3) Stores that did not employ any outside salesperson in 2021.

**Calendar Year 2021  
Store Sales Tables**

<b>Centers</b>	<b>Number of Stores</b>	<b>Average Gross Sales</b>	<b>Stores that met or exceeded Average Sales</b>	<b>Median Gross Sales</b>
Stores <b>with at least one (1) Full Time</b> Outside Salesperson	35	\$670,837	46%	\$584,261
Stores <b>with only one (1) Part Time</b> Outside Salesperson	22	\$444,114	41%	\$384,588
Stores <b>without any</b> Outside Salesperson	56	\$262,371	36%	\$340,495
<b>Total Stores</b>	<b>113</b>	<b>\$424,271</b>	<b>36%</b>	<b>\$340,495</b>

**Top 10 Stores & Bottom 10 Stores Average and Median Gross Revenues**

In our Top Ten (10) Stores & Bottom Ten (10) Stores Average and Median Gross Revenues financial performance representation, we disclose the average gross revenues and median gross revenues from the top ten (10) and bottom ten (10) stores in 2021.

**Calendar Year 2021  
Top 10 & Bottom 10 Average Volume Store Sales Table**

	<b>Number of Stores</b>	<b>Average Gross Revenues</b>	<b>Median Gross Revenues</b>
<b>Top Ten</b>	<b>10</b>	<b>\$1,232,983</b>	<b>\$1,118,172</b>
<b>Bottom Ten</b>	<b>10</b>	<b>\$60,648</b>	<b>\$64,172</b>

The Top Ten Stores & Bottom Ten Stores average and median gross revenues financial performance representations are based on a population of 113 stores that (1) are located in the United States; (2) have reported sales revenue for all twelve (12) months of 2021; (3) have been in operation for one (1) year or more as of December 31, 2021.

### Highest Volume - Lowest Volume Store Sales of Stores

In our Highest Volume – Lowest Volume Stores Sales financial performance representation, we disclose the gross sales of the Store which attained the highest sales volume and of the Store with the lowest sales volume in 2021.

**Calendar Year 2021  
Highest Volume – Lowest Volume Store Sales Table**

	<b>Number of Stores</b>	<b>Gross Sales</b>	<b>Length of Time Store Open</b>
<b>Highest Sales Volume Store</b>	<b>1</b>	<b>\$2,287,262</b>	<b>10 years</b>
<b>Lowest Sales Volume Store</b>	<b>1</b>	<b>\$20,530</b>	<b>2 years</b>

The Highest Volume – Lowest Volume Store Sales financial performance representation is based on a population of 113 Stores that (1) are located in the United States; (2) reported their sales for all twelve (12) months in 2021; and (3) have been in operation for one (1) year or more as of December 31, 2021.

### Hall of Fame Stores

In our Hall of Fame Stores financial performance representation, we disclose: (1) the criteria for membership in the Hall of Fame; and (2) the number of Stores that have achieved Hall of Fame membership status within our franchise system. Designation of Hall of Fame Store serves to recognize Stores for their outstanding achievement in business and exemplary overall performance as a Store.

Members of the Hall of Fame are inducted into the Hall of Fame by their peers (other franchisees). In order to be nominated, the Store and its owner must meet all of the following criteria:

- Has reached \$1.4 Million in sales combined over 2 consecutive years;
- Franchisee serves as a Mentor to other franchisees;
- Has attended 2 of the National or International Expos;
- Franchisee is a team player with a positive mental attitude;
- Store has operated for five (5) years or more.

### **Hall of Fame Stores as of December 31, 2021:**

#### **35 Stores**

Of the 35 Stores that have been nominated into the Hall of Fame, 29 Stores were located in the United States and 6 in other countries. Two new stores were added in 2021.

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

Written substantiation of this financial performance representation will be made available to you upon reasonable request.



We do not make any representations about a franchisee's future financial performance. Except for the preceding financial performance representations, we do not make any representations about the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing 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 Mark D. Nichols, General Counsel, 2121 Vista Parkway, West Palm Beach, FL 33411, 561-640-5570, the Federal Trade Commission and the appropriate state regulatory agencies.

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**ITEM 20****OUTLETS AND FRANCHISEE INFORMATION****Table 1****System-Wide Outlet Summary  
For Years 2019 to 2021\***

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
<b>Franchised</b>	<b>2019</b>	<b>277</b>	<b>282</b>	<b>+5</b>
	<b>2020</b>	<b>282</b>	<b>267</b>	<b>-15</b>
	<b>2021</b>	<b>267</b>	<b>269</b>	<b>+2</b>
<b>Company Owned</b>	<b>2019</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2020</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Outlets</b>	<b>2019</b>	<b>277</b>	<b>282</b>	<b>+5</b>
	<b>2020</b>	<b>282</b>	<b>267</b>	<b>-15</b>
	<b>2021</b>	<b>267</b>	<b>269</b>	<b>+2</b>

\* All numbers are as of December 31, 2019, 2020 and 2021. The numbers are for Stores in the United States and internationally.

**Table 2****Transfers of Outlets from Franchisees to New Owners (Other Than the Franchisor)****For Years 2019 to 2021\***

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Arizona	<b>2019</b>	1
	<b>2020</b>	0
	<b>2021</b>	0
California	<b>2019</b>	0
	<b>2020</b>	0
	<b>2021</b>	2
Colorado	<b>2019</b>	0
	<b>2020</b>	0
	<b>2021</b>	1
Florida	<b>2019</b>	0
	<b>2020</b>	2
	<b>2021</b>	2

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Illinois	<b>2019</b>	0
	<b>2020</b>	0
	<b>2021</b>	2
Maryland	<b>2019</b>	1
	<b>2020</b>	0
	<b>2021</b>	0
Michigan	<b>2019</b>	1
	<b>2020</b>	0
	<b>2021</b>	0
Minnesota	<b>2019</b>	0
	<b>2020</b>	0
	<b>2021</b>	1
New York	<b>2019</b>	0
	<b>2020</b>	0
	<b>2021</b>	1
Ohio	<b>2019</b>	0
	<b>2020</b>	0
	<b>2021</b>	1
Pennsylvania	<b>2019</b>	1
	<b>2020</b>	0
	<b>2021</b>	0
Tennessee	<b>2019</b>	1
	<b>2020</b>	0
	<b>2021</b>	0
Virginia	<b>2019</b>	0
	<b>2020</b>	1
	<b>2021</b>	0
Wisconsin	<b>2019</b>	2
	<b>2020</b>	0
	<b>2021</b>	0
<b>Total USA</b>	<b>2019</b>	7
	<b>2020</b>	3
	<b>2021</b>	10
<b>Total Int'l</b>	<b>2019</b>	4
	<b>2020</b>	4
	<b>2021</b>	3

\* All numbers are as of December 31, 2019, 2020 and 2021. The numbers are for franchisee Stores in the United States and internationally. States not listed had no transfer activity to report during the relevant time period.

**Table 3**  
**Status of Franchised Outlets**  
**For Years 2019 to 2021\***

State	Year	Outlets at Start of Year	Outlets Opened	Termina -tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
Alabama	2019	2	0	0	0	0	0	2
	2020	2	0	1	0	0	0	1
	2021	1	2	0	0	0	0	3
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
California	2019	16	1	0	0	0	0	17
	2020	17	0	1	0	0	1	15
	2021	15	0	1	0	0	0	14
Colorado	2019	3	0	1	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Connecticut	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Florida	2019	17	3	1	0	0	1	18
	2020	18	0	3	0	0	0	15
	2021	15	0	1	0	0	1	13
Georgia	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
Hawaii	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Idaho	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Illinois	2019	10	0	1	0	0	0	9
	2020	9	1	1	0	0	1	8
	2021	8	2	1	0	0	0	9
Indiana	2019	6	0	0	0	0	0	6
	2020	6	0	1	0	0	0	5
	2021	5	0	0	0	0	0	5
Iowa	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Kansas	2019	4	0	1	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Termina -tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
Kentucky	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Louisiana	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
Maryland	2019	8	1	1	0	0	0	8
	2020	8	0	1	0	0	0	7
	2021	7	1	2	0	0	0	6
Massachusetts	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Michigan	2019	2	0	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Minnesota	2019	4	1	0	0	0	0	5
	2020	5	0	1	0	0	0	4
	2021	4	0	0	0	0	0	4
Missouri	2019	2	0	0	0	0	0	2
	2020	2	1	0	0	0	1	2
	2021	2	0	0	0	0	0	2
Nebraska	2019	1	0	0	0	0	1	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
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	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
New Jersey	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	1	0	0	0	4
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	5	0	1	0	0	0	4
	2020	4	0	1	0	0	0	3
	2021	3	1	0	0	0	0	4
North Carolina	2019	7	0	0	0	0	0	7
	2020	7	1	1	0	0	0	7
	2021	7	0	0	0	0	0	7
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

State	Year	Outlets at Start of Year	Outlets Opened	Termina -tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
Ohio	2019	9	0	1	0	0	0	8
	2020	8	0	1	0	0	0	7
	2021	7	0	0	0	0	0	7
Oklahoma	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Pennsylvania	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
South Carolina	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
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
Tennessee	2019	2	2	0	0	0	0	4
	2020	4	0	1	0	0	0	3
	2021	3	0	0	0	0	0	3
Texas	2019	25	2	0	0	0	0	27
	2020	27	1	4	0	0	1	23
	2021	23	1	3	0	0	1	20
Utah	2019	1	0	0	0	0	0	1
	2020	1	0	1	0	0	0	0
	2021	0	1	0	0	0	0	1
Virginia	2019	6	0	0	0	0	0	6
	2020	6	1	2	0	0	0	5
	2021	5	0	0	0	0	1	4
Washington	2019	1	0	0	0	0	1	0
	2020	0	2	0	0	0	0	2
	2021	2	0	0	0	0	0	2
West Virginia	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Wisconsin	2019	4	1	0	0	0	0	5
	2020	5	1	0	0	0	0	6
	2021	6	0	1	0	0	0	5
Total USA	2019	168	15	7	0	0	3	173
	2020	173	9	20	0	0	4	158
	2021	158	13	10	0	0	3	158
Total Int'l	2019	109	2	0	0	0	2	109
	2020	109	5	5	0	0	0	109
	2021	109	3	1	0	0	0	111
TOTAL	2019	277	17	7	0	0	5	282
	2020	282	14	25	0	0	4	267
	2021	267	16	11	0	0	3	269

\* All numbers are as of December 31, 2019, 2020 and 2021. The numbers are for Fully Promoted franchisee Stores in the United States and internationally. States not listed had no franchise activity to report during the relevant time period.

**Table No. 4**

**Status of Company-Owned Outlets  
For Years 2019 – 2021\***

Col.1 State	Col.2 Year	Col.3 Outlets at Start of Year	Col.4 Outlets Opened	Col.5 Outlets Reacquired from Franchisees	Col.6 Outlets Closed	Col.7 Outlets Sold to Franchisees	Col.8 Outlets at End of the Year
<b>Total USA</b>	<b>2019</b>	0	0	0	0	0	0
	<b>2020</b>	0	0	0	0	0	0
	<b>2021</b>	0	0	0	0	0	0
<b>TOTAL</b>	<b>2019</b>	0	0	0	0	0	0
	<b>2020</b>	0	0	0	0	0	0
	<b>2021</b>	0	0	0	0	0	0

\*All numbers are as of December 31, 2019, 2020 and 2021.

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**Table No. 5**

**Projected Openings as of December 31, 2021**

<b>State</b>	<b>Franchise Agreement Signed but Outlet not Opened</b>	<b>Projected New Franchised Outlets in Next Fiscal Year</b>	<b>Projected New Company Owned Outlets in Next Fiscal Year</b>
Alabama	0	1	0
Alaska	0	0	0
Arizona	1	1	0
Arkansas	0	1	0
California	1	2	0
Colorado	1	1	0
Connecticut	0	1	0
Delaware	0	1	0
DC	0	0	0
Florida	4	5	0
Georgia	0	1	0
Hawaii	1	1	0
Idaho	0	0	0
Illinois	0	1	0
Indiana	0	1	0
Iowa	0	1	0
Kansas	0	1	0
Kentucky	0	1	0
Louisiana	0	1	0
Maryland	0	1	0
Massachusetts	0	1	0
Michigan	3	1	0
Minnesota	0	1	0
Mississippi	0	1	0
Missouri	0	1	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	2	0
New Hampshire	0	0	0
New Jersey	0	2	0
New Mexico	0	0	0
New York.	0	2	0
North Carolina	0	3	0
North Dakota	0	0	0
Ohio	0	0	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	1	1	0
Rhode Island	0	1	0
South Carolina	0	1	0
South Dakota	0	1	0



<b>State</b>	<b>Franchise Agreement Signed but Outlet not Opened</b>	<b>Projected New Franchised Outlets in Next Fiscal Year</b>	<b>Projected New Company Owned Outlets in Next Fiscal Year</b>
Tennessee	0	1	0
Texas	2	5	0
Utah	0	1	0
Vermont	0	0	0
Virginia	0	1	0
Washington	0	1	0
Wisconsin	0	1	0
Wyoming	0	0	0
Total USA	14	50	0
Total Int'l	0	15	0
Total	14	65	0

The names, addresses, and telephone numbers of our franchisees and their businesses are listed and attached as Exhibit E.

The name and last known address and telephone number of every franchisee who has had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the fiscal year ending December 31, 2021, or who has not communicated with us within the 10 weeks preceding the issuance date of this Disclosure Document are listed and attached as Exhibit I. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Fully Promoted. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. During the 3-year period ended on December 31, 2021, six former franchisees and one current franchisee signed such confidentiality clauses.

As described in Item 11 of this Disclosure Document, there is an organization which is a not-for-profit corporation whose members are our franchisees. This corporation was organized with our assistance and is endorsed by us because we require participation in and promote awareness of this organization. This corporation can be contacted through our corporate office at 2121 Vista Parkway, West Palm Beach, FL 33411, (561) 640-5570.

## **ITEM 21**

### **FINANCIAL STATEMENTS**

Our audited financial statements prepared in accordance with generally accepted accounting principles for the periods ended December 31, 2019, 2020 and 2021 are attached to this Disclosure Document as Exhibit D.

## **ITEM 22**

### **CONTRACTS**

The following contracts are included in this Disclosure Document:

1. Exhibit A - Franchise Agreement with Schedules and applicable Addenda
2. Exhibit B - Navitas Equipment Loan Agreement
3. Exhibit C - Deposit Receipt
4. Exhibit H - General Release Agreement
5. Exhibit K - Nondisclosure and Non-Competition Agreement

## **ITEM 23**

### **RECEIPT**

Copies of an acknowledgment of your receipt of this disclosure document appear as Exhibit N. Please sign and date two copies and return one fully executed copy to us. You may retain the second copy for your records.

**Exhibit A**

**Franchise Agreement**

DATED \_\_\_\_\_ 202\_\_

**EmbroidMe.com, Inc.**

**And**

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**FRANCHISE AGREEMENT**

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Schedule F	Nondisclosure and Non-Competition Agreement

# FRANCHISE AGREEMENT

## Between:

**EmbroidMe.com, Inc.**, a Florida Corporation d/b/a Fully Promoted®, whose registered office is at 2121 Vista Parkway, West Palm Beach, Florida 33411, (hereinafter referred to as “**Franchisor**”) and \_\_\_\_\_ whose registered office is at \_\_\_\_\_ and whose home address is \_\_\_\_\_, Franchisee (hereinafter referred to as “**You**” or “**Your**”).

## INTRODUCTION

- A. Franchisor has expended time, effort, and money developing knowledge about the retail, contract and wholesale branded products and marketing services business (“the **Fully Promoted Business**” or “the Business”), which includes branded promotional product merchandise, embroidered logo wear, screen printed apparel, advertising specialty products, uniforms, and team wear (“the Products”) and lead generation, complete marketing campaign management and general marketing services (“the Services”) and has established a reputation and goodwill in parts of the world in the **FULLY PROMOTED** trademarks.
- B. Franchisor is the owner of the **FULLY PROMOTED** trademarks and related trademarks and trade names (“the Trademarks”) which have become associated with the Products and Services, and the System and/or may become associated with the Products and Services, and the System in the future, and Franchisor has agreed to You using the Trademarks and the System upon the terms and conditions hereinafter appearing.
- C. The methods and know-how of design, distribution, production, promotion and marketing used in connection with the sale of the Products and Services under the Trademarks (“the **Fully Promoted System**” or “the System”) are secret and confidential and are the exclusive property of Franchisor.
- D. The System includes methods and know-how of selling and providing lead generation and marketing campaign management services, and of the creation, production and sale of branded products, printed marketing materials, embroidered logo wear, screen printed apparel, advertising specialty products, uniforms, team wear, logos designed by computers, and other means for design using specialized and highly developed techniques. These techniques are used in connection with the operation of the Business and a recognized design decor and color scheme for the Premises (as hereinafter defined). The System also relates to the training, equipment, furniture, standards of quality and uniformity of products and services offered.
- E. The Trademarks are associated with uniformly high standards of service and quality of product.

- F. Franchisor may from time-to-time grant franchises in the United States and its territories and protectorates permitting the operation of the Business under the Trademarks to sell the Products and Services at certain premises (“the **Fully Promoted** Network” or “the Network”).
- G. You desire the benefits of Franchisor’s knowledge, skill, and experience and the right to sell the Products and Services under the Trademarks from the Premises hereinafter described (“a **Fully Promoted** Store” or “Store” or “a **Fully Promoted** Office” or “Office”).

**NOW IT IS AGREED as follows:**

**One: RIGHTS GRANTED**

- A. Subject to and in accordance with the terms hereof, Franchisor grants to You the non-exclusive right to use in the Business (as defined below):
- i. the System;
  - ii. the Trademarks and the symbols owned by Franchisor together with Franchisor’s accumulated experience and knowledge relating to the Business; and
  - iii. the Products and Services.
- B. In this Agreement, the expression “the Business” shall mean the business carried on by You in exercise of the above rights and pursuant to this Agreement.
- C. You and the Franchisor agree that the Business You are authorized to operate shall be a(n):
- ☐ Store
  - ☐ Office
- D. Franchisee shall find a potential location (hereinafter the “Premises”) and submit its proposed Premises to Franchisor for acceptance, with all related information Franchisor may request. If Franchisor does not accept the proposed Location in writing within 30 days, then it is deemed rejected. When Franchisor accepts the Premises, it shall issue a Location Acceptance Letter in the form of Schedule E, which will state the Premises address. Franchisor’s advice regarding, or acceptance of a site is not a representation or warranty that the Business will be successful, and Franchisor has no liability to You with respect to the location of the Business. Fully Promoted will not open a Store or Office at the Premises during the continuance of this Agreement provided the Franchisee remains in compliance with the Agreement’s terms. The Franchisee acknowledges that it is not obtaining any exclusive or protective territory.
- E. The rights and privileges granted to You under this Agreement are personal in nature and may not be used at any location other than the Premises. You will not relocate the Business without Franchisor’s prior written consent and will not open any other Stores or Offices without Franchisor’s prior written consent. You will not have the right to

subfranchise or sublicense any of its rights under this Agreement. You will not use the Premises for any purposes other than the operation of a Business.

- F. In this Agreement the word "Goodwill" includes
- i. the goodwill and all rights associated with Franchisor's copyright material, the System, the Trademarks and any other intellectual property rights of Franchisor, and
  - ii. any additional goodwill generated from their use in the Business.
- G. The Goodwill shall, at all times, belong to and be vested in Franchisor and You only have the right to benefit from the Goodwill to the extent provided by this Agreement.

**Two: TERM**

- A. **Initial Term** This Agreement shall be for a term of 35 years from the date of this Agreement (the "Term"), unless sooner terminated as hereinafter provided.
- B. **Additional Term** You shall have the right to require Franchisor to enter into a new agreement (the "New Agreement") to take effect immediately following the end of the initial Term subject to the conditions and terms which follow.
- C. Subject to the following conditions precedent, You shall exercise Your right by giving written notice to Franchisor so that it is received 9 months before the Term ends. The conditions precedent are:
- i. that You shall not have any outstanding breach of the terms of this Agreement at the time of Your notice and at the time the New Agreement becomes effective, and
  - ii. that You shall renovate, modernize, and refurbish the Premises, as commercially practicable (including equipment) and bring the Premises up to the then current standards of design and decor of the Network, and to comply with any relevant statutory or other requirements or regulations.
- D. The terms of the New Agreement shall be that You and Franchisor shall enter into the New Agreement for a period at least equal to the Term and upon the terms contained in Franchisor's then current form of franchise agreement provided however:
- i. You shall not pay any sum expressed to be by way of initial fee but shall pay a renewal fee in the sum of ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500.00) to cover the costs of closing and processing paperwork upon renewal, and
  - ii. Franchisor shall not be obliged to provide any of the initial or other obligations contained in such agreement that are appropriate to the establishment of a new franchise.
- E. You shall, upon the execution of the New Agreement, be deemed to have released and



discharged Franchisor from and against all claims and demands not at issue in mediation and/or litigation proceedings at the time of renewal, whether or not contingent, which You may have against Franchisor arising from this Agreement or in any way out of the relationship between Franchisor and You.

### **Three: THE PREMISES**

- A. The Premises at which the Business is to be located will be mutually agreed upon by the parties. If necessary, You shall acquire the Premises by lease (the “Lease”). You shall not enter into any Lease without obtaining Franchisor’s prior written consent, which consent shall not be unreasonably withheld.
- B. You acknowledge and agree that any site selected or approved by Franchisor, and/or any Lease approved by Franchisor, shall be with the understanding that it meets Franchisor’s minimum acceptable criteria. Such criteria are not a guaranty or representation that the site will be successful or that the terms of the Lease are reasonable. You acknowledge that You are responsible for reviewing and determining the appropriateness and desirability of the site and the Lease. Franchisor shall have no liability with respect to the selection or approval of a location or any lease for the Premises, nor liability with respect to any recommendation regarding such matters.
- C. You shall not sublet or share the Premises without Franchisor’s prior written consent.
- D. You must deliver to Franchisor a fully executed copy of the Lease to the Premises prior to the opening or start of business of Your Store or Office. An executed copy of Your Lease, including any renewal thereof, shall be submitted to [compliance@fullypromoted.com](mailto:compliance@fullypromoted.com) within five (5) days of Your execution of the Lease.
- E. You shall not extend, renew, or cancel the Lease without Franchisor’s express written consent thereof which consent shall not be unreasonably withheld.
- F. Should it become necessary, on account of condemnation or other cause, including cancellation of Your Lease, to relocate the Business, Franchisor shall grant You authority to do so at a site acceptable to Franchisor, is reasonably suited for a Store or Office (as applicable), does not infringe on the rights of any other franchisee of Franchisor, and is reasonably distant from other **Fully Promoted** businesses; provided that Your new Store or Office is open and operating within 60 days after You discontinue operation of the Store or Office at Your previous location, all in accordance with the current standards of Franchisor at that time.

### **Four: FRANCHISOR’S INITIAL OBLIGATIONS**

To assist You in opening for business, Franchisor will (in addition to the training period to be provided at Franchisor’s headquarters pursuant to the provisions that follow in Section Seven below) provide for or make available to You the following services and/or goods:

- A. advice in regard to establishing the Business including assistance with establishing a marketing program;

- B. perform demographic research for the selection of the Premises;
- C. assistance in locating a site for the Premises, and if You are locating a site for a Store, then at Your option, You may obtain assistance from Franchisor's affiliate, Franchise Real Estate, Inc., in negotiating for the lease of the Premises;
- D. consultation and advice with regard to alterations, refurbishment, renovation, decoration or other work necessary for the conversion of the Premises into a Business including store or office layout designs; provided, however, that if You are converting the Premises into a Store, such consultation and advice will be provided by Franchisor's affiliate, Franchise Real Estate, Inc. on such terms the affiliate currently offers;
- E. sell to You the equipment and supplies (the "Equipment Package") listed in Schedule "A" to this Agreement;
- F. provide for a period of 80 hours for a Store and 40 hours for an Office, a suitably qualified member(s) of its staff, and representatives of the equipment vendors (if establishing a Store), to assist in initial on-site training and guidance on commencement of the Business. Franchisor shall pay the travel and other costs of its staff member for the purpose of an initial on-site training;
- G. advice with regard to the way in which fixtures, and equipment (if establishing a Store), are to be installed in the Premises with a view to the efficient operation of the Business;
- H. advice on the inventory or samples requirements and the merchandising of any of the appropriate Products comprised in Your initial stock prior to opening the Business;
- I. if You are establishing a Store, assistance in obtaining supplies of materials for use in manufacturing the Products;
- J. provide You, on loan, with an Operating Manual, which includes statements of policies and procedures, together with instruction and advice in the operation of a Business;
- K. provide You with other relevant manuals and written material which, in its discretion, Franchisor deems necessary;
- L. provide You in digital format templates for letterhead, flyers and business cards.

Franchisor may delegate the performance of any or all of its obligations hereunder to such third parties as it deems advisable.

#### **Five: FRANCHISOR'S CONTINUING OBLIGATIONS**

Franchisor shall at all times during the term of this Agreement:

- A. provide You with details of any alterations and/or improvements in or to the System to enable You to keep the Operating Manual up to date. In the event of any dispute, the authentic text of the Operating Manual shall be the copy kept as such by Franchisor at its principal Corporate Office. The Operating Manual shall at all times remain the property of Franchisor. You acknowledge that the copyright in the Operating Manual is vested in

Franchisor;

- B. make at least one visit to your store, whether in-person or via virtual methods (including, but not limited to, Skype®, FaceTime®, or Zoom®), in each year at Franchisor's own expense by a member(s) of Franchisor's staff as Franchisor considers suitably experienced for the purpose of assisting You and monitoring Your compliance with quality standards;
- C. provide You with information relating to the **Fully Promoted Expo**, the UFG Expo, the UFG Leadership Summit, regional meetings at industry trade shows, conventions, seminars, franchise meetings and other events organized by Franchisor for its franchisees and permit You, at Your own expense, to attend;
- D. provide You from time to time with Franchisor's corporate news updates;
- E. offer to You from time to time, free of charge, bulletins on sales and service methods, marketing development and techniques, and business and operating procedures;
- F. use reasonable efforts to offer advice and technical assistance for equipment, computer hardware and software, and the printing, production and embroidery processes by toll-free telephone and via the Internet; and
- G. provide access to an intranet website from which You may download additional programs and data.

Franchisor may delegate the performance of any or all of its obligations hereunder to such third parties as it deems advisable.

#### **Six: FRANCHISEE'S OBLIGATIONS**

In order to maintain the common identity and reputation of the Network, to maintain the uniformly high standards among franchisees carrying on business under the Trademarks in accordance with the System, and to protect Franchisor, You, the Network, the Goodwill and the demand for the Products and Services sold, supplied or provided in the Business under the Trademarks, You shall:

- A. purchase the Equipment Package from Franchisor prior to opening the business and use it exclusively for the purpose of operating the Business;
- B. acquire any other miscellaneous equipment, books of account, and any other items which are necessary for the performance by You of Your obligations under this Agreement;
- C. have one person, comprised of either Yourself or Your Manager, at Your sole cost and expense (excluding Franchisor approved transportation, lodging, a daily meal, training material and trainers), undertake and complete to Franchisor's satisfaction such training, at such times, and whether training occurs remotely, by other virtual means, or at Franchisor's training facilities, as Franchisor may reasonably require;
- D. devote an adequate amount of Your time and attention to the Business as is necessary to

perform the administrative, marketing, promotional and accounting functions required in operating the System. You shall diligently carry on the Business at the Premises and use Your best efforts to promote the Business. You shall continuously operate the Business during normal business hours for a minimum of 40 hours per week. At any time during the term of this Agreement, should You intend to delegate these performance obligations or duties to a designated operator, You must first notify Franchisor of Your intent and such operator must be added to this Agreement as an additional Franchisee before he or she assumes such obligations and/or duties;

- E. operate the System and Your Business properly and in strict accord with the required provisions of the Operating Manual, provided that such provisions do not conflict with applicable laws or regulations. In the case of a conflict, You shall request a variance and the Franchisor shall grant You an automatic variance for the purpose of compliance with applicable laws or regulations. You acknowledge that the required provisions are intended to protect the goodwill of the Trademarks and not to exercise control over the day to day operations of the Business, which remains Your sole responsibility. You shall not make use of or disclose the Operating Manual to any other person or for any purpose other than for the conduct of the Business, nor shall You make any copies of the Operating Manual or any part thereof. You shall further ensure that Your copy of the Operating Manual is kept up to date at all times. You acknowledge the Operating Manual to be the exclusive property of Franchisor. You agree to use Your best efforts to promptly comply (but no later than 30 days from delivery) with all revisions to the Operating Manual that may be made from time to time;
- F. Purchase at least 80% of Your product supplies and supplied services from Franchisor's approved suppliers in the following product categories: clothing items, promotional products, decoration supplies, machinery and equipment, digital marketing services, print products and services, lead generation and database services. In addition, purchase payroll services and credit card processing and merchant services from a vendor which may include Franchisor's approved suppliers or another vendor You choose. Franchisor may add product categories or delete product categories from these requirements upon written notice to You;
- G. You may at Your option operate the Business through a limited liability company, corporation or other legal business entity (a "business entity"), provided that: (i) the Franchise Agreement shall remain in Your name, and the full legal name of the business entity shall be added to the Franchise Agreement as an additional Franchisee; (ii) the business entity is newly organized and its activities are confined exclusively to operating the Business licensed under this Agreement; (iii) You are the owner of all the stock or membership units of the business entity and are the principal executive officer thereof; (iv) You furnish Franchisor with the name, address, telephone number and percentage of ownership of each officer, director, shareholder and member of the business entity; and (v) no part of the Trademarks shall form part of Your legal business entity name. In furtherance of this Section 6.G, in the event You operate the Business through a business entity which is not named as an additional Franchisee in the Franchise Agreement, You hereby grant an irrevocable power of attorney to Franchisor and appoint Franchisor as Your attorney-in-fact to add the business entity to this Agreement as an additional Franchisee;

- H. operate the Business only under the name or names specified by Franchisor without any accompanying words or symbols of any nature (save as required by the provisions of this Agreement) unless first approved in writing by Franchisor. You shall not do anything that may adversely affect Franchisor's rights in the Trademarks;
- I. comply with all applicable state and federal laws and regulations and the ordinances, regulations and requirements of local, state and federal governmental authorities and pay any and all city, county, state and/or federal sales and/or use taxes, excise taxes, occupation taxes, license fees and other taxes, assessments and levies arising out of or in connection with all or any part of this Agreement; and pay vendors, landlords and other creditors of the Business on a timely basis. Copies of any required occupation and/or business licenses shall be submitted to [compliance@fullypromoted.com](mailto:compliance@fullypromoted.com) within five (5) days of Your receipt of same;
- J. indicate Your status as an independently owned and operated franchise by:
  - i. displaying, in the location(s) that Franchisor may direct, signs bearing the following words (or other words to similar effect as may from time to time be specified by Franchisor) "Independently Owned and Operated by" followed by Your name or business entity name;
  - ii. placing upon all letterhead, bills, purchase orders, estimates, invoices, and any other documents or literature used by You, and within the body or signature field of all email communications sent in connection with the Business the following words (or other words to similar effect as may from time to time be specified by Franchisor) "Independently Owned and Operated by" followed by Your name or business entity name;
- K. prominently display on and in the Business Premises advertising signs in the nature, form, color, number, location and size and containing the material as Franchisor may direct in writing and shall not display therein or thereon any sign or advertisement to which Franchisor objects or has not pre-approved in writing;
- L. advertise online via a daily Pay per Click advertising campaign for keywords containing the town in which the Business is located and conduct Search Engine Optimization of the local Business webpage on a monthly basis;
- M. answer the telephone at the Business initially reciting the full name "**Fully Promoted**" or such other trade name as Franchisor may specify from time to time. You shall not answer the telephone under any other name without the prior written consent of Franchisor, unless directed to do so by Franchisor;
- N. place any referral information required by Franchisor for referral of prospective franchisees in a prominent place on Your front counter or any other location Franchisor dictates;
- O. continuously (during regular business hours and days) operate the Business unless prohibited from so doing by an act of God, a religious holiday, war, strikes, natural disaster, or terrorism ("Non-controllable Events"). You further agree to exercise Your

best efforts, skills, and diligence in the conduct of the Business. In this connection, You agree to supervise Your employees to ensure compliance with the System. In addition, You and Your employees shall wear approved uniforms (*i.e.*, **Fully Promoted** logoed apparel) during the operation of the Business;

- P. keep the exterior sign on the Premises lit until 11 o'clock PM or another hour as may be required by Franchisor or as required by local ordinances or landlord requirements;
- Q. at all times maintain the interior and exterior of the Premises in a good state of repair and decoration, clean, orderly and sanitary. You shall not permit animals of any type in the Premises except as required by law. If at any time Franchisor is of the opinion that You are not complying with Your requirements, Franchisor may, without prejudice to any of the other remedies available to it, including termination of this Agreement, give You written notice of the steps required by Franchisor in order to ensure compliance. You shall comply at Your own expense with these requirements;
- R. shall not sell anything or provide any service which does not conform with the standards associated with the Trademarks or of which Franchisor does not approve thereof which consent shall not be unreasonably withheld. You shall comply with all instructions given to You by Franchisor with regard to the standards or quality of the System and the Products (including display merchandising and packaging) and Services. Your Products will not infringe the intellectual property rights of third parties. You shall comply with any requirements that Franchisor establishes from time to time for national accounts or customers. In the event of a customer complaint, You shall follow the procedures outlined in the Operating Manual and provide to Franchisor such information as Franchisor may require to enable Franchisor to monitor the performance of the Business and to offer guidance to You;
- S. replace any equipment items as may become obsolete or inoperable with items that meet Franchisor's new requirements in respect to opening a new Business. If, by reason of any change to the System, additional or different equipment is required, then You shall acquire and install these items as commercially practicable, within a reasonable period of time as specified by Franchisor;
- T. use Your best efforts to maintain the highest standards in all matters connected with the Business and increase the revenues of the Business at the Premises;
- U. only employ as a Manager of the Business a person who has successfully passed Franchisor's training course;
- V. procure from any Manager and from such other staff, as Franchisor shall require, an agreement to be supplied by Franchisor (Schedule F herein) not to misuse or disclose to any third party any information or knowledge concerning Franchisor's business, the Business, or the System and to comply with the non-compete requirements set forth in Section Seventeen F.(i) and (ii) of this Agreement for two years following termination of his or her employment with You;
- W. not do anything which may bring the System into disrepute or which may damage the interests of Franchisor or the Network;

- X. not own, manage, be employed by or have any interest in any business other than the Business which is similar to or competitive with Your Business or any other **Fully Promoted** business, except with the prior written consent of Franchisor;
- Y. maintain the System and other information relating to the conduct of the Business in strict confidence and secret and shall only use them for the purpose of conducting the Business during the term of this Agreement. You shall not use, disclose, publish or otherwise make this confidential information available to any third party during or at any time after the term of this Agreement, but this provision shall not apply to the System if it has become generally known or easily accessible other than through a breach of this Agreement or other default of Yours;
- Z. You shall not interfere with Franchisor's prospective franchise sales or its contractual relationships with its existing franchisees by soliciting prospective or existing franchisees for the sale of any product, service or another business opportunity;
- AA. indemnify and hold Franchisor harmless against all claims, demands, damages, costs or expenses which may be incurred or received by Franchisor resulting from any breach of this Agreement on Your part, the negligence of any party (other than Franchisor), or arising directly or indirectly out of the management or operation of the Business or the use or occupancy of the Premises or in connection with Your sale, transfer or assignment of the Business and franchise license, which indemnification obligation survives the expiration or termination of this Agreement. It is the intention of the parties to this Agreement that Franchisor shall not be deemed a joint or co-employer with You for any reason; however, if Franchisor incurs any cost, liability, loss or damage as a result of any actions or omissions of You or Your employees, including any that relate to any party making any finding of any joint or co-employer status, You will fully indemnify Franchisor for any such cost, liability, loss and damage;
- BB. have Internet access and an e-mail address. You must use the Internet website, domain name and email address(es) provided by Franchisor from time to time and pay to Franchisor and/or its designated vendors the initial start-up fee, annual hosting and maintenance fees for the website, domain name and fees for the email address(es). You cannot use any other website or domain name to promote the Business and cannot use other domain names (with or without the Trademarks as part of the name) that are pointed or linked to the Internet website provided by Franchisor without the written permission of Franchisor. You cannot use any email address and related mail server other than the one(s) provided by Franchisor to conduct Business related activities, except for bulk email which must be sent through an approved email service (bulk mail is any email sent to more than 100 recipients). If Franchisor discovers that You have obtained or are using another website, domain name or email address for or in connection with Your Business without Franchisor's written permission, Franchisor shall notify You and upon notice, You shall immediately discontinue use of the unauthorized website, domain name or email address and transfer and assign the same to Franchisor. Franchisor will, at its discretion, determine the content and use of Your website and will establish the rules under which franchisees may or will use their websites (including advertising Franchisor's website address on the front window of your Premises and in printed literature) or separately use the Internet or other on-line communications in the

operation of the Business. Without the written permission of Franchisor, You cannot use Internet tools such as but not limited to search engine optimization for the purpose of promoting Your Business to customers in the designated territory of another franchisee. Franchisor will retain all rights relating to the website and may alter or terminate the website upon 30 days' notice to You. Your general conduct on the website or other on-line communications and specifically Your use of the Trademarks or any advertising on the website or other on-line communications (including the domain name and any other Trademarks Franchisor may develop as a result of participation in the website or other on-line communications) will be subject to the provisions of this Agreement. Any custom enhancements to Your Internet website shall be at Your expense and must be performed by a vendor approved by Franchisor. You acknowledge and agree that Franchisor may, in its sole discretion, modify, substitute, or reassign websites, webpages, domain names or email addresses which Franchisor designates for Your use in the Business during the term of the Franchise Agreement. Your right to use Your website, webpage, domain name and/or email address(es) or otherwise use the Trademarks or System on the Internet or in other on-line communications will terminate when this Agreement expires or terminates. You further acknowledge and agree that the terms and conditions set forth in this Section Six BB apply with respect to websites, domain names and email addresses used by any employee of Yours in connection with the conduct of Business related activities.

- CC. effect such items of modernization, refurbishing and/or replacement of equipment, computers and software, signage, fixtures, display areas, furnishings and improvements, as Franchisor deems reasonably necessary, (no more than once every three years, except with regard to computer systems and software for the purpose of conforming with Franchisor's specifications from time to time for the point of sale system or business management system) to permit Your Business to conform to the standards then prescribed by Franchisor for similarly situated new Businesses. You acknowledge and agree that the requirements of this Section Six CC are both reasonable and necessary to insure continued public acceptance and patronage of Stores and Offices and to avoid deterioration or obsolescence in connection with the operation of Your Store or Office. Each and every transfer of any interest in this Agreement or business conducted hereunder governed by Section Fifteen also is expressly conditioned upon compliance with the foregoing requirement without regard to the number of years since the last modernization, refurbishing and/or replacement;
- DD. upload into the Franchisor logo database the digitized images of logos of any customers that Franchisor requests to be uploaded;
- EE. employ prior to the scheduling of the start of the technical and marketing set up described in Section Four F of this Agreement and maintain at all times during the term of this Agreement at least one full-time outside salesperson in addition to Yourself. You shall replace such sales person within 30 days in the case of termination of employment;
- FF. adhere to the guidelines set by Franchisor for use of social media to promote Your Business and/or in connection with Your use of the System and Trademarks and Your participation in the Network.
- GG. shall at no time make any derogatory statements about or otherwise disparage, defame,



impugn or damage the reputation of integrity of the others, including Franchisor and other Franchisor franchisees in the System, provided that nothing contained herein will preclude You from providing truthful information in response to compulsory legal process. You shall not, and to use Your best efforts to cause any of Your agents, employees or affiliates to not, disparage or otherwise speak or write negatively, directly or indirectly, of Franchisor, Franchisor's affiliates, and Franchisor's franchisees, or which would subject Franchisor, Franchisor's affiliates, or Franchisor's franchisees to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of those parties.

- HH. shall participate, at Franchisee's own expense, in programs which may be required from time to time by Franchisor for obtaining client evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a client feedback system and client survey programs. Franchisor shall share with Franchisee the results of these programs as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Franchisor for such programs.
- II. shall promptly notify Franchisor of any Action or threatened Action by any governmental authority or other third party against Franchisee or the Business, or otherwise involving Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as Franchisor may request. Notice of same shall be sent to [compliance@fullypromoted.com](mailto:compliance@fullypromoted.com). "Action" shall be defined as any legal action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.
- JJ. shall give Franchisor copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof. Notice of same shall be sent to [compliance@fullypromoted.com](mailto:compliance@fullypromoted.com).

## **Seven: INITIAL TRAINING**

- A. Franchisor will train You or Your initial Manager in the operation of the System at its Training Center in West Palm Beach, Florida for two weeks if You will be operating a Store and one week if You will be operating an Office. Franchisor, at its option, may offer its training via remote means. If Franchisor elects to offer any training program remotely, Franchisor shall give you advance notice, in writing, and you may elect at that time to attend training remotely.
- B. The initial franchise fee paid by You pursuant to Section Ten A shall cover the charge for such training for one person (including one coach class round trip airfare, baggage and other fees not included, one daily meal and accommodations). Franchisor shall not compensate You for any service performed during this initial (or any) training period. If You bring additional persons to the initial training, You will pay a training fee of TWO HUNDRED TWENTY-FIVE DOLLARS (\$225.00) per person and be responsible for their travel, meals and accommodations. Your initial Manager and any additional persons who attend training shall be required to sign an agreement to be supplied by Franchisor not to misuse or disclose to any third party any information or knowledge concerning Franchisor's business, the Business or the System.

- C. Franchisor may at any time during training, by notice in writing, inform You that any person submitted for training is not suitable due to blatant criminal activities, disreputable behavior, poor attendance and/or disturbing fellow trainees. In this event, Franchisor's obligations in respect to the first trainee shall be regarded as discharged and any further training for any replacement for the first trainee shall be provided at Your expense.
- D. Franchisor shall have the right to require You to attend further training courses at any time during the Term of this Agreement if:
  - i. Franchisor considers attendance at such courses to be advisable;
  - ii. Franchisor wishes to train You in new and improved techniques that have been devised and which You will be required to put into effect in operating the System; or
  - iii. a regularly scheduled training program is scheduled or in session.

There will be no training fee or charge for these additional training classes; however, all costs of attendance shall be at Your sole expense.

#### **Eight: CONTINUING TRAINING**

- A. Franchisor will train any subsequent Manager, replacement staff, or any trainee of Yours in any place Franchisor may require, and at Your expense.
- B. You shall establish and maintain a training program for Your staff in accordance with the requirements contained in the Operating Manual.
- C. Franchisor shall make available training for new equipment (whether provided by Franchisor or its vendors or others) at Your expense.
- D. The training provided by Franchisor as described in Section Seven and this Section Eight are provided so that You, Your Manager and staff receive the benefit of Franchisor's accumulated experience and knowledge relating to the Business and to ensure a uniform image and uniform quality of services in all Businesses. You acknowledge that You shall be solely responsible for training Your Manager and staff. Franchisor is not an employer, co-employer or joint employer with You of Your employees. You shall be solely responsible for all employment matters, decisions and relationships.
- E. All training programs provided by Franchisor as described in Section Seven and this Section Eight are at the sole discretion of Franchisor. Franchisor has the right to refuse to provide any training program to any individual where it deems in its sole judgment such training is against its interests, or the interests of any franchisee or any affiliate.

## **Nine: IMPROVEMENTS**

Franchisor shall endeavor to create and develop new and improved methods of conducting a business in accordance with the System.

- A. Franchisor agrees to make these improvements, additions, modifications or innovations available to You at the earliest possible opportunity. You in turn will notify Franchisor of any improvements, additions, modifications or innovations in Your method of operation which You believe would assist in the development of the System.
- B. In order that You, Franchisor, and its other franchisees may all benefit from the free interchange of ideas, You shall permit Franchisor to introduce into the System and/or the Operating Manual any improvements, additions, modifications, or innovations which may have been notified by You to Franchisor without any payment being made to You.

## **Ten: FEES**

In consideration of the grant of the franchise herein, You shall pay to Franchisor the following:

- A. **Franchise Establishment Fee** Upon the execution hereof, You shall pay Franchisor a franchise establishment fee of FORTY-NINE NINE THOUSAND FIVE HUNDRED DOLLARS (\$49,500.00), receipt of which Franchisor hereby acknowledges. The franchise establishment fee shall be deemed fully earned and non-refundable upon the execution of this Agreement. A deposit of NINE THOUSAND FIVE HUNDRED DOLLARS (\$9,500.00), if submitted prior to this Agreement, shall be credited against the Franchise Establishment Fee with the balance due and owing upon signing this Agreement.
- B. **Royalty Fees** During the Term of this Agreement, You shall pay to Franchisor a monthly Royalty Fee in an amount equal to the greater of FIVE HUNDRED DOLLARS (\$500.00) or:
  - (i) 6% of the Franchisee's Gross Revenues for the month until Franchisee's Gross Revenues for the calendar year exceed \$600,000.00; and then
  - (ii) 4% of the Franchisee's Gross Revenues for the month until Franchisee's Gross Revenues for the calendar year exceed \$1,000,000.00; and then
  - (iii) 2% of the Franchisee's Gross Revenues for the month after Franchisee's Gross Revenues for the calendar year exceed \$1,000,000.00.

Franchisor shall have the right to adjust, for inflation, the royalty cap amounts above (not the monthly minimum Royalty Fee) on January 1 of each new calendar year to reflect changes in the Consumer Price Index (1982-84=100; all items; CPI-U; all urban consumers) as published by the U.S. Bureau of Labor and Statistics.

- C. **Marketing Fees** During the term of this Agreement, You will pay to an advertising fund which is maintained by a separate Florida non-profit corporation, (the "Fund") or its successors and assigns a monthly Marketing Fee of 1% of Your Gross Revenues for the

month or SIX HUNDRED FIFTY DOLLARS (\$650.00) (whichever is greater). The Marketing Fee can be increased or decreased as provided by the By-laws of the Fund.

- D. **Technology Fee** Commencing when Franchisee starts the Business, Franchisee shall pay to Franchisor or Franchisor's designated vendor, a monthly technology fee (the "Technology Fee") for the hosting, support and maintenance of the website, domain, and email addresses. and other technology matters. Franchisor may in its sole discretion change the technology services provided to Franchisee. As of the date of this Agreement, the Technology Fee is \$125 per month. Franchisor may increase the Technology Fee from time to time to reflect its internal and external costs of the website and other technology support.
- E. For the purposes of this Agreement, "Gross Revenue" means the entire amount of all of Your revenues arising out of the ownership or operation of the Store or Office, or any business at or about the Store or Office. This amount is to include, without limitation, revenues derived from or relating to all sales and fees charged for products and services rendered at, or for orders placed at or completed for delivery in, through, or from the Business. The revenues are determined regardless of whether they are evidenced by cash, credit, checks, services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority. Cash refunded and credit given to customers, shall be deducted in computing Gross Revenue to the extent that such cash or credit represent amounts previously included in Gross Revenue on which Royalty and Marketing Fees were paid. Gross Revenue consisting of property or services shall be valued at the prices applicable, at the time such Gross Revenue are received, to the products or services exchanged for such Gross Revenue. Franchisor may collect Royalties and Marketing Fees for any jobs remaining unpaid longer than the time frame provided in the Operations Manual.
- F. Payment of the Royalty Fee and the Marketing Fee will be through electronic transfer and shall be done on the second business day following the month to which the Royalty Fee and Marketing Fee applies. Franchisor reserves the right to change the time period on which the royalty or marketing fee is calculated, the date of payment of these fees and the method of payment from electronic transfer to such other manner of payment that Franchisor deems appropriate.
- F. Upon execution of this Agreement and/or at any other time thereafter at Franchisor's request, You shall sign an authorization substantially in the form attached to this Agreement as Schedule C and all other documents necessary to permit Franchisor to withdraw funds from Your designated bank account by electronic funds transfer in the amount of the Royalty Fee, the Marketing Fee and all other fees and amounts described in this Agreement. Any fee calculated by reference to Gross Revenue shall be based on the information obtained from the electronic point of sale system in Your computer. Should any electronic funds transfer not be honored by Your Bank for any reason, You agree that You shall be responsible for that payment plus any service charge applied by Franchisor or its bank. If any payments due Franchisor under this Agreement, whether to be paid by electronic funds transfer or otherwise, are not received when due, interest on the amount past due will be charged interest by Franchisor at the rate of 18% per annum or the maximum rate of interest permitted by law, whichever is less plus a late charge of

TEN DOLLARS (\$10.00) per day for each day the payment is late. You acknowledge and agree that You have no right to withhold payment of the fees due under this Section Ten by right of Your dissatisfaction with Franchisor's performance of its obligations under this Agreement and that if You are so dissatisfied, You will pursue other remedies at law which may be available. Additionally, in the event of non-payment by You of any of Your obligations under this Agreement and the failure to cure such non-payment within 15 days of the due date of the payment, or in event of any other default or non-compliance under this Agreement, Franchisor, at its option, may withhold services from You including but not limited to store or office support, email access, remote support, website access and Fund-sponsored services.

- G. As security for all Your monetary and other obligations to Franchisor, or its affiliates, You hereby grant to Franchisor a first priority security interest in all of Your assets used in connection with the Business and wherever located, including, without limitation, all furniture, fixtures, machinery, equipment, inventory, and all other property, (tangible or intangible), now owned or hereafter acquired by You, as well as all contractual and related rights of You under this Agreement and all other agreements between the parties. All assets subject to Franchisor's security interest which can be kept within the Premises of the Business shall be kept within said Premises and shall not be sold (except in the ordinary course of business), or transferred, assigned, conveyed, encumbered, destroyed, relocated, moved or removed from such Premises without Franchisor's prior written consent. You agree to execute such financing statements, continuation statements, notices of lien, assignments, or other documents as may be required in order to perfect and maintain Franchisor's security interest. Franchisor agrees to subordinate its security interest to any working capital lender of Yours and to the purchase money security interest of an approved equipment vendor for any equipment purchased by You and used in the operation of the Business. You shall pay all filing fees and costs for perfecting Franchisor's security interest. You acknowledge that this Agreement constitutes a security agreement for the purposes of the attachment, perfection, and enforcement of the foregoing security interest. Upon the occurrence of any default under this Agreement, Franchisor shall have and be entitled to exercise all rights to which a secured party may be entitled under the version of the Uniform Commercial Code of the state where the Premises are located.

## **Eleven: ACCOUNTING AND REPORTING**

- A. You shall:
- i. install and use the Business Management System ("Point of Sale System" or "BMS") specified by Franchisor which may be subject to modification from time to time by Franchisor, and pay any required monthly subscription, maintenance and support fees for the BMS. You shall accurately record all transactions through the BMS and shall ensure that Franchisor shall have access to Your BMS at all times for the purpose of obtaining information relating to the Business. You shall execute the BMS License Agreement attached as Schedule D to this Agreement and comply with the terms thereof. In the event of any failure of the BMS, during the operation of the Business, You shall manually keep accurate records which shall be entered into the BMS as soon as may be practicable

following rectification of the cause of the breakdown. Upon Franchisor's request, You shall modify, upgrade and replace the BMS from time to time and shall also execute additional BMS license agreements in connection with such modifications, upgrades and replacements of the BMS. If the BMS is modified, upgraded or replaced in its entirety, You shall install and use the modified, upgraded or new BMS in accordance with this Section.

- ii. maintain on the Premises in a form approved by Franchisor (and preserve the same for at least seven years after the end of the financial year to which they relate and thereafter for so long as any dispute shall remain outstanding between the parties) full and accurate balance sheets and profit and loss statements and all underlying or supporting records and vouchers (including the cash register rolls, bank statements, deposit slips and tax returns) relating to the Business. You shall permit Franchisor (or any person, firm or company nominated by Franchisor) during business hours to inspect and take copies of Your books of account and records including but not limited to, records stored within Your BMS, cash register rolls, bank statements, deposit slips, tax returns and other financial books of account and records. At Franchisor's request, You shall promptly transmit or send copies of Your books of account and records to Franchisor (or any person, firm or company nominated by Franchisor) for review and inspection. If, on any such inspection or review, a discrepancy greater than 2% of Gross Revenue is found between the sums reported as Gross Revenue and the actual Gross Revenue for any reporting period, then You shall, without prejudice to any other rights which Franchisor may have, reimburse Franchisor for all costs incurred in conducting such inspection including travel, hotel, subsistence, salaries, and fees; and
- iii. for each of Your accounting years supply to Franchisor financial statements (including a balance sheet and profit and loss statement) for Your full accounting year prepared by Your accountant which shall be certified by You to Franchisor as correct. Such certificate and financial statements shall be delivered to Franchisor within 45 days from the end of the said accounting year. You agree to have such annual financial statements prepared separately for the Business and not on a consolidated basis with the assets or liabilities or profits and losses of any other business with which You are associated reflected therein;
- iv. for each of Your tax years, upon reasonable request by Franchisor, supply to Franchisor copies of your federal and state tax returns and sales tax returns or in lieu of federal tax returns supply to Franchisor each tax year IRS Form 4506-T (or any successor form designated by the IRS), executed by You and authorizing the IRS to send Franchisor a copy of Your Tax Return Transcript. You agree to prepare and file such returns separately for the Business and not on a consolidated basis with the income, sales, expenses or deductions of any other business with which You are associated reported therein.

B. Franchisor shall:

- i. have the right to verify all of Your sales directly with customers; and

- ii. have the right to verify all of Your purchases and other expenses directly with Your suppliers, vendors, and employees.
- C. You acknowledge that Franchisor has the capability to access remotely all BMS data on Your computer and other data which may be hosted on servers and that Franchisor can use such data for such business purposes as it deems proper provided that Franchisor will not sell, transfer or share such data to or with any other person or entity during the term of this Agreement except its attorneys or in connection with: (i) the transfer of this Agreement as permitted under Section Fifteen I of this Agreement; (ii) compilation of operating statistics on all franchises, or groups thereof, for public distribution; (iii) sales rankings and/or comparative sales charts and tables for publication to franchisees via an intranet site; (iv) financial performance representations for publication in Franchisor's franchise disclosure documents for prospective franchisees; and (v) other similar data compilations.
- D. You shall not combine and/or commingle Your Business operations with that of any other business. You shall not use the bank account or BMS designated for Your Business to process transactions, sales, make deposits or pay expenses for another business. You agree to keep the financial books of account and records of Your Business separate and apart from Your personal financial books and records and/or from the books and records of any other business with which You are associated. You shall not file consolidated tax returns for the Business which consolidate the income or deductions of the Business with those of another business.

## **Twelve: ADVERTISING/MARKETING**

- A. You must participate in any national, regional or local advertising cooperatives that Franchisor designates. You shall pay the Fund a monthly Marketing Fee as specified in Section Ten C. Franchisor reserves the right to: (i) assume control of the Fund in the future; (ii) modify or terminate the Fund; and/or (iii) create or establish a new fund in the future. If Franchisor exercises any of these rights, You must pay Franchisor, its affiliate, or another entity designated by Franchisor, the monthly Marketing Fee and comply with all requirements relating to the Fund or any new fund Franchisor establishes. Franchisor also reserves the right to enforce the obligations of the Fund and distribute the proceeds of any settlement or judgment in the manner that Franchisor deems appropriate, and to suspend or reduce a franchisee's obligation to participate in the Fund or any other advertising cooperative. The Fund will have the right to use the Marketing Fees and apply it to national, regional, and/or local marketing programs and promotional campaigns, branding as well as Internet advertising, web hosting and development, provided that Franchisor has the right to review and approve all advertising and promotional materials and programs created or produced by the Fund. Franchisor will not be required to pay Marketing Fees in its role as franchisor; however, all **Fully Promoted** businesses that are owned and operated by Franchisor (or an affiliate of Franchisor) will be required to pay Marketing Fees in the same manner as franchisees.
- B. You shall be responsible for all Your own direct marketing and local advertising of the Business. You shall expend at least an amount equal to 5% (five percent) of all Gross Revenues on direct marketing or local advertising (including public relations) in each

year. Of the 5% (five percent) expended, at least half must be spent on digital advertising such as, online advertising, pay per click, search engine optimization of Your website and mobile marketing, or then current digital technology. Franchisor also believes in and encourages You to participate in cooperative advertising where available. For the purposes of this paragraph, the term “direct marketing or local marketing” shall mean all marketing and public relations costs, advertising and promotions effected through the medium of the Internet, mobile marketing, email and other digital communications media, local radio or television broadcasts, newspapers, periodicals, billboard advertising, sales commissions and public relations.

- C. You alone at all times shall be responsible for ensuring Your marketing materials and activities conform to applicable laws and regulations, do not infringe the intellectual property rights of any third party, including but not limited to, trademarks, trade names, patents, copyrights, designs and images belonging to any third party and the intellectual property rights of third parties whose brands, designs, trademarks, trade names or logos appear on the Products and Services offered for sale at the Business, and conform to any applicable guidelines, directions or permissions published or provided by third parties in relation to the marketing, sale or promotion of the Products and Services that contain or are associated with the brands, trademarks, trade names or logos of third parties, and comply with Franchisor’s System Brand standards. In addition, You shall comply with the criteria and/or guidelines that Franchisor will establish from time to time for marketing and advertising (including public relations) activities. Franchisor may require that Your advertising materials include contact information for obtaining information regarding franchises and the franchise system. Franchisor may, from time to time, provide samples of certain marketing materials that You may duplicate and use, subject to You ensuring Your compliance with all applicable laws and regulations. In addition, Franchisor may provide sample copies and other marketing materials from time to time, which, if observed, will not require any consent from Franchisor. All other marketing campaigns or promotional activities (including public relations) conducted by You shall be subject to the prior written approval of Franchisor whose decision will not be unreasonably delayed. Our review and approval of Your marketing campaigns or promotional activities does not modify Your obligations as set forth in this Section, which remain Your obligations alone and our review and approval is not a warranty of any kind. Franchisor has the right to conduct and manage all marketing and commerce on the internet and other electronic media, including all websites and social media marketing. You shall not establish any website or social media account independently, except as Franchisor may specify, and only with Franchisor’s express written consent. Franchisor retains the right to approve any linking to or other use of Franchisor’s website. You must comply with any internet, online commerce and/or social media policy that Franchisor may prescribe in connection with any use of the internet, online commerce or social media by You which uses the Marks, or otherwise relates to the Business or Franchisor.
- D. You shall, upon being requested to do so, provide Franchisor with details of Your proposed marketing, advertising and promotional activities. You acknowledge that Franchisor has explained the importance of the creation and maintenance of a full-time marketing program. You further acknowledge that a vital factor to the success of any Store or Office lies in the creation and maintenance of a full-time marketing program.



You agree to create and continuously conduct, during the Term a full-time and ongoing marketing program, and devote a minimum of three (3) hours per day, either personally or through an employee, to conducting such a marketing program. You further agree to create a marketing file and record all marketing activities therein. This file shall remain on the Premises and be available to Franchisor to review upon reasonable notice.

- E. You acknowledge that nothing in this Agreement imposes upon Franchisor or the Fund the duty or the obligation to provide direct or indirect marketing or promotion in relation to the Store or Office. Neither Franchisor nor the Fund can ensure that its marketing or promotional activities will benefit You directly or be proportionate or equivalent to the Marketing Fees that You pay to the Fund.
- F. The Franchisee must participate in any national, regional or local advertising cooperatives that Franchisor designates. The Franchisee shall pay the Fund a monthly Marketing Fee as specified in Section 10(C). Franchisor reserves the right to: (i) assume control of the Fund in the future; (ii) modify or terminate the Fund; and/or (iii) create or establish a new fund in the future. If Franchisor exercises any of these rights, the Franchisee must pay Franchisor, its affiliate, or another entity designated by Franchisor, the monthly Marketing Fee and comply with all requirements relating to the Fund or any new fund Franchisor establishes. Franchisor also reserves the right to enforce the obligations of the Fund and distribute the proceeds of any settlement or judgment in the manner that Franchisor deems appropriate, and to suspend or reduce a franchisee's obligation to participate in the Fund or any other advertising cooperative. The Fund will have the right to use the Marketing Fees and apply it to national, regional, and/or local marketing programs and promotional campaigns, as well as Internet advertising, web hosting and development and franchise recruiting efforts, provided that Franchisor has the right to review and approve all advertising and promotional materials created or produced by the Fund. Franchisor will not be required to pay Marketing Fees in its role as franchisor; however, all Franchisor locations that are owned and operated by Franchisor (or an affiliate of Franchisor) will be required to pay Marketing Fees in the same manner as Franchisor franchisees.

### **Thirteen: INSURANCE**

- A. You are required to obtain and maintain at Your cost and expense such policies of insurance in such amounts and from such carriers as may reasonably be required by Franchisor from time to time throughout the Term. Coverage requirements can be increased or decreased upon Franchisor's prior notice as set forth in the operations manual or other writing. You shall provide Certificates of Insurance ("COI") evidencing the required coverage to Franchisor prior to opening and upon annual renewal of the insurance coverage as well as at any time upon request of Franchisor. Copies of your COIs shall be sent to [compliance@fullypromoted.com](mailto:compliance@fullypromoted.com) within five (5) days of Your receipt of same. Such insurance shall include, without limitation:
  - i. comprehensive general liability policy with a minimum combined single limit covering bodily injury and property damage with respect to the Premises, products and services, and completed operations of ONE MILLION DOLLARS (\$1,000,000.00);

- ii owned auto insurance with a minimum combined single limit covering bodily injury and property damage of ONE MILLION DOLLARS (\$1,000,000.00);
  - iii. hired and non-owned auto insurance with a minimum combined single limit covering bodily injury and property damage of ONE MILLION DOLLARS (\$1,000,000.00); and
  - iii. all other insurance required by applicable law, including workers' compensation and disability (limits may vary according to geographical location). If the applicable laws in Your state do not require the owners of a business to be covered by workers' compensation insurance, You shall elect coverage for Yourself.
- B. You shall name Franchisor as an additional named insured on all insurance policies required hereunder which policies shall be considered as primary in the event of loss or claim. You shall also execute a waiver of subrogation in favor of Franchisor and its affiliates.
- C. The Franchisee warrants that its insurance policies shall be primary and non-contributing with any insurance carried by Franchisor and its affiliates.
- D. You shall not terminate any insurance policy required to be obtained and maintained hereunder, nor modify or amend the terms thereof, without Franchisor's prior written consent, which consent shall not be unreasonably withheld, and each policy must provide that it shall not be canceled, modified or subjected to non-renewal, without at least 10 days prior written notice to Franchisor.
- E. This Section Thirteen references minimum requirements. You should consult Your local insurance agent and legal counsel to ensure Your Business is adequately insured, You have all insurance required by law or by the terms of any agreement to which You are a party. You shall also ensure that all Your Business equipment complies with any minimum standards and specifications to maintain your insurance requirements, including, but not limited to, any multi-factor authentication requirements for electronic devices used for Your Business.

#### **Fourteen: TRADEMARKS**

- A. You shall only use the Trademarks in connection with the operation of the Business and only in a form and manner approved by Franchisor. All social media accounts, social networking websites, other online accounts as more specifically identified in Section Fifteen(C)(iv), domain names and e-mail addresses used in Your business that include the words **Fully Promoted** or any of the Trademarks must be approved in writing by Franchisor and will be the property of Franchisor and all social media accounts social networking websites, other online accounts, domain names and email addresses that include the mark "Fully Promoted" or any of the Trademarks will be the property of Franchisor. Should You become the owner of any social media account, social networking website, other online account, domain name, or email address which include or any Trademark or derivation of any Trademark belonging to Franchisor, You shall, upon Franchisor's written request, assign all rights, title and interest in those social media

accounts, social networking websites, online accounts, domain names and email addresses.

- B. In no circumstances shall You apply for registration with respect to any of the Trademarks or which would conflict with the Trademarks, nor shall You take any action or refuse or decline to take any action which may result in harm to the Trademarks or put any registrations or applications to register at risk.
- C. You shall comply with Franchisor's instructions in filing and maintaining the requisite fictitious, trade or assumed name registrations for the Trademarks.
- D. You shall, in all representations of the Trademarks, attach in a manner approved by Franchisor such inscription as is usual or proper for indicating that such Trademarks are registered.
- E. You acknowledge that the use of the Trademarks outside the scope of this Agreement, without Franchisor's prior written consent, is an infringement of Franchisor's rights in the Trademarks, and You expressly covenant that during the Term, and after the expiration or sooner termination of this Agreement, You shall not, directly or indirectly, commit an act of infringement or contest, or aid in contesting the validity or right of Franchisor to the Trademarks, or take any other action in derogation of such rights.
- F. In the event of any claim of infringement, unfair competition or other challenge to Your right to use the Trademarks, or in the event You become aware of any use of or claims to the Trademarks by persons other than Franchisor or its franchisees, You shall promptly (but in no event more than 15 days later) notify Franchisor in writing. You shall not communicate with anyone except Franchisor and its counsel in connection with any such infringement, challenge, or claim except pursuant to judicial process. Franchisor shall have sole discretion as to whether it takes any action in connection with any such infringement, challenge or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim relating to the Trademarks. You must sign all instruments and documents, render any assistance, and do any acts that Franchisor's attorneys deem necessary or advisable in order to protect and maintain Franchisor's interest in any litigation or proceeding related to the Trademarks or otherwise to protect and maintain Franchisor's interests in the Trademarks.
- G. If it becomes advisable at any time, in Franchisor's sole discretion, to modify or discontinue the use of any of the Trademarks and/or use one or more additional or substitute names or marks, for reasons including, but not limited to, the rejection of any pending registration or revocation of any existing registration of any of the Trademarks, or the superior rights of senior users thereof, You will immediately, upon written notice from Franchisor and at Your expense, make all changes or modifications to the Trademarks as specified by Franchisor.

#### **Fifteen: ASSIGNMENT & RESALE (SALE OF BUSINESS)**

- A. You shall have the right to assign the Franchise and to sell the Business with the prior written consent of Franchisor, which consent shall not be unreasonably withheld and subject to the conditions listed in Section C below.

- B. Franchisor will grant to a purchaser of the Business who is acceptable to it a franchise for a period equal to the term then being granted by Franchisor to new franchisees (commencing the date of the sale of the Business) and upon similar terms and conditions to Franchisor's then current form of franchise agreement, excluding the payment of an initial fee.
- C. Subject to Sections D through F below, the conditions required to obtain the written consent of Franchisor to the sale of the Business by You shall be that:
- i. any prospective purchaser shall submit his offer in writing, shall be bona fide and at arm's length, and shall meet Franchisor's standards with respect to the selection of new franchisees;
  - ii. the prospective purchaser or its management team must agree to successfully complete Franchisor's initial training program prior to assuming the daily duties of the Business;
  - iii. the prospective purchaser must enter into a new franchise agreement prior to attending such training program as may be required by Franchisor which agreement shall require the purchaser to upgrade, modify and/or replace the BMS system used in the business to the then current system required of new franchisees;
  - iv. You must turn over to Franchisor all digital assets, including, but not limited to, all digitally-stored content (such as images, photos, videos and text files), whether stored locally at the Business or accessible via the internet, the cloud, or another digital storage device (such as a USB drive or zip drive) or stored with a third-party digital-storage provider (such as OneDrive® or Dropbox®); and all user names and passwords for any and all email accounts, social media accounts and social networking websites (such as Facebook®, Twitter®, LinkedIn®, Google®, MyBusiness, YouTube®, Pinterest®, Instagram®, Tumblr®, Flickr®, Reddit®, Snapchat®, TikTok®, Twitch®, Quora®, Medium®, Triller® and WhatsApp®), blogs, review websites (such as Yelp® or Angie's List®), and any other online communities where the Business created or shared online content, or held itself out as speaking for or representing the Business;
  - v. Your Store or Office is in compliance with Franchisor's current standards (including but not limited to brand standards) for equipment, point of sale or business management systems, fixtures, signage, store or office displays and furnishings or must be brought into compliance prior to the completion of the transfer to the prospective purchaser;
  - vi. You or the prospective purchaser shall pay to Franchisor a transfer fee equal to the greater of: 1) TWENTY-NINE THOUSAND FIVE HUNDRED DOLLARS (\$29,500.00); 2) ten percent (10%) of the purchase price for the Business; or 3) the then current transfer fee required to be paid under the then current franchise agreement;
  - vii. You must not, at the time of Your application for consent, be in breach of any of

Your obligations to Franchisor under the terms of this Agreement; and

- viii. payment is made by You of all costs and all obligations by or of You to Franchisor and any suppliers are discharged without any right of deduction or set-off.
- D. You shall, as soon as possible, submit to Franchisor a copy of each written offer or full details of any other offer which You receive from any prospective purchaser to purchase Your Business from You, together with the following information:
  - i. a financial statement and the business history of the prospective purchaser; and
  - ii. details of all terms that may have been agreed or proposed between You and the prospective purchaser.
- E. Franchisor shall, in addition to its other rights under this Agreement, have an option to purchase the Business for the same amount and upon the same terms as the prospective purchaser has offered. In the event of: (i) a transfer or assignment of stock, share capital or similar ownership interest, or (ii) Your insolvency or bankruptcy, the offer shall be for Your interest in this Agreement, and the equipment, inventory, fixtures and leasehold interest used in the operation of the Business. An amount and terms of purchase under these conditions shall be established by a qualified appraiser selected by the parties.
- F. Franchisor shall have a period of 10 days after receipt of written notice and the information referred to in Section D above, to exercise its option to purchase by notice in writing to You. The sale and purchase shall be completed within 15 days following the service of Franchisor's notice, or if any landlord's license is required, 10 days after such license shall have been obtained.
- G. For the purpose of this Section, any change in Your beneficial ownership of the issued share capital or of Your true control shall be deemed to be an assignment of this Agreement. In addition, in the event of any attempt by You to circumvent the provisions of this Section by selling or transferring all or any portion of the assets of the Business without transferring Your rights under this Agreement, You shall be liable to Franchisor for the full amount of the fee due Franchisor under Section Fifteen C.(v) of this Agreement. Nothing within this Section Fifteen G is intended to or shall be construed as limiting Franchisor's remedies and damages in the event that You violate this Section Fifteen.
- H. In the event of Your death or incapacity, where You are an individual, or in the case that You are a corporation, then in the event of the death or incapacity of the Principal, this Agreement will be transferable without additional fee or penalty, provided that the transferee meets Franchisor's approval, as noted above in this Section Fifteen, which shall not be unreasonably withheld.
- I. Franchisor reserves the right to sell or assign, in whole or in part, its interest in this Agreement. Any sale or assignment shall inure to the benefit of any assignee or other legal successor.

## **Sixteen: TERMINATION**

- A. Franchisor may terminate this Agreement by written notice to You without any opportunity to cure if:
- i. You fail to commence the Business within the period of 180 days from the date of this Agreement;
  - ii. You fail to keep the Business open for business for a consecutive period of 10 days unless this is because of major refurbishment or repair or because of the effects of explosion, flood or fire or for a reason to which Franchisor has given its prior written consent;
  - iii. in Your franchise application or supporting details You have provided Franchisor with information which contains any false or misleading statements or omits any material fact which may make any statement misleading;
  - iv. You become insolvent, adjudicated a bankrupt, have a voluntary or involuntary petition in bankruptcy or any other arrangement under the bankruptcy laws filed by or against You, make an assignment for the benefit of creditors, or if a receiver or trustee in bankruptcy is appointed to take charge of Your affairs or property;
  - v. You commence dissolution proceedings or have such proceedings commenced against You;
  - vi. You permit a judgment against You to remain unsatisfied or un-bonded of record for 30 days;
  - vii. You knowingly maintain false, inaccurate, or incomplete books or records, or knowingly submit false report to Franchisor;
  - viii. You receive 2 or more prior notices of default hereunder from Franchisor during any twelve (12) consecutive-month period, notwithstanding that such defaults were cured;
  - ix. there shall be a purported or deemed assignment of this Agreement or of the Business other than a sale of the Business under and in accordance with the provisions of Section Fifteen; or
  - x. Franchisor suspects, on reasonable grounds, that any material proprietary information concerning Franchisor's business, the System, or particulars of any communication from Franchisor to You is being or has been communicated in any way to any competitor of Franchisor by You or at Your direction, by any of Your employees (or the Principal or any of Your shareholders) or any other person associated with Your employees, the Principal, or any shareholder.
- B. In addition to the immediate termination rights set forth in Section Sixteen A, Franchisor may terminate this Agreement by written notice to You if You neglect or fail to perform any of Your other obligations under this Agreement including failure to pay any amounts

due to Franchisor under this Agreement or any other obligation of Yours to Franchisor or submit reports, or You fail to provide the Products or Services to the standards required by Franchisor as set out in the Operating Manual, and You fail to remedy such default, neglect or failure to Franchisor's satisfaction within (i) 15 days after written notice from Franchisor in the case of failure to pay any amounts due or, (ii) in the case of any other default, neglect or failure, within 30 days after written notice from Franchisor.

- C. All Your rights under this Agreement shall cease if Franchisor terminates this Agreement under the provisions of this Section Sixteen.
- D. THIS LICENSE AGREEMENT MAY BE TERMINATED ONLY BY FRANCHISOR AND NO PROVISION IS MADE IN THIS AGREEMENT FOR THE UNILATERAL TERMINATION OF THIS AGREEMENT BY YOU.

### **Seventeen: CONSEQUENCES OF TERMINATION**

Upon the expiration or sooner termination of this Agreement:

- A. You will immediately discontinue the use of the Trademarks, signs, cards, notices and other display or advertising matter indicative of the Trademarks, or of any association with Franchisor or of the Business or Products and Services, and will make or cause to be made such changes in signs, cards, notices and other display or advertising matter, buildings and structures as Franchisor shall direct so as effectively to distinguish the business from its former public image and marketing image as a Business including but not by way of limitation a change in the colors used. If within 30 days of such direction You fail or omit to make or cause to be made any change, then Franchisor shall have the power (without incurring any liability to You), without Your consent, save this consent that You give irrevocably, to enter upon the Premises and to make or cause to be made any such change, at Your expense, which expense You shall pay on demand. In addition, all items that may have been loaned to You by Franchisor, including the Operating Manual, shall be returned immediately to Franchisor at Your expense. You shall also forthwith pay to Franchisor (without any deduction or right of set-off) all sums of money which may be payable or owing (whether or not then due for payment) from You to Franchisor or the Fund.
- B. You shall further and forthwith:
  - i. provide Franchisor with an electronic file containing a list (including names addresses and telephone numbers) of all customers and all customer databases and files including artwork, all past invoices, address card-file entries, and business cards; a copy of the customer list may not be sold or otherwise transferred to any person or entity without our written consent; and copies of such information can only be retained by You to the extent needed to file required tax returns and You may not use such information for any other purpose;
  - ii. assign to Franchisor in such form as Franchisor shall require, the benefit of such contracts with customers as Franchisor may specify and pay over to Franchisor any sums received on account of such contracts (without any deduction or right of set off);

- iii. join with Franchisor in canceling any permitted use of the Trademarks;
  - iv. turn over to Franchisor all intellectual property associated with the Business and the System, including, but not limited to, the following:
    - a. any and all confidential information;
    - b. any and all operations manuals;
    - c. any and all materials, whether physical or digital, which display the Trademarks associated with the System; and
    - d. any and all digital assets, including, but not limited to, all digitally-stored content (such as customer artwork and art files, images, photos, videos and text files), whether stored locally at the Business or accessible via the internet, the cloud, or another digital storage device (such as a USB drive or zip drive) or stored with a third-party digital-storage provider (such as OneDrive or Dropbox); and all user names and passwords for any and all email accounts, social networking websites (such as Facebook®, Twitter, LinkedIn, Google+, YouTube, Pinterest, Instagram, Tumblr, Flickr, Reddit, Snapchat, and WhatsApp), blogs, review websites (such as Yelp or Angie's List), and any other online communities where the Business created or shared online content, or held itself out as speaking for or representing the Business.
  - v. cease the use of all material of whatever nature of which the copyright is vested in Franchisor or where its continued use would in any way infringe Franchisor's copyright;
  - vi. cease all use, directly or indirectly, of the Trademarks, confidential information, or any aspect of the System. You shall not represent Yourself as a present or former franchisee or in any other way associate Yourself with the System or the Trademarks; and
  - vii. maintain the System and other information relating to the conduct of the Business in strict confidence and secret, and not use, disclose, publish, or otherwise make it available to any third party.
- C. You shall change and, if requested, assign to Franchisor, any listed telephone numbers, fax numbers, domain names and e-mail addresses relating to the Business and also execute any and all documentation necessary to assign any such telephone and fax numbers, domain names and e-mail address to Franchisor. You hereby authorize and irrevocably constitute and appoint as Your attorney-in-fact for such limited purpose Franchisor to take such actions and to make, execute, and deliver such documents for and on Your behalf as may be required to assign to Franchisor the right to use and own such telephone and fax numbers, domain names and e-mail addresses, the foregoing power being a power coupled with an interest, and hereby direct the appropriate telephone company, domain name registry and internet service provider to so transfer the ownership of said numbers, domain names and e-mail addresses as may be directed by Franchisor, in accordance with the Assignment of Telephone Numbers, Domain Names and E-Mail Addresses signed herewith, a copy of which form is attached as Schedule B.



- D. You shall not maintain call forwarding telephone number referral with respect to any telephone numbers formerly used in connection with the Business.
- E. In the event the Premises are leased from a third party, You shall, at Franchisor's option, assign to Franchisor Your interest in the Lease. You shall be and remain liable for all of its obligations accruing up to the effective date of any lease assignment. In conjunction with the foregoing, You shall execute and deliver to Franchisor an Assignment of Lease in such form as may be requested by Franchisor.
- F. Non-compete Covenant:
- i. Upon the expiration or termination of this Agreement and for a period of two (2) years thereafter, You shall not, within a radius of twenty five (25) miles from the Premises or the premises of any other **Fully Promoted** business, be engaged, concerned, or interested in any capacity whatsoever in a business which competes with the **Fully Promoted** Business or any other business within the **Fully Promoted** Network (except as the holder of not more than 5% of the shares in any company whose shares are listed or dealt in any Stock Exchange or other recognized public market).
  - ii. You shall not, for a period of eight (8) months after the expiration or termination of this Agreement, solicit for business from any person who was, during the period of two years prior to such expiration or termination, a regular customer of or in the habit of dealing with the Business.
  - iii. You acknowledge and confirm that the length of the term and geographical restrictions contained in this Section Seventeen F are fair and reasonable and not the result of overreaching, duress, or coercion of any kind. You further acknowledge and confirm that Your full, uninhibited, and faithful observance of each of the covenants contained in this Section Seventeen F will not cause You any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained in this Section will not impair Your ability to obtain employment commensurate with Your abilities and on terms fully acceptable to You, or otherwise to obtain income required for the comfortable support of Your family, and Your satisfaction of the needs of Your creditors. You acknowledge and confirm that Your special knowledge of the business of a **Fully Promoted** Store or Office (and anyone acquiring such knowledge through You) is such as would cause Franchisor and its franchisees serious injury and loss if You (or anyone acquiring such knowledge through You) were to use such knowledge to the benefit of a competitor or were to compete with Franchisor or any of its franchisees.
  - iv. In the event any court shall finally hold that the time or territory or any other provision stated in this Section constitutes an unreasonable restriction upon You, You agree that the provisions of this Agreement shall not be rendered void, but shall apply as to time and territory or to such other extent as such court may judicially determine or indicate constitutes a reasonable restriction under the circumstances involved.

- G. Franchisor shall have the option (but not the obligation) to be exercised by providing written notice of intent to do so, within 30 days after the expiration or sooner termination of this Agreement, to purchase any items bearing the Trademarks or other assets owned by You, including, without limitation, any or all signs, advertising materials, supplies, inventory, equipment, furnishings, fixtures, or other items at a price equal to Your cost or fair market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, an independent appraiser shall be designated by Franchisor whose costs shall be borne equally by the parties, and his or her determination shall be final and binding. The fair market value of tangible assets shall be determined without reference to good will, going concern value, or other intangible assets. If Franchisor elects to exercise its option to purchase, it shall have the right to set off all amounts due from You under this Agreement, and the cost of the appraisal, if any, against any payment to You. Should You fail or refuse to execute and deliver the necessary documents to transfer good title to Your assets to Franchisor, or its nominee, Franchisor shall be entitled to apply to any court of competent jurisdiction for a mandatory injunction to compel You to comply with the rights granted in this Agreement. All costs and expenses relating to such litigation, including Franchisor's reasonable attorneys' fees and costs, shall be payable by You to Franchisor, upon demand, and may be credited by Franchisor to the agreed purchase price.

**Eighteen: ENTIRE AGREEMENT; FAILURE TO EXERCISE RIGHTS NOT TO BE A WAIVER**

- A. You acknowledge:
- i. that You have been told that if there are any pre-contractual statements which You consider have been made to You which have induced You to enter into this Agreement, You are obliged to submit the particulars thereof to Franchisor so that any misconceptions or misunderstandings can be resolved. In such case, an agreed form of pre-contractual statements upon which You relied on may be annexed to and made part of this Agreement;
  - ii. You have been given the opportunity to provide Franchisor particulars of any pre-contractual statements which You consider have been made to You which have induced You to enter into this Agreement; and
  - iii. this Agreement therefore contains the entire agreement between the parties and accordingly no pre-contractual statements shall add to or vary this Agreement or be of any force or effect unless such pre-contractual statements are either contained in this Agreement or in an annex to it, and You waive any right You may have to sue for damages and/or rescind this Agreement for any pre-contractual statements not contained in this Agreement or an annex to it. Nothing in this Agreement or any related agreement is intended to disclaim the representations Franchisor made in the franchise Disclosure Document.
  - iv. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

- B. In this Section, the expression “pre-contractual statements” includes written or oral pre-contractual statements or agreements, financial statements, profit projections, representations, warranties, inducements or promises whether or not made innocently or negligently.
- C. Your waiver contained in this Section shall be irrevocable and unconditional, but it is expressly provided that such waiver shall not exclude any liability of Franchisor for pre-contractual statements made by it fraudulently.
- D. No failure of Franchisor to exercise any power given to it under this Agreement or to insist upon strict compliance by You with any obligation and no custom or practice of the parties at variance with the terms of this Agreement shall constitute any waiver of any of Franchisor’s rights under this Agreement.
- E. Waiver by Franchisor of any particular default by You shall not affect or impair Franchisor’s rights in respect to any subsequent default of any kind by You nor shall any delay or omission of Franchisor to exercise any rights arising from any of Your defaults affect or impair Franchisor’s right in respect to said default or any other default of any kind.

#### **Nineteen: INDEPENDENT CONTRACTOR**

- A. This Agreement does not create a fiduciary relationship or the relationship of principal and agent between You and Franchisor. Franchisor is an independent contractor and, except as expressly permitted under this Agreement for certain rights of Franchisor, neither You nor Franchisor will under any circumstances, act or hold itself out as an agent or representative of the other nor incur any liability or create any obligation whatsoever in the name of the other.
- B. You agree to take such affirmative action as may be requested by Franchisor to indicate that You are an independent contractor, including placing and maintaining a plaque in a conspicuous place within the Premises and a notice on all stationery, business cards, sales literature, contracts, and similar documents and in email signatures which states that the **Fully Promoted** Business is independently owned and operated by You. The content of such plaque and notice is subject to the prior written approval of Franchisor.
- C. You agree to take affirmative action to ensure that Your Manager and staff are conspicuously aware of the proper identity of their employer which is You and not Franchisor and are also aware that notwithstanding any advice, guidance, standards and specifications provided by Franchisor to Your Business, Franchisor is not an employer, co-employer or joint employer with You of Your employees.

#### **Twenty: ACKNOWLEDGEMENTS AS TO ADVICE GIVEN AND OTHER MATTERS**

- A. You hereby acknowledge the exclusive right of Franchisor in and to the **Fully Promoted** System as presently developed or as it may be improved and expanded during the term of this Agreement, including practices, know-how, trade secrets, designs, marks, logos, window graphics, store or office decoration, signs, and slogans presently in use and to be used hereafter.

- B. You understand and acknowledge the importance of Franchisor's high standards of quality and service and the necessity of operating the business franchised hereunder in strict conformity with Franchisor's standards and specifications.
- C. You acknowledge that Franchisor, in giving advice to and assisting You in establishing the Business (including but without prejudice to the generality of the foregoing recommending equipment and materials, and the assessment of Your suitability) bases its advice and recommendations on experience actually obtained in practice and is not making or giving any representations, guarantees or warranties except that its advice is based upon such previous experience as it has and the degree of success or lack of success in its dealings on its own account and with its franchisees. You acknowledge that You have been advised by Franchisor to discuss Your intention to enter into this Agreement with other franchisees of Franchisor and Your business advisors and that You must decide on the basis of Your own judgment of what You have been told by Franchisor or such other franchisees whether or not to enter into this Agreement. You further acknowledge that You recognize that the business venture contemplated by this Agreement involves business risks and that Your success will be affected by Your ability and commitment as an independent businessperson.
- D. Except where the context otherwise requires, each of the restrictions contained in this Agreement and in each Section and Paragraph shall be construed as independent of every other restriction and of every other provision of this Agreement, and the existence of any claim or course of action by You against Franchisor whatsoever shall not constitute a defense to the enforcement by Franchisor of said restrictions or of any of them.
- E. It is expressly agreed between the parties hereto that having regard to the recitals and other provisions of this Agreement, each of the restrictive covenants contained in this Agreement and in each Section and Paragraph is reasonably necessary for the protection of Franchisor, Franchisor's intellectual property rights and the other franchisees of Franchisor and does not unreasonably interfere with the freedom of action by You. You acknowledge that You have been advised by Franchisor to obtain independent legal advice before executing this Agreement, and that You are fully aware of its provisions and accept that they are fair and reasonable in all the circumstances known to or in the contemplation of Franchisor and You as of the date of this Agreement. In particular, You acknowledge that the provisions of this Agreement relating to the limits on Your right to make deductions or set offs (to which You may claim to be entitled) against payment of Royalties are fair and reasonable. You recognize that Your failure or refusal to make payments of such fees or contributions because of Your dissatisfaction with Franchisor's performance may result in Your continued involvement in the **Fully Promoted** Network being subsidized by other franchisees who make payment of such fees and contributions. You also recognize that Your failure to pay such fees and contributions may adversely and materially affect the provision of services to franchisees who are members of the **Fully Promoted** Network. You accept that the remedies available to You are not affected by the set-off or deduction provisions of this Agreement and the remedies are sufficient for Your purposes including as they do a right to sue for damages.
- F. You warrant that, except pursuant to an agreement with Franchisor entered into prior to the execution of this Agreement, You had no direct knowledge of the **Fully Promoted**

Business or how to operate a business similar to the **Fully Promoted** Business or how to conduct the **Fully Promoted** Business or of Franchisor's trade secrets, know-how, methods or the System.

- G. In order to enable Franchisor to ascertain whether You are complying with the obligations imposed upon You under this Agreement, and in order to enable Franchisor to enforce rights given to it by this Agreement, Franchisor may, at any reasonable time, enter the Premises without Your consent.
- H. YOU SPECIFICALLY ACKNOWLEDGE THAT THERE IS NO **FULLY PROMOTED** BUSINESS THAT MAY BE CONSIDERED TO BE A "TYPICAL" OR "AVERAGE" BUSINESS. FRANCHISOR MAKES NO REPRESENTATIONS OR GUARANTEES AS TO NET/GROSS SALES, PROFITS, COSTS OR EARNINGS YOU CAN EXPECT. YOU ARE NOT ENTITLED TO ANY COMPENSATION OR REIMBURSEMENT FOR LOSS OF PROSPECTIVE PROFITS, ANTICIPATED SALES, OR OTHER LOSSES OCCASIONED BY CANCELLATION OR TERMINATION. NO PERSON IS AUTHORIZED TO GIVE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN OR INCORPORATED IN THIS FRANCHISE AGREEMENT AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.
- I. You acknowledge that You have received from Franchisor a Franchise Disclosure Document with all exhibits and supplements thereto, at least 14 days prior to: (i) the execution of this Agreement and every other agreement imposing a binding obligation on You in connection with the sale of a franchise; and (ii) any payment by You of any consideration in connection with the sale, or proposed sale, of a franchise.
- J. You represent to Franchisor that You (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation or executive order.

## **Twenty-One: NO WARRANTIES WITHOUT AUTHORITY**

You shall make no statements, representations, or claims and shall give no warranties to any customer or prospective customer in respect to the Products sold by You or the Services or the System or any of them, except for those warranties which are implied by law or may have been specifically authorized in writing by Franchisor.

## **Twenty-Two: ACTIONS AGAINST FRANCHISEE**

In the event any claim, demand, action, or proceeding is brought against You, or if You are notified of any violation of an applicable rule or statute, You will immediately (but in no event later than five days of such notification) notify Franchisor thereof, giving full particulars, and will diligently and expeditiously defend, compromise, cure, or satisfy such claim, action, demand, proceeding, or violation.

## **Twenty-Three: ADDITIONAL REMEDIES OF FRANCHISOR**

- A. You recognize that the business franchised hereunder is intended to be one of a large number of businesses identified by the Trademarks in selling to the public the products and services associated with the Trademarks, and hence the failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to Franchisor, and damages at law would be an inadequate remedy. Therefore, You agree that in the event of a breach or threatened breach of any of the terms of the Agreement by You, Franchisor shall be entitled to seek an injunction restraining such breach and/or decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and costs incurred in obtaining said equitable relief. The foregoing equitable remedy shall be in addition to all remedies or rights that Franchisor may otherwise have by virtue of any breach of this Agreement by You. Franchisor shall be entitled to seek such relief without the posting of any bond or security, and if a bond shall nevertheless be required by a court of competent jurisdiction, the parties agree that the sum of ONE HUNDRED DOLLARS (\$100.00) shall be a sufficient bond.
- B. Franchisor shall also be able to seek injunctive relief to prohibit any act or omission by You or Your employees that constitutes a violation of any applicable law, is dishonest or misleading to Your customers or other businesses, or constitutes a danger to Your employees or customers or to the public or which may impair the goodwill associated with the Trademarks.
- C. You expressly consent and agree that Franchisor may, in addition to any other available remedies, obtain an injunction to terminate or prevent the continuance of any existing default or violation, and/or to prevent the occurrence of any threatened default by You of this Agreement.
- D. Franchisor reserves the right to discontinue supplies or services upon default. While You are in default or breach of this Agreement, Franchisor may: (i) require that You pay cash on delivery for products or services supplied by Franchisor; (ii) stop selling or providing any products and services to You or to suspend its performance or any obligations under this Agreement; (iii) request third-party vendors or suppliers not to sell or supply

products or services to You; and/or (iv) charge you a non-compliance fee of \$500 for the first non-monetary default, and \$250 for each subsequent non-monetary default. No such action by Franchisor shall be a breach or constructive termination of this Agreement, change in competitive circumstance or similarly characterized, and You shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Franchisor are in addition to any other right or remedy available to Franchisor.

#### **Twenty-Four: NOTICES**

- A. All notices that Franchisor is required or may desire to give to You under this Agreement may be delivered personally, by electronic mail at the last known email address the Franchisee provides to Franchisor, or may be sent by certified mail or registered mail, postage prepaid, addressed to You at either the Premises address, or home address as noted in this agreement. All notices which You may be required or desire to give to Franchisor shall be sent by certified mail or registered mail, postage prepaid, addressed to: EmbroidMe.com, Inc. 2121 Vista Parkway, West Palm Beach, FL 33411. The addresses herein given for notices may be changed at any time by either party by written notice given to the other party as herein provided. Notices shall be deemed given upon personal delivery, upon receipt of the electronic mail, or 2 business days after deposit in the U.S. Mail.
- B. You must provide Franchisor with immediate written notice of any breach of this Agreement, or any other agreement between You and any of the following parties, that You believe to have been committed or suffered by Franchisor, its affiliates, or their respective owners, officers, directors, employees, or representatives. Notice of such breaches extends, without limitation, to breaches arising out of, or related to, the negotiation or performance of this Agreement by Franchisor or concerning misrepresentations or any acts of misfeasance or nonfeasance. If You fail to give Franchisor written notice within one year from the date of any such breach, then such breach shall be deemed to have been waived by You and, thereupon, You shall be permanently barred from commencing any action relating to such believed breach.

#### **Twenty-Five: DISPUTE RESOLUTION**

- A. Any controversy or claim arising out of or relating to this Agreement, the business franchised hereunder or the relationship between the parties, including any claim that this Agreement, or any part thereof, is invalid, illegal, or otherwise void, shall be submitted to arbitration before the American Arbitration Association in accordance with its Commercial Arbitration Rules, in the locale of West Palm Beach, Florida, in which event both parties shall execute a confidentiality agreement reasonably satisfactory to **Fully Promoted**. However, prior to any suit, action or legal proceeding taking place, either party may, at its option, submit the controversy or claim to non-binding mediation before the American Arbitration Association in accordance with its Commercial Mediation Procedures, in which event both parties shall execute a confidentiality agreement reasonably satisfactory to Franchisor. Upon submission, the obligation to attend mediation shall be binding on both parties. Each party will bear its own costs with respect to the mediation, except the fee for the mediator will be split equally. If the controversy or claim is submitted to arbitration, the reasonable attorneys' fees and costs

of the prevailing party in the arbitration shall be paid by the non-prevailing party. The fee of the arbitrator(s) shall be split equally by the parties.

- B. The provisions of this Section Twenty-Five shall be construed as independent of any other covenant or provision of this Agreement; provided that if a court of competent jurisdiction determines that any such provisions are unlawful in any way, such court shall modify or interpret such provisions to the minimum extent necessary to have them comply with the law.
- C. Franchisor and You (and their respective owners) waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.
- D. In the event of termination of this Agreement prior to the expiration of the term due to Franchisee's default, Franchisor's actual damages will include its lost future income from Royalty Fees and other amounts that Franchisee would have owed to Franchisor but for the termination.
- E. This Section shall be deemed to be self-executing and shall remain in full force and effect after the expiration or sooner termination of this Agreement.
- F. Mediation shall take place in Your home state.
- G. You acknowledge and agree that it is the intent of the parties that mediation, arbitration or litigation between Franchisor and You shall be of Franchisor's and Your individual claims, and that none of Your claims shall be mediated or litigated on a class-wide basis or on a joined or consolidated claim basis.

#### **Twenty-Six: MISCELLANEOUS PROVISIONS**

- A. This Agreement shall be binding upon the parties hereto, their heirs, successors, and permitted assigns. All persons signing as You shall be jointly and severally liable for Your obligations to Franchisor under this and any other agreements between the parties.
- B. As to any provision in this Agreement wherein approval is required, or modification desired, such approval or modification must be in writing and signed by the party to be charged.
- C. If any portion of this Agreement is declared to be invalid by any court, such determination shall not affect the balance of this Agreement and the same will remain in full force and effect.
- D. The parties acknowledge that a substantial portion of the negotiations, anticipated performance and execution of this Agreement occurred or shall occur in Palm Beach County, Florida, and that, therefore, each of the parties irrevocably and unconditionally:  
(a) agrees that any suit, action or legal proceeding arising out of or relating to the offer, negotiation, performance, validity or interpretation of this Agreement, where a Court of competent jurisdiction shall permit a suit to arise rather than compelling arbitration as



called for under Section Twenty Five of this Agreement, shall be brought only in the courts of record of the State of Florida in Palm Beach County; (b) consents to the jurisdiction of each such court in any suit, action or proceeding; (c) waives any objection which he, she or it may have to the laying of venue of any such suit, action or proceeding in any of such courts; and (d) agrees that service of any court paper may be effected on such party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws or court rules. Notwithstanding the foregoing, if Franchisor deems it necessary to commence an action in Your jurisdiction to more fully or expeditiously determine, interpret or protect its rights, it may do so.

- E. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), this Agreement and any other agreement relating to this Agreement and all transactions contemplated by this Agreement and any other agreement relating to this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Florida without regard to principles of conflicts of laws.
- F. The captions herein are inserted for convenience only and will not be deemed or construed to be a part of this Agreement or to define or limit the contents of the paragraph thereof.
- G. You acknowledge that State and Federal law may require Franchisor to disclose Your home address in particular circumstances. You agree and give Your consent to use the same.
- H. Franchisor expressly reserves the right to revise, amend and change from time to time brand and branding standards, its standards, specifications and methods of establishing, developing and operating Stores and Offices and all such revisions, amendments, changes and improvements developed by Franchisor, You or other franchisees shall become the sole and absolute property of Franchisor, and Franchisor shall have the sole and exclusive rights to copyright, patent, register and protect such improvements in Franchisor's own name, and You agree to abide by and conform to any such changes.
- I. THIS AGREEMENT AND THE SCHEDULES ATTACHED HERETO AND MADE A PART HEREOF CONTAIN THE ENTIRE AGREEMENT OF THE PARTIES. NO OTHER AGREEMENTS, WRITTEN OR ORAL, SHALL BE DEEMED TO EXIST, AND ALL PRIOR AGREEMENTS AND UNDERSTANDINGS, EXCEPT FOR OR OTHER THAN THOSE CONTAINED IN THE DISCLOSURE DOCUMENT AND ANY ADDENDUMS OR AMENDMENTS THERETO, ARE SUPERSEDED HEREBY. THIS AGREEMENT SHALL NOT BE BINDING UPON FRANCHISOR UNTIL EXECUTED BY AN AUTHORIZED OFFICER THEREOF. THIS AGREEMENT CANNOT BE MODIFIED OR CHANGED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY ALL OF THE PARTIES HERETO OR EXCEPT AS PROVIDED OTHERWISE WITHIN THIS AGREEMENT.

NOTHING IN THE AGREEMENT OR IN ANY RELATED AGREEMENT IS INTENDED TO DISCLAIM THE REPRESENTATIONS FRANCHISOR MADE IN THE FRANCHISE DISCLOSURE DOCUMENT.

THE PARTIES HERETO acknowledge that they have read and fully understand all of

the above and foregoing. By signing below, each party agrees to abide by all of the terms and conditions contained in this Agreement.

*Signature page follows.*

**EMBROIDME.COM, INC. D/B/A  
FULLY PROMOTED**

**FRANCHISEE:**

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

Signature: \_\_\_\_\_

Print Name/Title: \_\_\_\_\_

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

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

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

Signature: \_\_\_\_\_

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

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

**Corporate Name (If Applicable):**

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

\_\_\_\_\_  
Print Name/Title Corporate Official

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

# STATE OF ILLINOIS

## ADDENDUM TO FRANCHISE AGREEMENT

Illinois law governs the franchise agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the 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.

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

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The undersigned hereby acknowledge having read this Addendum, understand its contents to be bound by all of its terms, and agree it shall become effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**EMBROIDME.COM, INC.**  
**D/B/A FULLY PROMOTED**

**FRANCHISEE**

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

Signature:\_\_\_\_\_

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

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

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

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

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

Signature:\_\_\_\_\_

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

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

## STATE OF MARYLAND

### ADDENDUM TO THE FRANCHISE AGREEMENT

1. Sections Twenty-Four B and Twenty-Six D of the Franchise Agreement are amended by adding the following language:

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

2. Section Two E of the Franchise Agreement is amended by adding the following language:

Nothing in this Franchise Agreement or any related Agreement requiring You to assent to a release, estoppel, or waiver of liability is intended to nor act as a release, estoppel, or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.”

3. We have posted a surety bond with Hartford Fire Insurance Company. This surety bond is on file with the Maryland Securities Division.

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

**EMBROIDME.COM, INC.**  
**D/B/A FULLY PROMOTED**

**FRANCHISEE:**

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

\_\_\_\_\_

# STATE OF MINNESOTA

## ADDENDUM TO FRANCHISE AGREEMENT

1. Section Two E of the Franchise Agreement is amended by adding the following language:

“The general release that is required as a condition of a renewal, sale, or transfer of the franchise shall not apply to liability of the Franchisor under the Minnesota Franchisor Act, MINN STAT §80C.01-22.”

2. Section Sixteen B of the Franchise Agreement is amended by adding the following language:

“Minnesota Law provides franchisees with certain termination and non-renewal rights. Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement”.

3. Section Twenty-Six D of the Franchise Agreement is amended by adding the following language:

“Minn. Stat. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Disclosure Document or this Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights as provided for by the laws of the jurisdiction.”

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

5. Minnesota considers it unfair not to protect the Franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

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

EMBROIDME.COM, INC.  
D/B/A FULLY PROMOTED

\_\_\_\_\_  
Franchisee

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

\_\_\_\_\_  
Franchisee

# STATE OF NORTH DAKOTA

## ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, between Franchisor and Franchisee herein, to amend and revise said agreement as follows:

1. Section Two E of the Franchise Agreement is amended by the following:

The Commissioner has determined that franchise agreements which require the franchisee to sign a general release upon renewal of the franchise agreement are unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

2. Section Seventeen F of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

Covenants not to compete upon termination or expiration of a franchise agreement are generally considered unenforceable in the State of North Dakota.

3. Section Twenty-Five of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages or any provision that provides that parties waive their right to a jury trial may not be enforceable under North Dakota Law.

The Commissioner has determined that franchise agreements which provide that parties agree to the litigation of disputes at a location that is remote from the site of the franchisee's business are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Section 51-19-09 of the North Dakota Franchise Investment Law provides that any provision in a franchise agreement requires that jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

4. Section Twenty-Six E of the Franchise Agreement is amended by substituting State of North Dakota for State of Florida as the applicable law.

EMBROIDME.COM, INC.  
D/B/A FULLY PROMOTED

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

\_\_\_\_\_  
Franchisee

# STATE OF RHODE ISLAND

## ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 et seq., the Franchise Agreement for EmbroidMe.com, Inc. d/b/a/ Fully Promoted, for use in the State of Rhode Island, is amended as follows:

1. **Section Twenty.** shall be amended to add: §19-28.1-21 (a) A person who violates any provision of this act is liable to the franchisee for damages, costs, and attorneys and experts' fees. In the case of a violation of §§19-28.1-5, 19-28.1-8, or 19-28.1-17(1)-(5), the franchisee may also sue for rescission. No person shall be liable under this section if the defendant proves that the plaintiff knew the facts concerning the violation. (b) Every person who directly or indirectly controls a person liable under this section, every principal executive officer or director of the liable person, every person occupying a similar status or performing similar functions, and every agent or employee of a liable person, who materially aids in the act or transaction constituting the violation, is also liable jointly and severally with and to the same extent as the person liable under this section, unless the agent, employee, officer, or director proves he or she did not know, and in the exercise of reasonable care could not have known of the existence of the fact by reason of which the liability is alleged to exist.
2. **Sections Twenty-Five A and Twenty-Six E.** shall be amended to add: §19-28.1-14 A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.

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

EMBROIDME.COM, INC.  
D/B/A FULLY PROMOTED

FRANCHISEE:

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

\_\_\_\_\_



## STATE OF WASHINGTON

### AMENDMENT TO FRANCHISE AGREEMENT, COMPLIANCE CERTIFICATION, AND RELATED AGREEMENTS

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

**Use of Franchise Brokers.** The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for

referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

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**FRANCHISOR**

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**FRANCHISEE**

# STATE OF WISCONSIN

## ADDENDUM TO FRANCHISE AGREEMENT

THE WISCONSIN FAIR DEALERSHIP LAW SUPERSEDES ANY PROVISIONS OF THE FRANCHISE AGREEMENT INCONSISTENT WITH SAID LAW. WISCONSIN FAIR DEALERSHIP LAW, CHAPTER 135, 1973.

**Section Sixteen – Termination:** In accordance with the State of Wisconsin Fair Dealership Laws, the Franchisor, directly or through any officer, agent, or employee, may terminate, cancel, fail to renew, or substantially change the competitive circumstances of the franchise agreement with good cause. The burden of proving good cause shall be on the grantor.

The Franchisor shall provide Franchisee at least 90 days' prior written notice of termination, cancellation, non-renewal, or substantial change in competitive circumstances, and Franchisee shall have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice shall be deemed void.

The above notice provision shall not apply if the reason for termination, cancellation, or non-renewal is insolvency, the occurrence of any assignment for the benefit of creditors, or bankruptcy. If the reason for termination, cancellation, non-renewal, or substantial change in competitive circumstances is nonpayment of sums due under the license, the Franchisee shall be entitled to written notice of such default and shall have 10 days to remedy such default from the date of delivery or posting of such notice.

**Section Seventeen – Consequences of Termination:** In the event the Franchise granted herein is terminated by the Franchisor, as provided for above, then at the option of the Franchisee, the Franchisor shall repurchase all inventory sold by it to the Franchisee for resale under this Agreement at the fair, wholesale market value of such items. Such repurchase shall be only for merchandise that has affixed or printed on it a name, trademark, label, or other mark which identifies the Franchisor.

EMBROIDME.COM, INC.  
D/B/A FULLY PROMOTED

BY: \_\_\_\_\_  
Franchisor

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**FULLY PROMOTED – RETAIL LOCATION**  
**Schedule A - United States 2022**

**FOUR HEAD EMBROIDERY MACHINE**

An **Electronic Four-Head Embroidery Machine** features an LCD screen with fifteen different needles to accommodate a large sewing field. This machine is capable of running small to oversized pieces. It can sew 1,000 stitches per minute and includes hoops and necessary accessories.

**EMBROIDERY STARTER KIT**

This kit contains a variety of items such as thread, backing, scissors, and various needles. Also included is a collection of frames. There are frames to hold non-wearables (bags, dog collars, blankets, etc.) and a separate frame to give you the ability to monogram on finished pockets. A folding system is provided so you can neatly fold completed shirts.

**GRAPHIC DESIGN STATION**

The **Graphic Design Station** consists of a High-Speed Graphics Card and Intel Quad-Core Processor, 16GB Ram and large capacity SATA 3 hard drive with a high-resolution LCD monitor. This station features a network interface card, a keyboard and mouse set, a multi speed DVD/CD-RW Drive, all necessary cables, switches and installation. This computer also has a warranty of Onsite Service after remote diagnosis for 3-years.

**GRAPHIC DESIGN SOFTWARE PACKAGE**

This package includes clip art and fonts for custom designs for heat transferred, promotional products and screen-printed items.

**LASER JET COLOR PRINTER**

Print professional quality documents. It combines exceptional performance with energy efficiency.

**SOFTWARE SYSTEM/EQUIPMENT LICENSE**

This license entitles you to utilize the Fully Promoted.com business software system on the computers provided.

**EMBROIDERY SOFTWARE**

Included in this package is the **Embroidery Software** with a collection of embroidery fonts, which is used to design, edit and produce stitched designs for your customers.

**MANAGEMENT AND DESIGN DESKS**

Two (2) laminate desks with dual pedestals for your **Management Station** and your **Graphic Design Station** are included. These desks will allow proper file storage and work area for you or your manager and your graphic design person.

### **SALES DESK**

This sales desk is a single pedestal laminated workspace for your sales representative. This is a great work area for the short time they are in the office working on quotes and follow up calls. There is plenty of space for storage and to hold their **Marketing Tablet**.

### **POWER BACKUP SYSTEM**

A battery backup and advanced surge protection system helps to prevent your **POS, Management, and Graphic Design Station** computers from data loss.

### **HOOPING STATION**

This shirt-hooping gauge aids in the placement of embroidered logos and text on shirts. Included is a pocket alignment guide to assist in the placement of logos above pockets.

### **STEAMER**

The steamer is used to provide a clean finished look to your sample shirts and the completed items for customers.

### **HEAT PRESS**

This stand alone, heavy-duty heat press enables you to provide customers with photographic t-shirts, mouse pads, bags & more. It also serves as the machine that applies lettering to team jerseys, uniforms & T-Shirts. The Auto Release Feature on this heat press will automatically open up when production is complete.

### **CUSTOMIZED PRODUCTION TABLES**

These heavy-duty worktables provide a work surface used during several stages of embroidering garments including hooping, trimming and finishing.

### **POINT OF SALE STATION**

The **Point of Sale Station** consists of a high-speed Intel processor and a **high-resolution LCD monitor**. This station features a large capacity hard drive, a keyboard and mouse set, a multi speed DVD/CD-RW Drive, soundcard, all necessary cables, switches and installation. This station operates the **Business Management Software P.O.S. (Point of Sale)**.

### **CUSTOMIZED BUSINESS SOFTWARE**

The **Business Management Software P.O.S. (Point of Sale)** is utilized to quickly and accurately price your customer's orders. In addition, your Business Management Software P.O.S. provides you with automated invoicing and customer tracking.

### **P.O.S. STATION LASER PRINTER**

Invoices, quotation forms and record keeping reports are easily generated on this black and white laser printer that is linked to your **Point of Sale Station**.

### **ONLINE SUPPORT CENTER AND RESOURCES (UFG HUB)**

Access to our proprietary vendor/product-listing program known as **UFG Hub**, will be used to easily find vendors, get product information, send and receive internal messages, communicate with other franchisees, and download logos with the click of a mouse.

### **MANAGEMENT LAPTOP**

The **Management Laptop** is an easily managed 15" laptop with top security features. Very durable, reliable with a sleek design. Wi-Fi and Bluetooth capabilities.

### **MARKETING TABLET**

A **Marketing Tablet** with Wi-Fi capabilities is included with your package. This Marketing Tablet is specifically for your sales and marketing to grow and promote your business.

### **LED-HDTV/MONITORS**

Two (2) LED high-definition television/monitors will be provided. One will be used in your conference room for presentations to your clients. The second will be used in the production area for assist your team with scheduling their many jobs. Wall mounting hardware is included.

### **CONFERENCE ROOM LETTERS**

A wall with custom vinyl wall lettering decorates the conference room. The conference room provides a comfortable space where customers can gather, brainstorm and collaborate.

### **CONFERENCE TABLE WITH CHAIRS**

A round Conference Table with 4 Mid-Back swivel office chairs will be positioned in the conference room. This table will be a comfortable area for you to consult with your clients while presenting on the **LED-HD/TV Monitors**.

### **PROMOTIONAL PRODUCT SOURCING SOFTWARE**

This software will allow you to source promotional products by company name, keywords and price. Your first year is provided and includes a Promotional Affiliation membership. (A continued yearly subscription is required for your maintenance and hosting.)

### **MICROSOFT OFFICE 365 BUSINESS SUBSCRIPTION**

One (1) year of **Microsoft Office 365 Business** subscription for 3 users includes the latest Desktop and Web version of Outlook, Word, Excel, and PowerPoint. One license covers 5 phones, 5 tablets & 5PC's or MAC per user. 1TB file storage and 24/7 phone & web support. The subscription will help simplify your business with the ability to collaborate with your team, store files online, and give you the latest version of Microsoft Office Programs where and when you need them. (A continued yearly subscription is required for your maintenance and hosting.)

### **FULLY PROMOTED WEB PAGE**

This customizable **Fully Promoted Web Page** will showcase your products and services on the Internet. The website is complete with a contact page, photos and shopping cart for customers to shop online. (A monthly subscription is required for your maintenance and hosting.)

### **THREE (3) TASK CHAIRS**

Included are three (3) comfortable chairs for use at the graphic design station, the manager's desk, the marketing desk. Each chair is mounted on wheels and features a swivel base for ease of movement.

### **FILE CABINET**

This vertical cabinet features suspension tracks for easy opening and closing of the four drawers, and will help organize your customer, vendor & business files.

### **NETWORK COLOR PRINTER**

A Multi-Function **Wireless** printer/fax/scanner is networked to the workstations computers to print documents and pricing information. It makes short run copies, sends and receives faxes and scans documents to your computer.

### **IN STORE COMPUTER NETWORK & SWITCH**

This upgrade to your computers allows you to share your printers and files over a computer network. The switch allows you to share files, and internet access over all the stores' computers. (DSL or Cable modem not included – Local Internet Service Provider required.)

### **MARKETING AND PRINTED MATERIALS**

A collection of letterhead, envelopes, and vertical marketing brochures will be printed with your store's specific information. An assortment of pocket folders and thank you cards will also be provided to showcase your brand to new customers. Handbill flyers, and one box of double-sided color business cards will also be sent to you to help promote your new business. Also included is your Online Marketing setup and initial online campaign.

### **ZOOM INFO**

Zoominfo is a lead generation tool that enables you to identify, engage and convert B2B clients within your addressable market. Utilizing unique data or by customizing your own specific search criteria. Zoominfo gives ability to market potential clients via multiple platforms.

### **CUSTOMIZED RESOURCE CENTER**

A well-organized contemporary store is important in a retail location. Your Resource Center's appearance is given a modern, "high-tech" feel with the retail racks, shelves & other display pieces.

### **SHOWROOM SAMPLE PACKAGE**

This includes an initial supply and inventory of commonly sold shirts, jackets, caps, team wear and other items you can embroider/print on. Additionally, print samples, digital marketing service displays, promotional product displays and marketing material promote your full suite of service offerings.

### **SERVICE COUNTER**

You will have the appropriate workspace for receiving jobs from your customers with the **Service Counter**. A point of sale station houses your business management system (POS).

### **PROMOTIONAL PRODUCTS SAMPLES**

These samples will fill your resource center with an assortment of promotional products including pens, drink ware and many other items to really show your clients the multitude of items you provide.

### **FULLY PROMOTED FLOOR MAT**

A 35" round custom rubber bottom floor mat. This will welcome your clients from their first step inside your store.

### **SHOWROOM AND POINT OF PURCHASE SIGNAGE**

Internal Showroom Signs provide customers with direction of your services. Multiple image displays promote professionalism, services and products. Many of the display fixture images are easily changed to promote new items or promotions.

### **OPENING BANNER AND BANNER STAND**

This Banner will display the opening of your store and the Banner Stand will display the products and services you provide.

### **FRONT WINDOW GRAPHICS**

Quality color vinyl window graphics will tell your customers who you are, the products you produce and some of the many brands you carry. Included are your store hours and graphical icons of shirts and caps.

### **VEHICLE GRAPHICS**

A partial vehicle graphics with the Fully Promoted logo and your store's contact information will be displayed on a car or truck of your choice and will increase your brands exposure.

### **ELECTRIC OUTDOOR SIGN**

The Fully Promoted logo is proudly displayed on an illuminated sign up to 2'x15', dominating the face of your store. The sign is constructed of the finest materials and will serve as a tremendous advertisement for your business.

### **SHIPPING AND DELIVERY**

Shipping, delivery and installation are included in the package.

\* \* \* \* \*

***Equipment Total    \$154,975\****

***\*Plus Tax and Customs for all Equipment and Furnishings.***

All interior and exterior signs may be subject to approval by local municipal authorities and landlords. If changes are required, EMBROIDME.COM, INC. will order signs to conform to the landlords and municipal authority's requirements.

**Because we are constantly improving our products and equipment, we reserve the right to revise, change and/or substitute product features, dimensions, specifications and designs without notice to improve our stores capabilities and quality. Prices are subject to change without notice.**



**\*\*\*ADDITIONAL SILK SCREEN EQUIPMENT\*\*\***

**MANUAL SCREEN PRINT PRESS**

This 6-station manual textile press is easy to operate with remarkable print quality. Screen set-ups and the flash cure unit will increase production and improve the quality of print with the ability to produce twice the workload.

**SCREEN FLASH CURE UNIT**

This unit features a powerful infrared radiant panel for rapid, consistent curing performance and outstanding durability. The sturdy, lightweight stand provides easy positioning and superior portability.

**ELECTRIC SCREEN PRINT CONVEYER DRYER**

This affordable, space saving infrared electric screen-printing conveyer dryer has the highest production capacity and is the most energy efficient. Entry and exit openings are adjustable and heavy-duty thermal insulation prevents heat from migrating into the workplace. This dryer is a perfect for all screen printing shops.

**EXPOSURE SYSTEM**

This unit is versatile an affordable table-top unit. It is ideal for conventional exposures, and an optional CTS retrofit kit turns into a computer to screen UV LED screen exposure system. This unit saves energy cost, reduce screen exposure time, speeds up production, and operate at far lower temperatures.

**WASHOUT BOOTH, DIP TANK AND SUPPLIES**

This washout booth and dip tank are used for reclaiming and rinsing screens. Both not only make the task painless to complete, but also properly disposes of chemicals and emulsion by-products. These units will reduce labor cost with reclaiming screen easily. Also included is a start-up supply package that gives you the ability to start working as soon as your machine is set up.

**SHIPPING AND DELIVERY**

Shipping, delivery and installation are included in the package.

\* \* \* \* \*

***Additional Screenprint Equipment Total      \$52,400\****  
**\* Plus Tax and Customs for all Equipment and Furnishings.**

Because we are constantly improving our products and equipment, we reserve the right to revise, change and/or substitute product features, dimensions, specifications and designs without notice to improve our stores capabilities and quality. Prices are subject to change without notice.

**Fully Promoted – Office**  
**Schedule A - United States 2022**

**CUSTOMIZED BUSINESS SOFTWARE**

The **Business Management Software P.O.S.** (Point of Sale) is utilized to quickly and accurately price your customer's orders. In addition, your Business Management Software P.O.S. provides you with automated invoicing and customer tracking.

**MARKETING TABLET**

A **Marketing Tablet** with Wi-Fi capabilities is included with your package. This Marketing Tablet is specifically for your sales and marketing to grow and promote your business.

**SALES POINT OF SALE STATION**

The **Point of Sale Station** consists of a Wi-Fi capable Laptop. This station features a large capacity hard drive to store documents, files, multimedia and applications. This station operates the **Business Management Software P.O.S. (Point of Sale)**.

**SOFTWARE SYSTEM/EQUIPMENT LICENSE**

This license entitles you to utilize the Fully Promoted.com business software system on the computers provided.

**GRAPHIC SOFTWARE PACKAGE**

This system allows you to see your customer and vendor design files before they are printed or sent to be embroidered.

**P.O.S. STATION - ALL IN ONE COLOR LASER PRINTER**

Invoices, quotation forms and record keeping reports are easily generated on this color laser printer that is linked to your **Point of Sale Station**. This is an All-in-One printer that has fax and copy capabilities as well.

**ONLINE SUPPORT CENTER AND RESOURCES (UFG HUB)**

Access to our proprietary vendor/product-listing program known as **UFG Hub**, will be used to easily find vendors, get product information, send and receive internal messages, communicate with other franchisees, and download logos with the click of a mouse.

**PROMOTIONAL PRODUCT SOURCING SOFTWARE**

This software will allow you to source promotional products by company name, keywords and price. Your first year is provided and includes a promotional affiliation membership. (A continued yearly subscription is required.)

**MICROSOFT OFFICE 365 BUSINESS SUBSCRIPTION**

One (1) year of **Microsoft Office 365 Business** subscription for up to 3 machines includes the latest Desktop and Web version of Outlook, Word, Excel, and PowerPoint. 1TB file storage and 24/7 phone & web support. The subscription will help simplify your business with the ability to collaborate with your team, store files online, and give you the latest version of Microsoft Office Programs where and when you need them. (A continued yearly subscription is required for your maintenance and hosting.)

### **FULLY PROMOTED WEB PAGE**

This customizable **Fully Promoted Web Page** will showcase your products and services on the Internet. The website is complete with a contact page, photos and shopping cart for customers to shop online. (A monthly subscription is required for your maintenance and hosting.)

### **MARKETING AND PRINTED MATERIALS**

A collection of letterhead, envelopes, and vertical marketing brochures will be printed with your store's specific information. An assortment of pocket folders and thank you cards will also be provided to showcase your brand to new customers. Handbill flyers and one box of double-sided color business cards will also be sent to you to help promote your new business. Also included is your Online Marketing setup and an initial online campaign.

### **ZOOM INFO**

Zoominfo is a lead generation tool that enables you to identify, engage and convert B2B clients within your addressable market. Utilizing unique data or by customizing your own specific search criteria. Zoominfo gives ability to market potential clients via multiple platforms.

### **CUSTOMIZED SALES KIT**

This includes a small inventory of shirts, jackets and caps to share when visiting your customers. A rolling travel bag for carrying your items and promotional products is also included.

### **PROMOTIONAL PRODUCTS SAMPLES**

These samples will fill your resource center with an assortment of promotional products including pens, drink ware and many other items to really show your clients the multitude of items you provide. Included is an **Office Display Case** and **2-Way Clothing Rack** to display your samples.

### **HEAT PRESS**

This stand alone, heavy-duty heat press enables you to provide customers with photographic t-shirts, mouse pads, bags & more. It also serves as the machine that applies lettering to team jerseys, uniforms & T-Shirts. The Auto Release Feature on this heat press will automatically open up when production is complete.

### **PORTABLE BANNER STAND**

A Fully Promoted portable banner stand will showcase your services in your office. Because it is collapsible and portable, it is a great addition at tradeshow and networking events.

### **Fully Promoted Floor Mat**

A 35" round custom rubber bottom floor mat. This will welcome your clients from their first step inside your store.

## **\*\*VEHICLE MAGNETS**

Vehicle Magnetics with the Fully Promoted logo and your store's contact information will be displayed on a car or truck of your choice and will increase your brands exposure.

## **SHIPPING AND DELIVERY**

Shipping, delivery and installation are included in the package.

\* \* \* \* \*

***Equipment Total    \$21,495.00\****

**\* Plus Tax and Customs for all Equipment and Furnishings.**

All interior and exterior signs may be subject to approval by local municipal authorities and landlords. If changes are required, the corporate office will order signs to conform to the landlords and municipal authority's requirements.

**Because we are constantly improving our products and equipment, we reserve the right to revise, change and/or substitute product features, dimensions, specifications and designs without notice to improve our offices capabilities and quality. Prices are subject to change without notice.**

## **SCHEDULE B**

### **ASSIGNMENT OF TELEPHONE NUMBERS, DOMAIN NAMES AND EMAIL ADDRESSES**

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

This assignment shall be effective as of the date of termination of the Franchise Agreement entered into between EmbroidMe.com, Inc. d/b/a Fully Promoted® (“Franchisor”) and \_\_\_\_\_ (“Franchisee”). Franchisee hereby irrevocably assigns to Franchisor or its designee the telephone number or numbers and listings, domain names and email addresses issued to Franchisee with respect to each and all of Franchisee’s **Fully Promoted** businesses. Franchisee agrees to pay all amounts, whether due and payable or not, that any domain name registry (“Registry”) or internet service provider (“ISP”) may require in connection with such transfer. This assignment is for collateral purposes only and Franchisor shall have no liability or obligation of any kind whatsoever arising from this assignment, unless Franchisor desires to take possession and control over the telephone numbers, domain names and email addresses.

Franchisor is hereby authorized and empowered upon termination of the Franchise Agreement and without any further notice to Franchisee to notify the telephone company, as well as any other company that publishes telephone directories (“telephone companies”), the Registry and the ISP to transfer the telephone numbers, domain names and email addresses to Franchisor or such other person or firm as is designated by Franchisor. In furtherance thereof, Franchisee hereby grants an irrevocable power of attorney to Franchisor and appoints Franchisor as its attorney-in-fact to take any necessary actions to assign the telephone numbers, domain names and email addresses including but not limited to, executing any forms that the telephone companies, the Registry or the ISP may require to effectuate the assignment. This assignment is also for the benefit of the telephone companies, the Registry and the ISP and the telephone companies, the Registry and the ISP may accept this assignment and Franchisor’s instructions as conclusive evidence of Franchisor’s rights in the telephone numbers, domain names and email addresses and Franchisor’s authority to direct the amendment, termination or transfer of the telephone numbers, domain names and email addresses as if they had originally been issued to Franchisor. In addition, Franchisee agrees to hold the telephone companies, the Registry and the ISP harmless from any and all claims against them arising out of any actions or instructions by Franchisor regarding the telephone numbers, domain names and email addresses.

FRANCHISEE

EMBROIDME.COM, INC.  
D/B/A FULLY PROMOTED

Signature: \_\_\_\_\_

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

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

Print Name/Title: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

## **SCHEDULE C**

ELECTRONIC FUNDS TRANSFER  
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO  
EMBROIDME.COM, INC. ("PAYEE")

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by Depositor. It is further agreed that if any such debt is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository: \_\_\_\_\_

Name of Depositor: \_\_\_\_\_

Designated Bank Acct.: \_\_\_\_\_  
(Please attach one voided check for the above account)

Store or Office Location: \_\_\_\_\_

Store or Office#: \_\_\_\_\_

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

Phone #: \_\_\_\_\_

Fax #: \_\_\_\_\_

\_\_\_\_\_  
Name of Franchisee/Depositor (please print)

By: \_\_\_\_\_  
Signature and Title of Authorized Representative

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

## **SCHEDULE D**

### **FRANCHISEE'S RATIFICATION**

In consideration of the execution of the foregoing Franchise Agreement with **EmbroidMe.com, Inc.** d/b/a Fully Promoted® ("Franchisor"), the Franchisee hereby acknowledges that:

**I have read and understood the foregoing Franchise Agreement and understand that if I do not understand any terms of the Franchise Agreement, or if I do not understand any terms of the Offering Circular, I have the right to have my own attorney explain any terms of this Agreement to me.**

***THE FRANCHISOR ENCOURAGES YOU TO SEEK THE ADVICE OF ANY ATTORNEY PRIOR TO SIGNING THE FRANCHISE AGREEMENT.***

**I understand that although the Franchisor will provide assistance and advice, as outlined in the Franchise Agreement, Franchisor cannot guarantee my success as a Fully Promoted Franchisee, and my earnings as a Fully Promoted Franchisee will be primarily dependent upon MY INDIVIDUAL EFFORTS in operating my Fully Promoted Store or Office.**

**I acknowledge that neither the Franchisor nor any of its directors, officers, agents, or employees have made any claims or representations whatsoever regarding potential revenues, earnings, or profits, that a Franchisee will achieve as the owner of a Fully Promoted business. I represent that I have entered into the Franchise Agreement without relying upon any claim or representation not contained in the Franchise Disclosure Document, and to do so would be unreasonable. I understand that Franchisor is relying upon my representations in making its decision to grant the Franchise.**

**While the Franchisor has offered assistance, I UNDERSTAND THAT I AM ASSUMING FULL RESPONSIBILITY FOR, AND HAVE HAD THE FINAL ULTIMATE APPROVAL OF, THE SITE SELECTED AND THE LEASE EXECUTED FOR THAT SITE. I further understand that I have the right to have my own attorney review the Lease and explain to me any provisions of the Lease.**

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 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.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

\_\_\_\_\_  
Franchisee –

*A corporation organized under the  
Laws of the State of \_\_\_\_\_ .*

\_\_\_\_\_  
Franchisee –

**SCHEDULE E**

**LOCATION ACCEPTANCE LETTER**

To: \_\_\_\_\_

This Location Acceptance Letter is issued by EmbroidMe.com, Inc. for your Fully Promoted® franchise in accordance with One(D) of the Franchise Agreement.

1. The Premises address of the Business is:

\_\_\_\_\_

EMBROIDME.COM, INC.

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

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

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



**SCHEDULE F**

**NONDISCLOSURE AND NON-COMPETITION AGREEMENT**

## **NONDISCLOSURE AND NON-COMPETITION AGREEMENT**

**THIS NONDISCLOSURE AND NON-COMPETITION AGREEMENT** (this "Agreement") made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, ("Effective Date") is by and between \_\_\_\_\_, ("FRANCHISEE") (d/b/a a Fully Promoted Franchise), EmbroidMe.com, Inc., a Florida corporation d/b/a Fully Promoted, ("COMPANY") and \_\_\_\_\_ of \_\_\_\_\_ (State), ("INDIVIDUAL") (collectively, the "Parties").

### **WITNESSETH:**

WHEREAS, FRANCHISEE is a party to that certain franchise agreement dated \_\_\_\_\_, 20\_\_ (the "Franchise Agreement") by and between FRANCHISEE and COMPANY; and

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

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

WHEREAS, INDIVIDUAL understands the necessity of not disclosing any such information to any other party or using such information to compete against COMPANY, FRANCHISEE or any other franchisee of COMPANY in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) online marketing services, lead generation services, printed marketing materials, the production and sale of embroidered, screen-printed apparel and/or advertising and promotional merchandise, marketing campaign management for a variety of printed marketing materials, and/or other services or products the same as or similar to those provided by FRANCHISEE or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of FRANCHISEE, or COMPANY, any affiliate of COMPANY or COMPANY's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by FRANCHISEE under a Franchise Agreement with COMPANY.

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

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

INDIVIDUAL acknowledges and understands FRANCHISEE possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

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

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to the development and/or operation of Fully Promoted Stores that is not commonly known by or available to the public, including, without limitation, Trade

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

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

## **2. Confidentiality/Nondisclosure**

a) INDIVIDUAL shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of FRANCHISEE, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, INDIVIDUAL must take all steps reasonably necessary and/or requested by FRANCHISEE to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. INDIVIDUAL must comply with all applicable policies, procedures and practices that FRANCHISEE has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) INDIVIDUAL's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination or expiration of INDIVIDUAL's relationship with FRANCHISEE, regardless of the reason or reasons for termination or expiration, and whether such termination or expiration is voluntary or involuntary, and FRANCHISEE and/or COMPANY are entitled to communicate INDIVIDUAL's obligations under this Agreement to any future customer or employer to the extent deemed necessary by FRANCHISEE and/or COMPANY for protection of their rights hereunder and regardless of whether INDIVIDUAL or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Fully Promoted Store.

## **3. Non-Competition**

a) During the term of INDIVIDUAL's relationship with FRANCHISEE and for a period of two (2) years after the expiration or termination of INDIVIDUAL's relationship with FRANCHISEE, regardless of the cause of expiration or termination, INDIVIDUAL shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of FRANCHISEE to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the COMPANY's trademarks "Fully Promoted," "EmbroidMe" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the COMPANY designates to be used in connection with Fully Promoted Stores.

b) During the term of INDIVIDUAL's relationship with FRANCHISEE, INDIVIDUAL shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of FRANCHISEE and COMPANY.

c) For a two (2) year period following the term of INDIVIDUAL's relationship with FRANCHISEE, regardless of the cause of termination, INDIVIDUAL shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business within a twenty-five (25) mile radius of FRANCHISEE's Fully Promoted Store or within twenty-five (25) miles of any other Fully Promoted Store without the express written consent of FRANCHISEE and COMPANY.

d) During the term of INDIVIDUAL's relationship with FRANCHISEE and for a period of two (2) years thereafter, regardless of the cause of termination, INDIVIDUAL shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of FRANCHISEE, COMPANY or any other Fully Promoted Store to compete against, or terminate or modify his, her or its employment or business relationship with, FRANCHISEE, COMPANY or any other Fully Promoted Store.

#### **4. Reasonableness of Restrictions**

INDIVIDUAL acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of FRANCHISEE, COMPANY, and COMPANY's Trade Secrets and other Confidential Information, the COMPANY's business system, network of franchises and trade and service marks, and INDIVIDUAL waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then INDIVIDUAL shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the Parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

#### **5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition**

a) INDIVIDUAL further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause FRANCHISEE and COMPANY immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, FRANCHISEE and COMPANY shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by INDIVIDUAL of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that FRANCHISEE and COMPANY may have at law or in equity.

b) In addition, in the event of a violation of the covenants contained in the Agreement, the Parties agree that damages for such violations would be difficult to quantify. Due to the difficulty in the quantification of resulting damages, the Parties agree that Company would be entitled to liquidated damages in the amount of \$85,500 per event of violation.

#### **6. Miscellaneous**

a) This Agreement constitutes the entire Agreement between the Parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between INDIVIDUAL, COMPANY and FRANCHISEE with respect to the subject matter hereof. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the Parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in

accordance with the laws of the State of Florida (without reference to its conflict of laws principles). References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

**c) ANY ACTION BROUGHT BY ANY OF THE PARTIES, SHALL ONLY BE BROUGHT IN THE APPROPRIATE STATE OR FEDERAL COURT LOCATED IN OR SERVING PALM BEACH COUNTY, FLORIDA. THE PARTIES WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION. CLAIMS FOR INJUNCTIVE RELIEF MAY ALSO BE BROUGHT BY COMPANY OR FRANCHISEE WHERE FRANCHISEE IS LOCATED. THIS EXCLUSIVE CHOICE OF JURISDICTION AND VENUE PROVISION SHALL NOT RESTRICT THE ABILITY OF THE PARTIES TO CONFIRM OR ENFORCE JUDGMENTS OR AWARDS IN ANY APPROPRIATE JURISDICTION.**

d) INDIVIDUAL agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the Effective Date and shall be binding upon the successors and assigns of INDIVIDUAL and shall inure to the benefit of FRANCHISEE and COMPANY and their subsidiaries, successors and assigns.

f) The failure of any Party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of the other Parties with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by INDIVIDUAL, FRANCHISEE and COMPANY.

j) The existence of any claim or cause of action INDIVIDUAL might have against FRANCHISEE or COMPANY will not constitute a defense to the enforcement by FRANCHISEE or COMPANY of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon FRANCHISEE or COMPANY pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

**INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.**

**THE PARTIES ACKNOWLEDGE THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.**

**IN WITNESS WHEREOF**, FRANCHISEE and COMPANY have hereunto caused this Agreement to be executed by its duly authorized officer, and INDIVIDUAL has executed this Agreement, all being done in triplicate originals with one (1) original being delivered to each Party.

*[Signatures will be on the following page.]*

WITNESS:

\_\_\_\_\_

WITNESS:

\_\_\_\_\_

WITNESS:

\_\_\_\_\_

FRANCHISEE:

Signature: \_\_\_\_\_

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

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

INDIVIDUAL:

Signature: \_\_\_\_\_

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

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

COMPANY:

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

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

**Exhibit B**

**Navitas Loan Agreement**



## MASTER EQUIPMENT FINANCE AGREEMENT



BORROWER:

(hereinafter referred to as "you" or "your")

DBA:

Federal Tax ID#

Address:

City:

State: NC

Zip:

Phone :

SECURED PARTY/ LENDER: NAVITAS CREDIT CORP.

(hereafter referred to as "We", "Us", or "Our")

AGREEMENT #

### TERMS AND CONDITIONS (PAGE 1 OF 2) – PLEASE READ CAREFULLY BEFORE SIGNING

**1. AGREEMENT:** You want to acquire the equipment ("Equipment") listed or described on each EFA Schedule (a "Schedule") prepared by us incorporating the terms of this Master Equipment Finance Agreement (the "Master Agreement") from a vendor selected by you ("Vendor") and have requested that we finance the purchase price for you. By execution of each Schedule, you unconditionally promise to pay us the sum of all of the monthly payments indicated on such Schedule ("Payments"). As to each Schedule and the Equipment defined herein, the terms "this", "the" or "each" "Agreement", and similar references, mean such Schedule with this Master Agreement incorporated and made a part of such Schedule. Each Agreement is a separate financing of the Equipment listed or described therein. You authorize us to insert into each Schedule any Equipment serial numbers and other identification data and any other omitted facts and to correct obvious errors. We may adjust the monthly Payment amount to finance any taxes due at the inception of this Agreement or if the actual cost of the Equipment is less than 10% higher or lower than the amount that the Payment amount was based on. At our discretion we may apply any amounts received from you to any amount you owe under this Agreement

**2. TERM:** Each Agreement shall become effective and its term (the "Term") shall commence only after you direct us to make disbursements to your Vendor, we approve your Vendor's invoice, we sign this Agreement and we make the initial disbursement or any later date that we designate ("Commencement Date"). Together with the first monthly Payment, you agree to pay us interest at a rate we calculate to compensate us for each day from and including the Commencement Date to but excluding the date the first monthly payment is due. The Term shall end upon, in our discretion, either on the date that all of your payment and other obligations have been paid and satisfied in full or as stated in the Schedule. Certain of your obligations may begin before or end after the Term as stated herein. The Initial Amount Due shall be due on the Commencement Date and subsequent monthly Payments are due on the day we select, payable to a location to be designated by us. **YOUR OBLIGATION TO PAY ALL PAYMENTS AND OTHER OBLIGATIONS TO US IS UNCONDITIONAL AND NOT SUBJECT TO ANY REDUCTION, SET-OFF, DEFENSE OR COUNTERCLAIM. THIS AGREEMENT MAY NOT BE CANCELED FOR ANY REASON WHATSOEVER AFTER COMMENCEMENT EXCEPT BY YOUR PAYMENT AND SATISFACTION OF ALL OF YOUR OBLIGATIONS HEREUNDER.** We have the right, but not the obligation, to electronically withdraw funds from your bank account to pay for any unpaid Payments or other amounts due hereunder. You will provide us with any bank account information we request in order to process electronic payments.

**3. EQUIPMENT:** You agree that you are the owner of and have title to the Equipment, excluding any software. You agree to accept the equipment when it is delivered and to sign an acknowledgement of delivery and acceptance. We may at our discretion, confirm by telephone that you have accepted the Equipment and this telephone verification of your acceptance of the Equipment shall have the same effect as a signed acknowledgement. You hereby grant to us a

first priority, purchase money security interest in the Equipment and all replacements, replacement parts, accessions and attachments now or hereafter made a part of the Equipment, and all cash and non-cash proceeds, and all general intangibles, accounts and chattel paper arising therefrom. You agree, at your expense, to protect and defend our interests in the Equipment. Further, you shall at all times keep the Equipment free from all legal process, liens and other encumbrances if asserted or made against you or the Equipment. You agree we have the right to inspect the Equipment upon reasonable notice to you.

**4. NO WARRANTIES; NO AGENCY: WE ARE FINANCING THE EQUIPMENT FOR YOU "AS IS". WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OR ORDINARY USE IN CONNECTION WITH THIS AGREEMENT.** Neither the Vendor nor any other person is our agent, nor are they authorized to waive or change any term of this Agreement. No representation, guaranty or warranty by the Vendor or other person is binding on us. No breach by the Vendor will relieve or excuse your obligations to us. If you entered into a maintenance or service agreement the cost of which is included in the Payments, you acknowledge we are not a party to such agreements and are not responsible for any service, repairs, or maintenance of the Equipment. If you have a dispute with your Vendor about delivery, installation, service or any other matter, you must continue to perform all your obligations, hereunder.

**5. SALE/ASSIGNMENT: YOU MAY NOT SELL, TRANSFER, ASSIGN OR LEASE THE EQUIPMENT OR YOUR OBLIGATIONS UNDER THIS AGREEMENT WITHOUT OUR PRIOR WRITTEN APPROVAL.** We may sell, assign or transfer this Agreement or any part of it and/or our interest in the Equipment without notifying you and you agree that if we do, (i) the new Secured Party will have the same rights and benefits that we now have but will not have to perform any of our obligations, (ii) the rights of the new Secured Party will not be subject to any claims, defenses or setoffs that you may have against us or the Vendor, and (iii) you will not assert any claims, defenses or setoffs whatsoever against us or the new Secured Party.

**6. SECURITY DEPOSIT:** As security for the performance of all your obligations hereunder, you have deposited with us the amount set forth in the section shown as "Security Deposit". We have the right, but are not obligated, to apply the security deposit at any time to any amount you owe. Provided you have fully performed all of the provisions of this Agreement, we will return to you any then remaining balance of the security deposit. We will not keep the security deposit separate from our general funds and you shall not be entitled to any interest thereon.

### TERMS AND CONDITIONS (PAGE 1 OF 2) – PLEASE READ CAREFULLY BEFORE SIGNING

By signing this Master Agreement you acknowledge that you have read and understand the terms and conditions on each page of this Master Agreement, and you warrant that the person signing this Master Agreement on your behalf has the authority to do so and to grant the power of attorney set forth in Section 13 of this Master Agreement.

I AM AUTHORIZED TO SIGN THIS AGREEMENT ON BEHALF OF BORROWER:

ACCEPTED BY SECURED PARTY: NAVITAS CREDIT CORP., at Columbia, South Carolina

X: \_\_\_\_\_ Date Signed: \_\_\_\_\_

(signature)

By: \_\_\_\_\_ Date Accepted: \_\_\_\_\_

(signature)

Print Name & Title: \_\_\_\_\_

Print Name & Title: \_\_\_\_\_

#### UNCONDITIONAL GUARANTY:

For the purposes of this Guaranty, "you" and "your" refer to the person making the guaranty. "We", "us" and "our" refer to the Secured Party, our successors or assigns. You acknowledge that you have read and understood the Master Agreement and this Guaranty and that this is an irrevocable, joint, several and continuing guaranty. You agree that you have an interest in the Borrower's business, economic or otherwise, and that we would not enter into this Agreement without this Guaranty. You unconditionally guaranty that the Borrower will fully and promptly pay all its obligations under each Agreement (as defined in the Master Agreement) and any future Agreements when they are due and will perform all its other obligations under each Agreement even if we modify or renew the Master Agreement or any Agreement, or if any payments made by the Borrower are rescinded or returned upon the insolvency, bankruptcy or reorganization of the Borrower, as if the payment had not been made. We do not have to notify you if the Borrower is in default under any Agreement. If the Borrower defaults, you will immediately pay and perform all obligations due under the applicable Agreement. You agree that you will not be released or discharged if we: (i) fail to perfect a security interest in the Equipment or any other property which secures the obligations of Borrower or you to us ("Collateral"); (ii) fail to protect the Collateral; or (iii) abandon or release the Collateral or any obligor under the applicable Agreement or this Guaranty. You agree that we do not have to proceed first against the Borrower or any Collateral. You hereby waive any right of exoneration, notice of acceptance of this Guaranty and of all other notices or demands of any kind in which you may be entitled to except for demand for payment. You will reimburse all expenses we incur in enforcing our rights against Borrower or you, including, without limitation, attorney's fees and costs. We may obtain information from and report to credit reporting agencies to enter into any Agreement or to enforce this Guaranty. You consent to personal jurisdiction, forum, choice of law and jury trial and transfer of venue waiver as stated in section 17. **YOU AND WE EACH WAIVE TRIAL BY JURY IN ANY ACTION RELATING TO THE MASTER AGREEMENT, ANY AGREEMENT OR THIS GUARANTY.** This Guaranty may be executed by facsimile, electronic or original signature and such a copy shall be treated as an original for all purposes.

X: \_\_\_\_\_ Date Signed: \_\_\_\_\_

(signature)

X: \_\_\_\_\_ Date Signed: \_\_\_\_\_

(signature)

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

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

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### TERMS AND CONDITIONS (PAGE 2 OF 2) – PLEASE READ CAREFULLY BEFORE SIGNING

7. **CARE, USE AND LOCATION; LOSS:** You are responsible for installing and keeping the Equipment in good working order and repair. You will keep and use the Equipment only for business or commercial purposes and in compliance with all applicable laws, ordinances or regulations and only at your address shown on this Agreement unless we agree to another location. You will not make any alterations to the Equipment without our prior written consent, nor will you permanently attach the Equipment to any real estate. In the event the Equipment is lost, stolen or damaged, so long as you are not in default hereunder, you shall have the option within one week of such event to: (i) repair or replace the Equipment or (ii) pay to us the unpaid balance of the remaining Payments hereunder discounted to present value at the rate of three percent (3%) (or such greater amount that may be required by law) plus any other amounts due or to become due hereunder. **UNDER NO CIRCUMSTANCES ARE WE RESPONSIBLE FOR SERVICE OR MAINTENANCE ON THE EQUIPMENT.**

8. **TAXES:** You will pay when due to your appropriate taxing authority, all taxes, fines and penalties relating to this Agreement or the Equipment, and any applicable registration or titling fees or other governmental charges, that are now or in the future assessed or levied by any government authority or required for the lawful possession and use of the Equipment. Sales taxes due upon the purchase of the Equipment and any other such governmental charges, if included in the purchase price, may be financed hereunder.

9. **INDEMNITY:** We are not responsible for any injuries or losses to you or any other person or property caused by the installation, operation, maintenance, ownership, possession or use of the Equipment. You agree to reimburse us for, hold us harmless from, and defend us against any claims made against us, and for losses or injuries suffered by us, including, without limitation, those arising out of the negligence, tort, or strict liability claims. This indemnity shall continue even after the Term has expired.

10. **INSURANCE:** You agree to maintain comprehensive liability insurance acceptable to us. You also agree to maintain insurance against the loss of or damage to the Equipment for an amount not less than the replacement cost and name us and our assigns as loss payee. If you fail to timely provide such proof to us, we may, but are not obligated to, obtain property loss insurance to protect our interests in the Equipment. If we secure insurance in the form and amounts we deem reasonable: (i) you will reimburse the premium, which may be higher than a premium that you might pay if you obtained the insurance, (ii) the premium may include a profit to us and/or one of our affiliates through an investment in reinsurance or otherwise, and (iii) we will not name you as an insured party and your interests may not be fully protected. Any insurance proceeds received for the Equipment will be applied, at our option, to repair or replace the Equipment, or to the remaining payments due or that become due hereunder, discounted at three percent (3%) (or such greater amount that may be required by law).

11. **DEFAULT:** You will be in default if: (i) you do not pay any amount when due under this or any other Agreement; (ii) you break any of your promises or representations hereunder or under any other Agreement or any agreement with us; (iii) you become insolvent, commence dissolution proceedings, assign your assets for the benefit of your creditors, or a trustee is appointed to take control of your assets; (iv) you or any guarantor enters (voluntarily or involuntarily) into a bankruptcy or other insolvency-related proceeding; (v) you default on any obligations to any of your other creditors; (vi) you have made any untrue or misleading representations to us; (vii) any guarantor dies; or (viii) you change your name, state of organization, chief executive office and/or place of residence without providing us with 30 days prior written notice of such change.

12. **REMEDIES:** In the event of a default by you, we can: (i) cancel this and any or all other Agreements; (ii) declare you in default under any other Agreement or any agreement you have with us, and exercise any or all remedies provided to us thereunder; (iii) disable the Equipment or require that you ship the Equipment to us at your expense; (iv) accelerate and demand that you pay all the remaining Payments due under this Agreement and any or all other Agreements, discounted to present value at three percent (3%) (or such greater amount that may be required by law) together with any other amounts due hereunder; and/or (v) pursue any of the remedies available to us under the UCC or any other law, including repossession of the Equipment or other Collateral. Interest shall accrue on all amounts due us from the date of default until paid at the rate of the lesser of (i) one and one-half percent (1.5%) per month and (ii) the maximum rate permitted by law ("Remedy Interest Rate"). You agree to reimburse us for all charges, costs, expenses and attorney's fees that we have to pay to enforce this Agreement. If you return the Equipment pursuant to clause "(iii)" above or we take possession of the Equipment, you agree to pay the cost of repossession, storing, shipping, repairing and selling or leasing the Equipment. You agree that we do not have to notify you that we are selling or leasing the Equipment except as otherwise required by law. You also agree that we are entitled to abandon the Equipment if we believe it to be in our best interest.

13. **BORROWER REPRESENTATIONS AND OTHER AUTHORIZATIONS:** You hereby represent, warrant and promise to us that: (i) you have had an adequate opportunity to study this Agreement and consult your legal and other advisors before signing, and this Agreement is enforceable against you in accordance with its terms; (ii) you are not subject to any bankruptcy proceeding; and (iii) if this document was sent by you to us electronically, it has not been altered in any way and any alteration or revision to any part of this or any attached documents will make

all such alterations or revisions non-binding and void. You hereby authorize us, and appoint us or our designee as your attorney-in-fact, to endorse insurance proceeds and to execute and file financing statements (naming you as "Debtor") and documents of title and registration (if applicable) on the Equipment or Collateral, and you agree to reimburse us for our out-of-pocket costs relating thereto.

14. **FEES AND CHARGES:** If any part of any Payment is not made by you when due, you agree to pay us seven percent (7%) of each past due amount (or the maximum amount permitted by law, if less than 7%). You agree to pay an administrative fee of fifty dollars (\$50.00) if any check or ACH is dishonored or returned. **AS A MATERIAL INDUCEMENT TO US TO ENTER INTO THIS AGREEMENT AND FINANCE YOUR EQUIPMENT, YOU AGREE THAT IF ANY PAYMENT, CHARGE OR FEE BILLED OR COLLECTED BY US IS FOUND TO EXCEED THE MAXIMUM AMOUNT ALLOWED BY LAW, THEN (i) WE MAY MODIFY ANY SUCH EXCESSIVE AMOUNT BILLED SO AS TO MAKE IT NOT EXCESSIVE, (ii) WE MAY REFUND TO YOU THE EXCESSIVE AMOUNT, TOGETHER WITH INTEREST AT THE "REMEDY INTEREST RATE" (AS DEFINED IN SECTION 12), AND (iii) THE FOREGOING SHALL BE YOUR EXCLUSIVE REMEDY FOR THE BILLING OR COLLECTING OF THE EXCESSIVE AMOUNTS AND YOU WILL NOT RAISE ANY OTHER CLAIM, COMPLAINT OR OBJECTION WITH RESPECT THERETO.**

15. **ENTIRE AGREEMENT; CHANGES:** This Agreement contains the entire agreement between you and us relating to the financing of the Equipment, and it may not be terminated or otherwise changed except in writing by both of us. A limiting endorsement on a check or other form of payment will not be effective to modify your obligations or any of the other terms of this Agreement, and we may apply any payment received without being bound by such limiting endorsements.

16. **COMPLIANCE; NOTICES:** In the event you fail to comply with any terms of this Agreement, we can, but we do not have to, take any action necessary to effect your compliance upon ten (10) days prior written notice to you. If we are required to pay any amount to obtain your compliance, the amount we pay plus all of our expense in causing your compliance, shall become additional obligations and shall be paid by you together with the next due payment. This Agreement is for the benefit of and is binding upon you, your personal representatives, successors and assigns. Any notice required by this Agreement or the UCC shall be deemed to be delivered when a record properly directed to the intended recipient has been (i) deposited with the US Postal Service, (ii) transmitted by facsimile or through the Internet, provided there is reasonably sufficient proof that it was received by the intended recipient; or (iii) has been personally delivered.

17. **CHOICE OF LAW; JURISDICTION:** THIS AGREEMENT SHALL NOT BE BINDING UNTIL IT IS ACCEPTED BY US IN WRITING, AND YOU HEREBY STIPULATE THAT OUR ACCEPTANCE AND SIGNING OF THIS AGREEMENT IN SOUTH CAROLINA FOLLOWING YOUR SIGNATURE MEANS THAT THIS AGREEMENT WAS MADE IN SOUTH CAROLINA. YOU HEREBY ACKNOWLEDGE THAT OUR ACCOUNT SERVICING OPERATIONS (INCLUDING THOSE SERVICING YOUR ACCOUNT) ARE LOCATED IN SOUTH CAROLINA. YOU HEREBY AGREE THAT THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF SOUTH CAROLINA, BUT WITHOUT GIVING EFFECT TO THE LAWS OF SOUTH CAROLINA GOVERNING CHOICE OF LAW. YOU CONSENT TO THE JURISDICTION OF THE STATE OR FEDERAL COURTS LOCATED IN THE STATE OF SOUTH CAROLINA FOR THE COUNTY OF LEXINGTON, AND AGREE THAT ANY ACTIONS OR PROCEEDINGS INITIATED BY YOU ARISING DIRECTLY OR INDIRECTLY OUT OF THIS AGREEMENT (WHETHER SOUNDING IN BREACH OF CONTRACT, TORT OR OTHERWISE) SHALL BE BROUGHT ONLY IN SUCH COUNTY IN SOUTH CAROLINA; PROVIDED HOWEVER, WE MAY BRING ACTION AGAINST YOU IN ANY STATE OR FEDERAL COURTS OUTSIDE SOUTH CAROLINA WE CHOOSE IN OUR SOLE DISCRETION, PROVIDED ONLY THAT SUCH COURT HAS PROPER JURISDICTION. IN THE EVENT THIS AGREEMENT IS ASSIGNED BY US, YOU CONSENT TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE ASSIGNEE'S PRINCIPAL PLACE OF BUSINESS. YOU UNDERSTAND THAT YOUR AGREEMENT TO SOUTH CAROLINA LAW AND YOUR SUBMISSION TO PERSONAL JURISDICTION IN SOUTH CAROLINA DIRECTLY BENEFITS US AND IS A MATERIAL INDUCEMENT TO OUR ENTERING INTO THIS AGREEMENT AND FINANCING YOUR EQUIPMENT. YOU AND WE EACH HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, WHETHER BROUGHT IN CONTRACT OR TORT, OR AT LAW OR IN EQUITY, ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT.

18. **MISCELLANEOUS:** No delay or failure by us to enforce our rights under this Agreement shall prevent us from enforcing any rights at a later time. If any part of this Agreement is determined to be unenforceable, all other parts will remain in full force and effect. Any Equipment discounts we may negotiate with Vendor accrue solely to our benefit. The original of this Agreement shall be that copy which bears your electronic, facsimile or original signature, and our electronic or original signature.

MEFA092018

(Initial)

## EFA SCHEDULE

Schedule No. \_\_\_\_\_ to Master Equipment Finance Agreement No. \_\_\_\_\_ Dated \_\_\_\_\_, 20\_\_\_\_



BORROWER:	DBA:	Federal Tax ID#
<small>(hereinafter referred to as "you" or "your")</small>		
Address:	City:	State: Zip: Phone :
SECURED PARTY/LENDER: NAVITAS CREDIT CORP.	VENDOR: PRECOR INCORPORATED	
<small>(hereafter referred to as "We", "Us" or "Our")</small>	<small>(Vendor is not an agent of Secured Party nor is Vendor authorized to waive or alter any terms of this Agreement)</small>	

Equipment Description / Quantity / Serial # / VIN#	Term in Months:	First Payment: \$0.00
	Monthly Payments:	Last Payment: \$0.00
		Security Deposit: \$0.00
		Other: \$0.00
Equipment Location (if different than above address)	Amount Financed: \$0.00	INITIAL AMOUNT DUE: \$ 0.00

This is a Schedule (the "Schedule") to the Master Equipment Finance Agreement identified above (the "Master Agreement"), which is incorporated herein by this reference. Upon the execution by Lender and Borrower of this Schedule, Lender hereby agrees to lend to Borrower, and Borrower hereby agrees to borrow from Lender, the Amount Financed shown above or on an exhibit hereto (the "Equipment") upon the terms and conditions of this Schedule and the Master Agreement. All capitalized terms not herein defined shall have the meanings set forth in the Master Agreement and all terms and conditions of the Master Agreement are incorporated herein and shall remain in full force and effect except to the extent modified by this Schedule. Such modifications apply only for the Agreement created hereby. Borrower and Lender agree that this Schedule and the Master Agreement as incorporated into this Schedule constitute a separate and distinct "Agreement" under the Master Agreement and if any provision in this Schedule conflicts with a provision in the Master Agreement, the provision in this Schedule shall control. As used herein and in the Master Agreement, references to "this Agreement" or "the Agreement" mean, as applied to the Equipment and the transaction under this Schedule, this Schedule with the Master Agreement incorporated as provided herein. Borrower hereby reaffirms on and as of the date hereof all terms, covenants representations and warranties contained in the Master Agreement.

ONCE YOU ACCEPT THE EQUIPMENT AS PROVIDED IN THE MASTER AGREEMENT, THIS AGREEMENT WILL BE NON-CANCELABLE FOR THE FULL TERM AND BORROWER'S OBLIGATION TO REMIT PAYMENTS TO US HEREUNDER WILL BE ABSOLUTE, UNCONDITIONAL AND NON-CANCELABLE, AND WILL BE COMPLETELY INDEPENDENT OF ANY DEFECT OR DAMAGE TO THE EQUIPMENT OR LOSS OF POSSESSION OR USE OF THE EQUIPMENT OR ANY FAILURE ON THE PART OF ANY PARTY TO PERFORM ANY MAINTENANCE OR SERVICES RELATED TO THE EQUIPMENT OR MAKE ANY PAYMENTS RELATED THERETO, AND WILL NOT BE SUBJECT TO ANY SET-OFFS, ABATEMENTS, SUSPENSIONS, DEFERMENTS, REDUCTIONS, CLAIMS, COUNTERCLAIMS OR DEFENSES OF ANY NATURE WHATSOEVER.

ADDITIONAL TERMS: \_\_\_\_\_

BY EXECUTION HEREOF, YOU ACKNOWLEDGE AND AGREE THAT THE MASTER AGREEMENT, THIS SCHEDULE AND ALL ASSOCIATED ADDENDA, ACCEPTANCE CERTIFICATES AND OTHER DOCUMENTS EXECUTED IN CONNECTION THEREWITH ARE THE COMPLETE AND EXCLUSIVE STATEMENT OF THE TERMS OF THE AGREEMENT BETWEEN YOU AND US AND THIS AGREEMENT SUPERSEDES ALL PRIOR AGREEMENTS AND COMMUNICATIONS, WHETHER ORAL OR WRITTEN, BETWEEN YOU AND US REGARDING THE SUBJECT MATTER HEREOF.

IN WITNESS WHEREOF, the parties have caused this Schedule to be executed by their duly authorized representatives as of the date first above written.

By signing this Agreement you acknowledge that you have read and understand the terms and conditions on each page of this Agreement, and you warrant that the person signing this Agreement on your behalf has the authority to do so and to grant the power of attorney set forth in Section 13 of the Master Agreement.

I AM AUTHORIZED TO SIGN THIS AGREEMENT ON BEHALF OF BORROWER ACCEPTED BY SECURED PARTY: NAVITAS CREDIT CORP., at Columbia, South Carolina

X: _____ <small>(signature)</small>	Date Signed: _____	By: _____ <small>(signature)</small>	Date Accepted: _____
Print Name & Title: _____		Print Name & Title: _____	

## PAY PROCEEDS DIRECTION TO MASTER EQUIPMENT FINANCE AGREEMENT

By signing below, you hereby irrevocably instruct us to pay the Vendor(s) listed below for the Equipment listed on Vendor(s) proposals approved by us. You hereby acknowledge that the Equipment has been delivered and is acceptable in all respects or the Equipment has NOT been delivered but you hereby authorize us to make payment to the Vendor(s) in order to initiate delivery. Disbursement by us in accordance with the foregoing instructions shall constitute payment and delivery to and receipt by you of any and all such proceeds. Together with the first monthly Payment, you agree to pay us interest at a rate we calculate to compensate us for each day from and including the Commencement Date to but excluding the date the first monthly Payment is due.

OR

If you have signed a Progress Payment Agreement, the equipment will be delivered and installed in accordance with an arrangement between you and the Vendor(s) and you hereby authorize us to make payment(s) to the Vendor(s) in order to initiate delivery when directed by you. Disbursement by us in accordance with the foregoing instructions shall constitute payment and delivery to and receipt by you of any and all such proceeds. Nothing herein, in the Progress Payment Agreement or in the Master Agreement obligates us to advance funds until you have accepted all Equipment under this Agreement.

X _____ <small>(signature)</small>	Print Name & Title: _____	Date Signed: _____
I hereby authorize, in my absence, _____ Telephone # _____ to verify my direction to disburse funds.		
Vendor: _____	Vendor: _____	Vendor: _____



A UNITED COMMUNITY BANK COMPANY



## Master EFA Progress Payment Agreement

**Borrower:**

**Agreement #:**  
**Schedule #:**

In reference to the Agreement # \_\_\_\_\_ (the "Agreement"), between Borrower and Navitas Credit Corp. as Secured Party/Lender:

You negotiated with your Vendor(s) to acquire the "Equipment" as defined in the Agreement. Your Vendor(s) requires the payment of all or a substantial portion of the total cost of the equipment (the "Equipment Advance") to be paid to your Vendor(s) prior to your receipt and acceptance of the Equipment. At your request, we will advance the Equipment Advance to your Vendor(s) prior to your receipt and acceptance of the equipment when we receive an invoice acceptable to us, but only on the condition that you agree to the following terms:

To induce us to make the Equipment Advance to your Vendor(s) prior to your receipt and acceptance of the Equipment, YOU AGREE THAT THE AGREEMENT IS **NON-CANCELABLE** AND THAT YOU WILL TIMELY PERFORM ALL OF YOUR OBLIGATIONS UNDER THE AGREEMENT, INCLUDING MAKING THE MONTHLY PAYMENTS, WITHOUT ANY CLAIM OF SET-OFF, EVEN IF: (a) SOME OR ALL OF THE EQUIPMENT IS NOT DELIVERED AND/OR INSTALLED; (b) THE EQUIPMENT IS UNTIMELY DELIVERED AND/OR UNTIMELY INSTALLED; AND/OR (c) THE EQUIPMENT DOES NOT, AT THE TIME OF DELIVERY OR THEREAFTER, OPERATE PROPERLY OR THERE IS ANY OTHER NONCONFORMANCE IN THE EQUIPMENT OR IN ANY SERVICE. NOTHING HEREIN SHALL OBLIGATE US TO MAKE ANY EQUIPMENT ADVANCE OR PERMIT COMMENCEMENT OF THE TERM OF THE AGREEMENT IF WE ARE NOT SATISFIED IN OUR SOLE DISCRETION THAT YOU ARE NOT AND WILL NOT BE IN DEFAULT UNDER THE AGREEMENT, THAT YOU HAVE NOT SUFFERED AN ADVERSE CHANGE IN YOUR BUSINESS OR FINANCIAL CONDITION AND THAT WE DO NOT HAVE GOOD REASON TO QUESTION YOUR INTENTION OR ABILITY TO PERFORM UNDER THE AGREEMENT.

If the Equipment Advance is made as a series of payments for a single item of Equipment or payments for multiple items of Equipment, you will pay on demand interest on each Equipment Advance we have made at a rate we calculate per day to compensate us from and including the date of such Equipment Advance to but excluding the date the first monthly Payment is due under the Agreement. We will only make Equipment Advances, subject to the terms of the Agreement and this Progress Payment Agreement, if directed by you by execution and delivery to us of a Master Agreement Delivery and Acceptance Certificate in the form attached hereto and received by us before such Equipment Advance is to be made.

You understand and agree that in the event you are not satisfied with the delivery or installation of the equipment that you shall only look to persons other than us such as the manufacturer, installer, or Vendor(s) and shall not assert against us any claim or defense you may have with reference to the equipment, its delivery or non-delivery, or its installation. Upon your signing below, you authorize and direct us to pay the Equipment Advance(s) to your Vendor(s) and your promises under the Agreement will be irrevocable and unconditional in all respects.

A facsimile, electronic, or original copy of your signature on this Agreement bearing our original or electronic authorized signature will be treated as an original.

NAVITAS CREDIT CORP.

Secured Party

Borrower

By

By

Title

Title

Date

Date



info@navitascredit.com



www.navitascredit.com

**Exhibit C**

**Deposit Receipt**



## DEPOSIT RECEIPT LETTER

By this Receipt, **EMBROIDME.COM, INC. D/B/A FULLY PROMOTED®** (“Franchisor”) acknowledges that it has received a fully refundable deposit of \$9,500 (USD) from:

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

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

\_\_\_\_\_

together with an application for a **FULLY PROMOTED** Franchise.

We’ve reviewed your application within our offices and would be pleased to move forward, including assisting you to locate and lease a suitable site for your new **FULLY PROMOTED** store.

The deposit you paid will, at the time of signing your Franchise Agreement, be credited to the remainder of the franchise fee. In the event that you decide not to accept the Franchise Agreement for any reason, your deposit will be refunded. Additionally, in the event you and Franchisor cannot agree on a suitable location for your franchise within ninety (90) days from the date of this Deposit Receipt, Franchisor reserves the right to refund your deposit. However, in the event that you do not sign a Franchise Agreement and you do not ask for a refund within three (3) years from the date you execute this Deposit Letter Receipt, your deposit shall become non-refundable.

Thank you for your sincere interest in purchasing a **FULLY PROMOTED** franchise. We believe we have assembled the best products, support staff, and system in our industry. We look forward to providing this to you and welcoming you into our franchise system. Please note, when you present a check as payment, you authorize us to deposit your check, make a one-time electronic fund transfer (EFT), or a substitute check, in which case funds may be withdrawn from your account on the same day payment is made and you will not receive a cancelled check back from your financial institution.

Sincerely,

**EMBROIDME.COM, INC. D/B/A FULLY PROMOTED**

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

\_\_\_\_\_  
Print Name

**FULLY PROMOTED CANDIDATE:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

**Exhibit D**

**Financial Statements**

Embroidme.com, Inc. d/b/a Fully Promoted

Audited Consolidated Financial Statements

December 31, 2021, December 31, 2020, and December 31, 2019



EMBROIDME.COM, INC.

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**MILBERY & KESSELMAN**  
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors  
Embroidme.com, Inc.  
West Palm Beach, Florida

## INDEPENDENT AUDITOR'S REPORT

### Opinion

We have audited the accompanying financial statements of Embroidme.com, Inc., which comprises the consolidated balance sheets as of December 31, 2021, December 31, 2020 and December 31, 2019, and the related consolidated statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Embroidme.com, Inc. as of December 31, 2021, December 31, 2020, and December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit 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 Embroidme.com, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

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

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

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

likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

A handwritten signature in cursive script that reads "Milbery & Kesselman, CPAs".

Milbery & Kesselman, CPAs, LLC  
March 2, 2022

**EMBROIDME.COM, INC.**  
**Consolidated Balance Sheets**  
**As of December 31, 2021, December 31, 2020, and December 31, 2019**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 545,755	\$ 680,261	\$ 49,277
Marketable Securities - At Market Value	684,484	216,006	235,498
Accounts Receivable (net of Allowance for Doubtful Accounts)	617,840	506,272	644,530
Loans Receivable - Related Companies	2,196,280	1,338,257	1,622,398
Inventory	16,985	12,632	51,841
Prepaid Expenses	31,385	20,277	28,110
Promissory Notes - Current Portion	40,769	15,780	12,921
<b>Total Current Assets</b>	<u>4,133,498</u>	<u>2,789,485</u>	<u>2,644,575</u>
 Property and Equipment (net of Accumulated Depreciation)	 39,376	 209,975	 222,498
 <b>Other Assets</b>			
Promissory Notes	65,423	80,220	-
 <b>TOTAL ASSETS</b>	 <u><u>\$ 4,238,297</u></u>	 <u><u>\$ 3,079,680</u></u>	 <u><u>\$ 2,867,073</u></u>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 639,376	\$ 451,475	\$ 728,560
Contract Liabilities	547,142	243,686	-
Accrued Expenses	245,765	182,441	126,303
Current Portion of Long Term Debt	1,319	1,319	-
<b>Total Current Liabilities</b>	<u>1,433,602</u>	<u>878,921</u>	<u>854,863</u>
 <b>Long Term Liabilities</b>			
Long Term Debt, less Current Portion	148,681	148,681	-
 <b>TOTAL LIABILITIES</b>	 <u>1,582,283</u>	 <u>1,027,602</u>	 <u>854,863</u>
 Commitments and Contingencies (Note 9)			
 <b>STOCKHOLDERS' EQUITY</b>			
Common Stock	375,000	375,000	375,000
Retained Earnings	2,284,522	1,633,685	1,613,554
Accumulated Other Comprehensive Income (Loss)	(3,508)	43,393	23,656
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>2,656,014</u>	<u>2,052,078</u>	<u>2,012,210</u>
 <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	 <u><u>\$ 4,238,297</u></u>	 <u><u>\$ 3,079,680</u></u>	 <u><u>\$ 2,867,073</u></u>

See accompanying independent auditor's report and notes to financial statements

**EMBROIDME.COM, INC.**  
**Consolidated Statements of Income and Retained Earnings**  
**For the years ended December 31, 2021, December 31, 2020, and December 31, 2019**

	2021	2020	2019
<b>Income</b>			
Franchise Fees	\$ 1,903,778	\$ 1,494,234	\$ 2,407,963
Product	194,377	493,755	259,916
Commissions	1,000	-	-
Royalties	3,620,920	3,354,733	3,591,169
Other Income	14,565	7,239	121,087
<b>Total Income</b>	<b>5,734,640</b>	<b>5,349,961</b>	<b>6,380,135</b>
<b>Cost of Goods Sold</b>	<b>708,516</b>	<b>872,602</b>	<b>940,348</b>
<b>Gross Profit</b>	<b>\$ 5,026,124</b>	<b>\$ 4,477,359</b>	<b>\$ 5,439,787</b>
<b>Expenses</b>			
Advertising	422,206	358,092	415,855
Automobile	43,061	40,085	81,210
Bad Debt	(105,427)	70,774	-
Bank Service Charges	31,274	18,093	34,082
Computer and Software	108,668	121,189	114,422
Depreciation	177,648	43,509	31,713
Dues and Subscriptions	88,071	85,520	83,172
Insurance	57,345	74,104	54,363
Licensing and Registrations	9,839	5,440	10,728
Office	38,713	68,294	68,878
Payroll	3,675,032	3,401,715	3,761,367
Postage	17,279	13,606	14,999
Professional Fees	73,446	219,828	71,812
Rent	63,767	64,548	58,121
Taxes	4,797	899	1,957
Telephone	73,281	92,438	167,450
Travel and Meals	128,727	116,508	453,716
<b>Total Expenses</b>	<b>4,907,727</b>	<b>4,794,642</b>	<b>5,423,845</b>
<b>Net Income (Loss) before Other Income</b>	<b>\$ 118,397</b>	<b>\$ (317,283)</b>	<b>\$ 15,942</b>
<b>Other Income/(Expense)</b>			
Interest and Dividend Income	25,735	3,696	5,018
Interest Expense	(4,942)	(2,471)	-
Income Tax	(30,000)	(18,000)	(10,000)
Gain/(Loss) on Foreign Currency Exchange	10,960	1,896	6,436
Realized Gain/(Loss) on Investments	43,699	9,039	2,729
Other Income	486,988	-	-
Gain on Extinguishment of Debt	-	343,254	-
<b>Total Other Income/(Expense)</b>	<b>532,440</b>	<b>337,414</b>	<b>4,183</b>
<b>Net Income</b>	<b>\$ 650,837</b>	<b>\$ 20,131</b>	<b>\$ 20,125</b>
<b>Retained Earnings, Beginning</b>	<b>1,633,685</b>	<b>1,613,554</b>	<b>1,593,429</b>
<b>Retained Earnings, Ending</b>	<b>\$ 2,284,522</b>	<b>\$ 1,633,685</b>	<b>\$ 1,613,554</b>

See accompanying independent auditor's report and notes to financial statements

**EMBROIDME.COM, INC.**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2021, December 31, 2020, and December 31, 2019**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>			
Net Income	\$ 650,837	\$ 20,131	\$ 20,125
Adjustments to reconcile net income to net cash provided/(used) by Operations			
Depreciation	177,648	43,509	31,713
(Increase)/Decrease in Accounts Receivable	(111,568)	138,258	420,757
(Increase)/Decrease in Loans Receivable	(858,023)	284,141	(529,844)
(Increase)/Decrease in Inventory	(4,353)	39,209	54,218
(Increase)/Decrease in Prepaid Expenses	(11,108)	7,833	32,139
Increase/(Decrease) in Accounts Payable	187,902	(277,085)	67,964
Increase/(Decrease) in Contract Liabilities	303,456	243,686	-
Increase/(Decrease) in Accrued Expenses	63,324	56,138	80,868
Cash provided/(used) by Operating Activities	<u>398,115</u>	<u>555,820</u>	<u>177,940</u>
<b>Cash Flows from Investing Activities</b>			
Acquisition of Fixed Assets	(7,049)	(30,986)	(188,137)
Marketable Securities	(515,380)	39,229	(11,525)
Cash provided/(used) by Investing Activities	<u>(522,429)</u>	<u>8,243</u>	<u>(199,662)</u>
<b>Cash Flows from Financing Activities</b>			
Promissory Notes	(10,192)	(83,079)	5,827
New Borrowings:			
Long Term	-	150,000	-
Cash provided/(used) by Financing Activities	<u>(10,192)</u>	<u>66,921</u>	<u>5,827</u>
<b>Increase/(Decrease) in Cash</b>	<u>(134,506)</u>	<u>630,984</u>	<u>(15,895)</u>
<b>Beginning Balance</b>	<u>680,261</u>	<u>49,277</u>	<u>65,172</u>
<b>Ending Balance</b>	<u><u>\$ 545,755</u></u>	<u><u>\$ 680,261</u></u>	<u><u>\$ 49,277</u></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>			
Cash paid during the year for:			
Interest	<u><u>\$ 4,942</u></u>	<u><u>\$ 2,471</u></u>	<u><u>\$ -</u></u>

See accompanying independent auditor's report and notes to financial statements

## **Embroidme.com, Inc.**

### **Notes to Consolidated Financial Statements**

#### **Note 1      Summary of Significant Accounting Policies**

Nature of business - Embroidme.com, Inc. D.B.A. Fully Promoted (the “Company”), was incorporated in Florida on February 17, 2000 and is headquartered in West Palm Beach, Florida. The Company sells franchises that allow the purchaser to operate a full service branded products and marketing services business that offers online marketing services, lead generation services, printed marketing materials, embroidered, screen-printed apparel and/or advertising and promotional merchandise and complete marketing campaign management for a variety of printed marketing materials.

The Company elected to be treated as a Subchapter S Corporation with the Internal Revenue Service, effective October 21, 2002. The Company has elected a year end of December 31.

Principles of consolidation - The financial statements include the operations of Embroidme.com, Inc. and Franchise Real Estate, Inc. All significant intercompany transactions have been eliminated in consolidation. Embroidme.com, Inc. and Franchise Real Estate, Inc. are herein after collectively referred to as “the Company.”

All foreign operations are translated to U.S. dollars at the exchange rate in effect at year-end. Income and expense items and cash flows are translated at the average exchange rate for each year.

A summary of the Company’s significant accounting policies follows:

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

Revenue recognition - Initial franchise fees are recognized as revenue when services required under the franchise agreement have been performed by the Company. Franchise royalty revenues are based on franchisees’ sales and are recognized as earned. Product and equipment revenue is recorded when legal title is transferred to the franchisee, generally when the product is shipped.

Cash concentration - The Company maintains its cash in four banks which, at times, may exceed the federally-insured limits. The Company has not experienced any loss in such accounts. The Company believes it is not exposed to any significant credit risk on such accounts.

Accounts receivable - Trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest, although a finance charge may be applied to such receivables that are more than 30 days past due.

Credit risk - The Company performs on-going credit evaluations of each franchisee’s financial condition. Accounts receivable are principally with franchises that are secured under the franchise agreements. The franchise agreements provide the Company with certain collateral, including inventory and fixed assets. Consequently, risk of loss is considered minimal.

## Embroidme.com, Inc.

### Notes to Consolidated Financial Statements

#### **Note 1      Summary of Significant Accounting Policies (continued)**

Inventory - Inventory is stated at the lower of cost or market value, and consists of supplies and finished goods.

Property and equipment - Property and equipment is stated at cost. Depreciation is computed by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Vehicles	5
Machinery and equipment	5
Computer equipment	3.5 – 7
Software	3
Leasehold improvements	10

Long-lived assets - Long-lived assets held for use are subject to an impairment assessment if the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset. The amount of the impairment is the difference between the carrying amount and the fair value of the asset. The Company's estimate of undiscounted cash flows indicated that such carrying amounts were expected to be recovered.

Advertising – Advertising primarily consist of the outside costs related to lead development. Advertising costs are expensed as incurred and were \$422,206 for the year ended December 31, 2021, \$358,092 for the year ended December 31, 2020, and \$415,855 for the year ended December 31, 2019.

Income taxes - The Company has elected to be taxed under sections of the federal and state income tax laws that provide that, in lieu of corporate income taxes, the shareholders separately account for their pro rata shares of the Company's items of income, deduction, losses and credits. Therefore, no provision for federal income tax is reflected in the Company's financial statements. The provision for state income taxes for 2021, 2020, and 2019 consisted of the following:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Various State Income Taxes	\$30,000	\$18,000	\$10,000

The Company is subject to taxation in various state jurisdictions. State jurisdictions have statutes of limitations that generally range from three to five years. As of December 31, 2021, none of the Company's tax returns are under examination.



**Notes to Consolidated Financial Statements**

**Note 1      Summary of Significant Accounting Policies (continued)**

Recent accounting pronouncements – In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases, (ASC Topic 842) which amends the existing guidance to require lessees to recognize lease assets and lease liabilities from operating leases on the balance sheet and affects certain financial statement disclosure requirements for both lessees and lessors. In addition, the FASB issued ASU 2018-10 and ASU 2018-11 in July 2018 to clarify and correct unintended application of guidance in ASC Topic 842. In March 2019, the FASB issued ASU 2019-01 to assist stakeholders with potential implementation issues that could arise as organizations implement ASC Topic 842. In November 2019, the FASB issued ASU 2019-10 which updated the effective date related to ASC Topic 842. In June 2020, the FASB issued ASU 2020-05 which updated the effective date related to ASC Topic 842. The amendments in these updates are generally effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Management is currently evaluating the impact that the adoption of ASU 2016-02 and the related amendments will have on the Company's financial statements.

Related parties – For the purposes of these financial statements, parties are considered to be related to the Company where the Company and the party are subject to common control and/or common joint control. Related parties may be individuals or other entities.

Going concern – The Company evaluates whether there are conditions or events, considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern for a period of one year after the date that the financial statements are available to be issued, taking into consideration the quantitative and qualitative information regarding the Company's current financial condition, conditional and unconditional obligations due and the funds and cash flow necessary to maintain operations within that time period. Based on management's evaluation, the Company will be able to continue in operation on a going concern basis for at least the next twelve months from the date these financial statements were available to be issued.

Subsequent events – The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 2, 2022.

**Note 2      Accounts Receivable**

Accounts receivable at December 31, 2021, 2020, and 2019 consisted of the following:

	2021	2020	2019
Franchise fees receivable	\$ 681,625	\$ 671,010	\$ 824,988
Allowance for doubtful accounts	(63,784)	(164,738)	(180,458)
	<u>\$ 617,840</u>	<u>\$ 506,272</u>	<u>\$ 644,530</u>

The bad debt benefit for the year ended 2021 was (\$105,427). The bad debt deducted for the year ended 2020 was \$70,774. The bad debt deducted for the year ended 2019 was \$0.

## **Embroidme.com, Inc.**

### **Notes to Consolidated Financial Statements**

#### **Note 3 Cash and Cash Equivalents**

The Company maintains cash balances at four financial institutions. Accounts at the United States institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000. Accounts at the Australian institution are insured by the Financial Claims Scheme for up to 250,000 AUD. At December 31, 2021, the Company had uninsured cash balances amounting to \$255,309. At December 31, 2020, the Company had uninsured cash balances amounting to \$335,856. At December 31, 2019, the Company had uninsured cash balances amounting to \$0.

#### **Note 4 Property and Equipment**

Property and equipment as of December 31, 2021, 2020, and 2019 consisted of the following:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Computers and software	\$ 314,862	\$ 307,812	\$ 276,827
Less: accumulated depreciation	(275,486)	(97,837)	(54,329)
	<u>\$ 39,376</u>	<u>\$ 209,975</u>	<u>\$ 222,498</u>

Depreciation as of December 31, 2021 is \$177,648.

#### **Note 5 Promissory Notes**

The Company has promissory notes receivable with various franchisees; the notes bear interest at rates of 3.5% to 5% per annum, and are amortized over periods of 1 to 5 years. On promissory notes bearing an interest rate below market, imputed interest is calculated and the note value is discounted.

#### **Note 6 Long Term Debt**

On July 20, 2020, the Company executed a promissory note for \$150,000 under the Economic Injury Disaster Loans ("EIDL") authorized by the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The loan bears an interest rate of 3.75% per annum and matures thirty years from the date of the note (July 2050). Under the loan agreement, the monthly payment of principal and interest is \$731 beginning twenty four months from the date of the note. As of December 31, 2021, the outstanding principal amount of the note payable was \$150,000.

**Embroidme.com, Inc.**

**Notes to Consolidated Financial Statements**

**Note 6 Long Term Debt (continued)**

Future minimum principal payments on the long term debt as of December 31, 2021 are as follows:

For the year ending December 31,

2022	\$ 1,319
2023	3,252
2024	3,376
2025	3,505
2026	3,639
Thereafter	<u>134,909</u>
Total	<u>\$ 150,000</u>

**Note 7 Revenue Recognition in Accordance with FASB ASC 606**

Contract balances

Contract balances from contracts with customers were as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contract assets	\$ -	\$ -	\$ -
Contract liabilities	547,142	243,686	-

Disaggregation of revenue

The Company derives its revenues primarily from the sale of franchises. Revenue from performance obligations satisfied at a point in time consists of franchise fees, royalties, and other income. Revenue from performance obligations satisfied over time consists of the sale of master licenses and renewal franchise fees.

Performance obligations

For performance obligations related to the franchise fees, control transfers to the customer at a point in time. Revenues are recognized when the franchisee training is completed and the equipment is delivered.

For performance obligations related to royalties and other income, control transfers to the customer at a point in time. Royalty revenues are recognized monthly based on the monthly sales from the franchisees.

For performance obligations related to master licenses and renewal franchise fees, control transfers to the customer over time. Revenues are recognized over the term of the contract.

**Notes to Consolidated Financial Statements**

**Note 7      Revenue Recognition in Accordance with FASB ASC 606 (continued)**

Significant judgments

The Company sells franchises for an agreed upon contract amount. For fixed fee contracts, the Company is entitled to payment upon signing of the franchise agreement and recognizes the revenues when the performance obligations have been met.

**Note 8      Transactions with Related Parties**

The Company reimburses and receives reimbursements to and from Related Parties, for certain operating expenses, including home office rent, payroll, and other administrative expenses. For the year ending December 31, 2021, related party balances included loans receivable of \$2,196,280. December 31, 2020, related party balances included loans receivable of \$1,338,257. For the year ending December 31, 2019, related party balances included loans receivable of \$1,622,398.

**Note 9      Gain on Extinguishment of Debt**

United Franchise Group Payroll Inc (UFGP), a related party, administers all payroll for the related entities. Payroll is allocated to each entity based on actual hours worked for each related entity. On April 21, 2020, UFGP was granted a loan from First American Bank, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act. The loan was allocated to the related entities based on the payroll allocation for the 2020 year. The loan allocation for the Company was \$343,254.

UFGP applied for and was granted loan forgiveness on June 11, 2021 for the entire amount of the loan in eligible expenditures for payroll and other expenses described in the CARES Act. Loan forgiveness has been granted and therefore reflected in Other Income in the accompanying Consolidated Statement of Income and Member’s Equity as of December 31, 2020.

**Note 10      Other Income**

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) signed into law on March 27, 2020 and the subsequent extension of the CARES Act, UFGP, a related party whom administers all payroll for related entities, was eligible for a refundable employee retention credit subject to certain criteria. Payroll is allocated to each entity based on actual hours worked for each related entity. During the 2021 year, the Company recognized a \$486,988 employee retention credit, which is included in Other Income in the consolidated statement of income and members’ equity, and \$486,988 is included in Payroll costs in the consolidated statement of income and members’ equity.

**Notes to Consolidated Financial Statements**

**Note 11      Litigation**

From time to time, the Company is involved in litigation, most of which is incidental and normal to its business. In the opinion of Company counsel, no litigation to which the Company currently is a party is likely to have a material adverse effect on the Company's results of operations, financial condition or cash flows.

**Note 12      Commitments and Contingencies**

The Company is not contingently liable for lease obligations for regional offices.

As of December 31, 2021 the Company is contingently liable in the amount of \$5,185,556 as a guarantor of mortgages payable and \$2,000,000 on the revolving credit line, to First American Bank for its affiliate Sign\*A\*Rama Inc.

As of December 31, 2020 the Company is contingently liable in the amount of \$5,460,158 as a guarantor of mortgages payable and \$2,000,000 on the revolving credit line, to First American Bank for its affiliate Sign\*A\*Rama Inc.

As of December 31, 2019 the Company is contingently liable in the amount of \$5,655,048 as a guarantor of mortgages payable and \$652,852 on the revolving credit line, to First American Bank for its affiliate Sign\*A\*Rama Inc.

**Note 13      Fair Value**

Financial Accounting Standards Board (FASB) ASC Topic 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The Company adopted changes made by Accounting Standards Update (ASU) 2011-04, Fair Value Measurement (Topic 820) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs, which expands the disclosures, required for fair value accounting and clarifies the measurement of fair value when used in valuing certain assets and liabilities.

Fair value measurements are segregated into those that are recurring and nonrecurring. Recurring fair value measurements of assets and liabilities of those that are required or permitted in the statement of financial position at the end of each reporting period related to assets such as trading securities, securities available for sale, and private venture-capital equity investments.

Nonrecurring fair value measurements of assets and liabilities are required or permitted in the statement of financial position in particular circumstances such as when the company measures long-lived assets and goodwill for impairment, or assets and liabilities of business combination recorded at fair value at the acquisition date.

**Notes to Consolidated Financial Statements**

**Note 13 Fair Value (continued)**

The three levels of inputs in the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include: a) quoted prices for similar assets or liabilities in active markets, b) quoted prices for identical or similar assets and liabilities in active markets, c) inputs other than quoted prices that are observable for the asset or liability, and d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair Value Measurement at December 31, 2021						
	Total Carrying Amount 12/31/21	Fair Value Estimate 12/31/21	Assets or Liabilities Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Inputs Other than Quoted Prices that are Observable (Level 2)	Significant Unobservable Inputs (Level 3)
Trading Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Securities - Other	684,484	684,484	684,484	684,484	-	-
Total Trading Securities	<u>\$ 684,484</u>	<u>\$ 684,484</u>	<u>\$ 684,484</u>	<u>\$ 684,484</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 14 Risks and Uncertainties**

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020 the *World Health Organization* designated the coronavirus outbreak a pandemic. Management continues to evaluate and monitor the potential adverse effect that this event may have on the Company's financial position, operations, and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

**Exhibit E**

**List of Franchisees**

**EmbroidMe.com, Inc.**

**List of Franchisees as of 12/31/2021**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Gregory Stargell	300 Cahaba Park Circle, Suite 218	Birmingham	AL	35242	404-663-4961
Jon Shannon Scott	3648 Vann Road, Suite 108	Birmingham	AL	35235	256-622-0098
Gregory Stargell	2526-C Danville Rd. SW	Decatur	AL	35603	(256) 309-0241
Tim Hackman and Brenda Hackman	1645 E, Camelback Road, Suite 103	Phoenix	AZ	85016	602-277-9242
Bonna Lippert and Patrick Lippert	12020 N. 35th Ave, Suite 109	Phoenix	AZ	85029	602-833-8264
Julieann Downing	6245 East Bell Road, Unit 114	Scottsdale	AZ	85254	480-998-9199
Jeff Sapol and Sandra Sapol	2205 Faraday Avenue, Suite M	Carlsbad	CA	92008	760-943-8022
Ashpinder Singh	605 W Herndon Avenue, Suite 500	Clovis	CA	93612	(209) 323-9611
Richard & Marion Coury	1307 W. 6th Street, Suite 118	Corona	CA	92882	951-270-0173
Rocio Brooks and Terence Brooks	670 W. 17th Street, Suite G2	Costa Mesa	CA	92627	949-645-4331
Joseph Ocampo and Emily Ocampo	1356 West Valley Parkway, Suite L	Escondido	CA	92029	760-294-4996
Hilda Morovati	3516 N. Verdugo Road	Glendale	CA	91208	818-248-3435
Andrew Kohler	7018 University Avenue	La Mesa	CA	91942	619-741-8855
Daniel Roy and Kimberly Roy	4095-A Oceanside Blvd	Oceanside	CA	92056	760-216-6888
Stan Skrocki and Jeanne Skrocki	10020 Indiana Avenue, #2	Riverside	CA	92503	951-682-0086
Anu Kumar	5955 Mira Mesa Blvd., Suite J	San Diego	CA	92121	858-452-5021
Steven Moran and Cameron Moran	7710 Balboa Avenue, Suite 109	San Diego	CA	92111	858-571-0574
Daniel Alcas Jr.	153 S. Sierra Avenue, #531	Solana Beach	CA	92075	(858) 751-4243
John (Mike) Barry and Xiaoping Yang	26485 Ynez Rd, Unit L	Temecula	CA	92591	951-370-9816
Jeff Henges and Paula Henges	22221 Palos Verdes Blvd.	Torrance	CA	90505	310-937-3788



**EmbroidMe.com, Inc.**

**List of Franchisees as of 12/31/2021**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Jennifer Snyder	1223 W. Eisenhower Blvd.	Loveland	CO	80537	970-622-8300
Rashid Iqbal	11187 Sheridan Blvd, Unit 9	Westminster	CO	80020	303-410-0005
Deborah Katz	4 Oxford Road, Suite D8	Milford	CT	06460	203-283-9855
Daniel Gonzalez and Belkys Doval	398 N. Congress Avenue, Suite 105	Boynton Beach	FL	33426	561-375-8726
Roger Taylor	7080 State Road 84, Bay 2	Davie	FL	33317	954-452-0600
Christina Allen and Keven Allen	90 S. Congress Rd.	Delray Beach	FL	33445	(561) 279-0953
Roberto Hernandez	2661 NW 79th Avenue	Doral	FL	33122	305-594-2002
Ana Molina	1549 E. Commercial Blvd.	Ft. Lauderdale	FL	33334	954-938-1977
Matthew Brown	1695 W. Indiantown Rd, Suite 18	Jupiter	FL	33458	561-250-6493
Kimberly Miller	6073 NW 167th St, Suite C-18	Miami Lakes	FL	33015	786-605-9230
Daniela Tombion	4966 Tamiami Trail N	Naples	FL	34103	239-593-2193
Ricardo Cortez and Johanna De La Fuente	3954 Northlake Blvd.	Palm Beach Gardens	FL	33403	561-775-9195
Michael DeMeo	412 SW Camden Avenue	Stuart	FL	34994	772-247-2699
Sandie Mobley and Lawrence Mobley	3909 W Kennedy Blvd.	Tampa	FL	33609	813-878-2400
Paul Lytle and Carol Lytle	915 17th Street, Suite 102	Vero Beach	FL	32960	772-299-3883
Ben Bassett	1369 North Military Trail	West Palm Beach	FL	33409	561-615-8655
Peter Varkoly and Joan Varkoly	4355 Cobb Pkwy Ste L	Atlanta (Smyrna)	GA	30339	770-984-9494
David Lowry	3473 Lawrenceville Suwanee Rd., Suite C	Suwanee	GA	30024	678-288-9399
Layne Oki and Michelle Oki	507 E. Lanikaula Street	Hilo	HI	96720	808-934-0011
Brian Yom	3332 Campbell Avenue	Honolulu	HI	96815	(808) 566-6561

**EmbroidMe.com, Inc.**

**List of Franchisees as of 12/31/2021**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Richard Troncin and Stephanie Troncin	3160 8th St SW, Suite K	Altoona	IA	50009	(515) 205-5748
Jason Senne	3125-3127 Brady St	Davenport	IA	52803	563-355-3222
Fred Jacobi and Garrick Bryan Jacobi	15 North Allumbaugh Street	Boise	ID	83704	208-322-2222
Scott Fraser	4001 N. Perryville Rd., Unit A209	Loves Park	IL	61111	815-570-3373
Herbert Greene Jr and Kathy Greene	1701 Quincy Avenue, Suite 24	Naperville	IL	60540	630-778-1234
David Laude	2399 E Joliet Highway	New Lenox	IL	60451	815-485-4155
Michael Grossman	2845 W. Dundee Road	Northbrook	IL	60062	(847) 272-9000
Kim Goodwin and Pat Wright Toni Waldschmidt	7810 N. University Avenue	Peoria	IL	61614	309-691-5780
Anita Cyrcus	13717 S Route 30, Unit 115A	Plainfield	IL	60544	630-886-1577
Michelle Bottino	1251 Plum Grove Road, Suite 130-1	Schaumburg	IL	60173	630-890-8629
Jill Stover	1017 Brook Forest Avenue	Shorewood	IL	60404	815-609-9001
Michelle Bottino	216 South Kirk Road	St. Charles	IL	60174	(630) 587-8700
Jeff Slain and Dina Slain	14024 Britton Park Rd	Fishers	IN	46038	317-845-5002
Joseph Cornett	996 S. State Road 135, Suite B	Greenwood	IN	46143	(317) 884-9290
Jay Smalley	2201 N. Granville Ave	Muncie	IN	47303	765-281-8870
Timothy Kuhar and Debra Kuhar	1639 N. Ironwood Drive, Suite 3	South Bend	IN	46635	(574) 291-2800
Anthony Micciche	2254 W Morthland Dr	Valparaiso	IN	46385	219-465-1400
Kim Unruh and Gavin Unruh	1909 N. 14th Ave., Suite B	Dodge City	KS	67801	620-227-3100
Todd Diskin and Wendy Diskin	11082 Strang Line Road	Lenexa	KS	66215	913-451-4500
Jeff Moffett and Erin Moffett	7512 West 119th Street	Overland Park	KS	66213	913-663-2600

**EmbroidMe.com, Inc.**

**List of Franchisees as of 12/31/2021**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Tricia Salyer	171 West Lowry Lane, Suite 156	Lexington	KY	40503	859-260-1234
Wendy Case	13050 Middletown Industrial Blvd., Suite B	Louisville	KY	40223	502-893-4893
Stephanie Greenhill and Kenneth Greenhill	3755 N. Mayo Trail, Suite 2	Pikeville	KY	41501	606-637-1632
Denzil Cole and Terri Cole	2644 S Sherwood Forest Blvd, Suite 103	Baton Rouge	LA	70816	225-831-9600
Michael Rosamond and Leslie Rosamond	301 North Hwy 190, Suite A-3	Covington	LA	70433	985-624-9718
Michael Rosamond	1421 N. Causeway Blvd., Suite 103	Metairie	LA	70001	504-434-4710
Glenn Landry and Michelle Livaccari	58465 Tyler Drive, Suite 11	Slidell	LA	70461	985-649-5055
Alex Taggard	1191 Chestnut Street	Newton	MA	02464	617-795-1888
Kevin Magliozzi	87 Broadway	Saugus	MA	01906	781-899-7624
Dennis Rusch	1699 Shawsheen Street	Tewksbury	MA	01876	978-455-2604
Daniel Swearingen and Maude Swearingen	1768 Sulphur Spring Road	Arbutus	MD	21227	410-744-6974
Daniel Dubell and Chris Grohman Jeffrey L. Mitchell	16 A Bel Air South Parkway	Bel Air	MD	21015	443-640-6414
Thomas Foust	4538 Middleton Ln	Bethesda	MD	20814	301-656-5608
Monica Watts and Otis Watts III	9748 Stephen Decatur Hwy, Unit 201	Ocean City	MD	21842	410.213.0820
Monica & Otis Watts and Jessica & Michael Joyce	1220 E Joppa Rd, Suite 112	Towson	MD	21286	410-842-0820
George & Stephanie Noyes	534 Jermor Lane	Westminster	MD	21157	410-871-9820
Vicente Rojas	6161 28th Street SE, Suite 2	Grand Rapids	MI	49546	616-285-8009
Michael Pascarelli	1567 South Airport Road West	Traverse City	MI	49686	231-932-0688
Mark Lyons and Jennifer Lyons	2245 Eureka Road	Wyandotte	MI	48192	734-281-1500
Ross Rosenthal	16368 Wagner Way	Eden Prairie	MN	55344	952-906-2894

**EmbroidMe.com, Inc.**

**List of Franchisees as of 12/31/2021**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Gary Dotseth and Terry Dotseth	13617 Grove Drive	Maple Grove	MN	55311	763-416-3274
William Reilly and Jocelyn Hechtl	1333 Northland Drive, Suite 230	Mendota Heights	MN	55120	(651) 433-6500
William Reilly and Jocelyn Hechtl	1692 Lexington Avenue N	Roseville	MN	55124	952-333-9999
Todd Lindhoff and Teresa Lindhoff	2408 S MO-7 Highway	Blue Springs	MO	64014	816-295-5366
William "Bill" Albert and Maureen Albert	119 Chesterfield Towne Centre	Chesterfield	MO	63005	636-532-0066
Charles Scott	1230-1238 W. Williams Street	Apex	NC	27502	919-387-4110
Haiqi "Heidi" Xie	956 High House Road, Suite 118	Cary	NC	27513	919-336-2909
Marshall Beach	1515 Mockingbird Lane, Ste. 7109	Charlotte	NC	28209	919-413-0494
Bertrand Badie and Valerie Mano-Badie	19420 Jetton Road	Cornelius	NC	28031	704-987-9630
Jeffrey Ward	4841-C Industry Lane	Durham	NC	27713	919-316-1538
Matthew Thomas	3602 Old Battleground Rd	Greensboro	NC	27410	336-545-1124
Rodney Gibson and Melody Gibson	825 Spartanburg Highway; Suite 5	Hendersonville	NC	28792	828-698-4802
Gary Schmidt and Pamela Schmidt	2900 10th st SW Ste B	Minot	ND	58701	701-838-0873
Salvatore Calautti	410 South River Road, Suite 6	Bedford	NH	03110	603-647-9994
Salvatore Calautti	20 Trafalgar Square, 4th Floor	Nashua	NH	03063	603-879-9998
Nicholas D'Alleva and Patricia D'Alleva	236 North Broadway, Unit I	Salem	NH	03079	603-893-0800
Eran Basis	260 Grand Ave	Englewood	NJ	07631	201-815-2700
Michael Fried and Jonathan Sklar (main contact)	381 Main Street	Hackensack	NJ	07601	201-489-6766
George Zacieracha	16 Pine Street	Morristown	NJ	07960	973-267-3000
Robert Pouliot and Tina Louise Pouliot	5 Route 206; Suite 3-11	Raritan	NJ	08869	908-595-0700

**EmbroidMe.com, Inc.****List of Franchisees as of 12/31/2021**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Todd Martinez and Louis Martinez	4611 McLeod NE	Albuquerque	NM	87109	505-797-8005
Darcy Zavislak	1850 Whitney Mesa Drive, # 130	Henderson	NV	89014	702-453-8004
Scott Seymour and Angela Seymour	305 Vine Street, Suite 6	Liverpool	NY	13088	315-409-0002
Mohammed Esmailsadah	453 Walt Whitman Road	Melville	NY	11747	631-423-3700
Angelo Bonvino and George & Michele Hanken	27 North Middletown Road	Nanuet	NY	10954	845-627-7711
Scott Silberglied	626 RexCorp Plaza, Office # 697	Uniondale	NY	11556	516-461-3633
Paul Brestelli	2638 West State Street	Alliance	OH	44601	330-823-8255
Kenneth Grodek and Susan Grodek	4311 Ridge Road	Brooklyn	OH	44144	216-459-9250
Edward & Kristina Hamsher	3611 Cleveland Avenue SW	Canton	OH	44707	330-484-8484
Robert Steffek and Michelle Monhollen	264 North Main Street, Unit B	Centerville	OH	45459	937-434-0404
Scott Foresta	7215 Sawmill Road, Suite 25	Dublin	OH	43016	614-789-1898
David Foresta and Scott Foresta	950 Taylor Station Road, Suite U	Gahanna	OH	43230	614-626-8747
Fatima Cristina Bertero	3683 Clague Road	North Olmsted	OH	44070	440-716-8899
Willie Girlinghouse	528 W State Highway 152, Suite 103	Mustang	OK	73064	405-265-3330
Jude Yahn Jr and Erica Yahn	8252 E 41st Street	Tulsa	OK	74145	918-459-6699
Paul Hockenbury and Mary Christine Hockenbury	215 Lancaster Avenue, Unit F3	Frazer	PA	19355	484-568-4737
Christopher Canarelli	155 Rohrerstown Rd	Lancaster	PA	17603	(717) 399-0204
Charles Wade and Deborah Wade	7249 St. Andrews Road, Suite 300	Columbia	SC	29212	803-787-5117
Jamison Medlin	103 J East Butler Rd	Mauldin	SC	29662	(864) 520-1188
Jason Sullivan and Tom Narducci	2411 N. Oak Street	Myrtle Beach	SC	29577	619-985-5742

**EmbroidMe.com, Inc.**

**List of Franchisees as of 12/31/2021**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Todd Smith and Susan Smith	5146 Wade Hampton Blvd.	Taylors	SC	29687	864-292-2500
Derek Haffner and Cierra Haffner	7407 E. Arrowhead Parkway	Sioux Falls	SD	57110	(605) 274-0105
Antoine Buchanan	5311 Mount View Road	Antioch	TN	37013	615-717-1586
Leslie Johnson	8025 Giacosa Pl, Ste 102	Memphis	TN	38133	(901) 237-7495
Gabriel Frazier	1818 NW Broad Street	Murfreesboro	TN	37129	615-895-1182
Amy Lampe and Matthew Lampe, DVM	1630 Valwood Parkway, #116	Carrollton	TX	75006	972-247-9933
William Wheatley	140 West FM 1382, Suite 177	Cedar Hill	TX	75104	972-293-3003
Chip Frank and Julie Frank	3930 Glade Road, Suite 120	Colleyville	TX	76034	817-442-0601
Jo-Anne Reeger and Robert Reeger	11133 I-45 South, Suite 290	Conroe	TX	77302	936-271-1500
Larry Peterson	5400 East Mockingbird Lane #122	Dallas (Metro)	TX	75206	214-828-2223
Todd & Lori Baird and Eric Baird	3419 Cross Timers Rd, Suite 103	Flower Mound	TX	75028	214-763-9036
Eddie Isaac	3411 Preston Road, Suite #6	Frisco	TX	75034	972-668-8530
Alice McCalla	951 E. Nasa Parkway, Houston	Houston	TX	77058	(281) 480-8900
Cherie Wrenn	16310 Tomball Parkway, Suite 305	Houston	TX	77064	832-559-2113
Janet Domec and Devin Henley	17335 FM 529, Suite B	Houston	TX	77095	281-815-7077
Jim Ayers and Kim Ayers	430 South Mason Road	Katy	TX	77450	281-693-0444
Carol Geryk and Jimmy Geryk	230 E. King Ave.	Kingsville	TX	78363	361-592-4700
Kimberly Roberts and Richard "Tim" Roberts	10540 FM 1488	Magnolia	TX	77354	(281) 789-4690
Hector & Joanne Leal	300 W. Nolana Avenue	McAllen	TX	78504	956-683-8006
David Gruver	400 N. Central Expressway, Suite 104	McKinney	TX	75070	469-952-5051

**EmbroidMe.com, Inc.**

**List of Franchisees as of 12/31/2021**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Darlene Brown and Gregory Brown	8333 Culebra Road, Suite 204 B	San Antonio	TX	78251	210-647-7560
Justin O'Donnell and Kevin O'Donnell	6000 FM 3009 Suite 202	Schertz	TX	78154	210-655-6300
Sheffy Kolade	77 Sugar Creek Center, Suite 600	Sugar Land	TX	77478	281-591-4816
Jo-Anne Reeger	2002 Timberloch Place, Suite 200	The Woodlands	TX	77380	(281) 851-0432
William (Randy) Gunn	1585 US 77, Suite E	Waxahatchie	TX	75165	972-923-0970
Clay Coleman and Spencer Coleman & Lisa Coleman	1520 South Highway 40	Heber City	UT	84032	435-671-2542
Thomas Foust	12110 Sunset Hills Rd, Suite 638R	Reston	VA	20190	(240) 446-1407
Michael Kim	7830 B6 Backlick Road	Springfield	VA	22150	703-644-5080
Sherlita LeGrand	3018 Virginia Beach Blvd	Virginia Beach	VA	23452	757-498-3453
Sherlita Legrand	928 Diamond Springs Rd, #137	Virginia Beach	VA	23455	757-500-4609
John Gabbamonte and Rosalinda Gabbamonte	15 S Oregon Ave, Suite L2	Tacoma	WA	98409	253-304-3800
Thomas Cook	1700 Washington St.	Vancouver	WA	98660	360-326-0338
Jamie Karls	5555 Irish Lane, # A1	Fitchburg	WI	53711	608-497-1116
Janice Tieu	3629 Mormon Coulee Rd, Suite B	La Crosse	WI	54601	608-881-8752
Mark Luling and Darcy Luling	147 East Sunset Drive	Waukesha	WI	53189	262-446-3420
Mike Besaw and Rebecca Besaw	607 S. 24th Avenue, Suite 12	Wausau	WI	54401	715-843-0707
Jiju Johnson	10205 W Greenfield Avenue	West Allis	WI	53214	(262) 787-5401
Shane Day	6349 Route 60 East, Suite 4-A	Barboursville	WV	25504	304-736-2400

**EmbroidMe.com, Inc.**

**Franchisees Who Have Signed a Franchise Agreement but Have Not Opened  
as of 12/31/2021**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Julieann Downing	To be determined	Phoenix	AZ	85027	602-788-5800
Rohan Peiris	To be determined	TBD	CA		310-528-5503
Jennifer Snyder	To be determined	TBD	CO		970-690-3447
Matthew Brown	90 South Congress Avenue	Delray Beach	FL	33445	561-766-3705
Michael Demeo	To be determined	Fort Pierce	FL		(508) 717-5993
Daniel Gonzalez and Belkys Doval	3954 Northlake Blvd.	Palm Beach Gardens	FL	33403	561-775-9195
Craig Barrows	To be determined	TBD	FL		27833876680
Layne Oki and Michelle Oki	688 Kinoole Street, Suite 115 B	Hilo	HI	96720	808-961-0308
Savinder Singh and Kirpal Singh & Jagjit Singh	8233 Byron Center Ave SW, Suite B2	Byron Center	MI	49315	269-300-7489
Yara Fardous and Omar Hashem, Hassen Muhammed Saad, and Mohamed Ali Alwah	31178 Grand River Ave	Farmington	MI	48336	(313) 550-0771
Yara Fardous, Osama Al-Agbari, and Hassen Muhammed Saad & Mohamed Ali Alwah	15851 S US 27, Building 20, Ste 24	Lansing	MI	48906	(313) 550-0771
Allen Slagle	To be determined	TBD	PA		717-982-8168
Alice McCalla	3838 N. Sam Houston Pkwy E	Houston	TX	77032	281-812-2656
Abhilash Nair	950 Echo Lane, Suite 200	Houston	TX	77024	760-573-0159



**Exhibit F**

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**Exhibit G**

**Agents for Service of Process/State Administrators**

## DIRECTORY OF AGENCIES/ AGENTS FOR SERVICE OF PROCESS

CALIFORNIA	<p><u>Agent:</u> California Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4<sup>th</sup> Street, Suite 750 Los Angeles, CA 90013-1105 (866) 275-2677</p> <p><u>Administrator:</u> Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (866) 275-2677</p>
CONNECTICUT	<p>Banking Commissioner - Department of Banking Securities and Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8299</p>
FLORIDA	<p><u>Agent:</u> Mark D. Nichols 2121 Vista Parkway West Palm Beach, FL 33411</p> <p><u>Administrator:</u> Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800</p>

HAWAII	<p><u>Agent:</u>  Commissioner of Securities  Department of Commerce and Consumer Affairs  Business Registration Division  Securities Compliance Branch  335 Merchant Street, Room 203  Honolulu, HI 96813  (808) 586-2722</p> <p><u>Administrator:</u>  Department of Commerce and Consumer Affairs  Business Registration Division  Commissioner of Securities  P.O. Box 40  Honolulu, HI 96810  (808) 586-2722</p>
ILLINOIS	<p>Franchise Bureau  Office of Attorney General  500 South Second Street  Springfield, IL 62706  (217) 782-4465</p>
INDIANA	<p><u>Agent:</u>  Indiana Secretary of State  201 State House  200 W. Washington Street  Indianapolis, IN 46204  (317) 232-6531</p> <p><u>Administrator:</u>  Indiana Securities Division  302 West Washington Street, Room E-111  Indianapolis, IN 46204  (317) 232-6681</p>

MARYLAND	<p><u>Agent:</u>  Maryland Securities Commissioner  200 St. Paul Place  Baltimore, MD 21202-2020</p> <p><u>Administrator:</u>  Office of the Attorney General  200 St. Paul Place  Baltimore, MD 21202-2020  (410) 576-6360</p>
MICHIGAN	<p>Attorney General's Office  Consumer Protection Division  Attention: Franchise Section  525 West Ottawa Street  Williams Building, 1st Floor  Lansing, MI 48933  (517) 373-7117</p>
MINNESOTA	<p>Minnesota Department of Commerce  Market Assurance Division  85 7<sup>th</sup> Place East, Suite 280  St. Paul, MN 55101-2198  (651) 296-6328</p>
NEW YORK	<p><u>Agent:</u>  Secretary of State  99 Washington Avenue  Albany, NY 12231</p> <p><u>Administrator:</u>  New York State Department of Law  Investor Protection Bureau  28 Liberty St. 21<sup>st</sup>. Floor  New York, NY 10005  (212) 416-8236</p>
NORTH DAKOTA	<p>North Dakota Securities Department  600 East Boulevard Avenue, State Capital  Fifth Floor, Department 414  Bismarck, ND 58505-0510  Phone: 701-328-4712</p>

OREGON	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4140
RHODE ISLAND	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex, Building 69-1 Cranston, RI 02920-4407 (401) 462-9527
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563
TEXAS	Secretary of State P.O. Box 12887 Austin, TX 78711
VIRGINIA	<u>Agent:</u> Clerk of the State Corporation Commission 1300 E. Main Street, 1 <sup>ST</sup> Floor Richmond, VA 23219 (804) 371-9733  <u>Administrator:</u> State Corporation Commission 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760



WISCONSIN

Agent:

Securities and Franchise Registration  
Wisconsin Securities Commission  
201 West Washington Avenue, Suite 300  
Madison, WI 53703

Administrator:

Division of Securities  
Department of Financial Institutions  
P.O. Box 1768  
Madison, WI 53701  
(608) 266-2801

**Exhibit H**

**General Release Agreement**

## **GENERAL RELEASE AGREEMENT**

**THIS GENERAL RELEASE AGREEMENT** (“Agreement”) is made between **EMBROIDME.COM, INC.**, a Florida corporation d/b/a Fully Promoted® (hereinafter referred to as the “Franchisor”) and \_\_\_\_\_, whose business is located at \_\_\_\_\_ hereinafter referred to as the “Franchisee”).

### ***INTRODUCTION***

A. The Franchisor and the Franchisee entered into a Franchise Agreement (the “original Franchise Agreement”) dated \_\_\_\_\_, pursuant to which the Franchisor granted the Franchisee a franchise or license (the “Franchise”) to operate a franchise business (the “Franchise Business”).

B. The parties desire to terminate the original Franchise Agreement on the terms and conditions set forth in this Agreement.

C. This Agreement has been supported by full and adequate consideration, receipt of which is hereby acknowledged by both the Franchisee and the Franchisor.

The parties agree as follows:

1. **Termination of Franchise Agreement and Related Agreements.** The parties agree that, subject to Section 3 hereof and the terms and conditions set forth in Schedule A attached hereto, the original Franchise Agreement and all obligations of the Franchisee and Franchisor under or arising from the original Franchise Agreement are hereby terminated.

2. **Mutual General Releases.** Subject to Section 3 hereof, the Franchisee, for itself and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns, does hereby release and forever discharge the Franchisor and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns from all causes of action, suits, debts, covenants, agreements, damages, judgments, claims and demands whatsoever, in law or equity, which the Franchisee ever had, now has, or hereinafter can, shall or may have from the beginning of the world to the date of this Agreement, for, upon, or by reason of any matter, cause or thing whatsoever, including, without limitation, arising out of or in connection with, directly or indirectly, the original Franchise Agreement, the Franchisor’s offer, sale or negotiation of the Franchise, the relationship of the parties arising therefrom, or the Franchisor’s conduct in obtaining and entering into agreements.

Subject to Section 3 hereof, the Franchisor, for itself and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns, does hereby release and forever discharge the Franchisee and its officers, directors, stockholders, agents, affiliates, employees, representatives, successors and assigns from all causes of action, suits, debts, covenants, agreements, damages, judgments, claims and demands whatsoever, in law or equity, which the Franchisor ever had, now has, or hereinafter can, shall or may have from the beginning of the world to the date of this Agreement, for, upon, or by reason of any matter, cause or thing whatsoever, including, without limitation, arising out of or in connection with, directly or indirectly, the original Franchise Agreement.

3. **Post-Term Covenants; Special Stipulation.** The termination and release provided in this Agreement shall have no effect on those obligations of the Franchisee (and its owners and guarantors,

if any) arising out of the original Franchise Agreement or any other agreement which concern the payment of any accrued but unpaid amounts owed to the Franchisor (whether known or unknown), or which otherwise expressly or by their nature survive the termination of the original Franchise Agreement, including, without limitation, obligations pertaining to the Franchisee's indemnification obligations, non-disclosure of the Franchisor's confidential information and non-competition with the Franchisor. In addition, all obligations of the parties, if any, in the original Franchise Agreement pertaining to mediation, litigation and arbitration of disputes and jurisdiction and venue for dispute resolution, shall apply with equal force to the terms and conditions of this Agreement, as if set forth herein. Such obligations shall continue in full force and effect in accordance with their terms subsequent to termination of the original Franchise Agreement and until they are satisfied or by their nature expire. The Franchisee acknowledges and agrees it has no right, title or interest in and to the trademarks associated with Franchisor's franchise system, including, without limitation, "Fully Promoted," "EmbroidMe," and any colorable imitation thereof. The Franchisee represents it has returned (or turned over) all intellectual property associated with the Franchise Business and Franchisor's franchise system to Franchisor (or a Successor Franchisee, if applicable) which is acknowledged to belong exclusively to Franchisor including, but not limited to, all materials containing confidential information, operations manuals, customer lists, customer databases, customer records, customer artwork and art files and any materials which display the trademarks associated with the franchise system. Franchisee agrees to return and turn over to Franchisor all digital assets, including, but not limited to, all digitally-stored content (such as images, photos, videos and text files), whether stored locally at the business or accessible via the internet, the cloud, or another digital storage device (such as a USB drive or zip drive) or stored with a third-party digital-storage provider (such as OneDrive™ or Dropbox™); and all user names and passwords for any and all email accounts, social networking websites (such as Facebook™, Twitter™, LinkedIn™, Google+™, YouTube™, Pinterest™, Instagram™, Tumblr™, Flickr™, Reddit™, Snapchat™, and WhatsApp™), blogs, review websites (such as Yelp™ or Angie's List™), and any other online communities where the Franchise Business created or shared online content, or held itself out as speaking for or representing the Franchise Business. Franchisee acknowledges and agrees it has no right, title or interest in and to the intellectual property associated with the Franchise Business or the franchise system and no right to retain copies, disclose or make further use of such intellectual property, except with regard to customer records for tax purposes.

4. **Confidentiality.** It is acknowledged by the Franchisee that the terms of this Agreement are in all respects confidential in nature, and that any disclosure or use of the same by the Franchisee may cause serious harm or damage to the Franchisor, and its owners and officers. Therefore, the Franchisee agrees, either directly or indirectly by agent, employee, or representative, not to disclose the termination, this Agreement or the information contained herein, either in whole or in part, to any third party, except as may be required by law.

5. **Non-Disparagement.** The parties agree that at no time will they make any derogatory statements about or otherwise disparage, defame, impugn or damage the reputation of integrity of the others, provided that nothing in this paragraph will preclude any party from providing truthful information in response to compulsory legal process. The parties further agree not to, and to use their best efforts to cause any of the parties' agents, employees or affiliates not to, disparage or otherwise speak or write negatively, directly or indirectly, of the parties' brands, systems, or any other service-marked or trademarked concept of the parties or the parties' affiliates, or which would subject such brands, systems or concepts to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of the parties or their brands, systems or service-marked or trademarked concepts.

6. **Binding Effect.** All of the terms and provisions of this Agreement, whether so expressed or not, shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective

legal representatives, heirs, successors and permitted assigns.

7. **Interpretation.** Each of the parties acknowledge that they have been or have had the opportunity to have been represented by their own counsel throughout the negotiations and at the execution of this Agreement and all of the other documents executed incidental hereto, if any, and, therefore, the parties agree that none of the provisions of this Agreement or any of the other documents should be construed against any party more strictly than against the other.

8. **Entire Agreement.** This Agreement, including any Schedules attached hereto (which are considered a part of this Agreement), represent the entire understanding and agreement between the parties with respect to the subject matter hereof, and supersede all other negotiations, understandings and representations if any made by and between the parties.

9. **Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), this Agreement and all transactions contemplated by this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Florida without regard to principles of conflicts of laws.

10. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Confirmation of execution by telex or by telecopy facsimile signature page shall be binding upon any party so confirming or telecopying.

11. **Effectiveness of Agreement.** This Agreement shall not be effective until it has been signed by the Franchisee and an authorized officer of the Franchisor and delivered fully executed to the Franchisee and the Franchisor.

**THE UNDERSIGNED** have read, fully understand, and, by executing below, agree to the terms and conditions of this Agreement.

**EmbroidMe.Com, Inc. d/b/a Fully Promoted:**

**The Franchisee:**

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

Signature: \_\_\_\_\_

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

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

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

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

Signature: \_\_\_\_\_

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

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

## SCHEDULE A

### **ADDITIONAL TERMS AND CONDITIONS FOR TRANSFER AND ASSUMPTION OF FRANCHISE**

The Franchisee desires to transfer its rights to operate its Fully Promoted Store operated under the original Franchise Agreement (the "Fully Promoted Store") to a successor franchisee, \_\_\_\_\_ ("Successor Franchisee"). The Successor Franchisee desires to continue operating such Fully Promoted Store pursuant to a Successor Franchise Agreement with Franchisor. The terms and conditions of this Schedule "A" supplement the terms and conditions of the foregoing General Release Agreement of which this Schedule forms a part.

The parties agree that the foregoing recitals are true and correct, and for good and valuable consideration, the receipt of which is acknowledged by each of the parties, the parties agree as follows:

1. **Transfer.** Effective as of the date of this Agreement, the Franchisee does hereby bargain, sell, assign, convey, and transfer all of Franchisee's rights to the Successor Franchisee to operate the Fully Promoted Store, pursuant to the Successor Franchise Agreement and any related written agreements between the Successor Franchisee and Franchisor. Subject to the terms of such Successor Franchise Agreement and related written agreements with Franchisor, the Successor Franchisee hereby accepts and assumes the rights and obligations of the Franchisee to operate the Fully Promoted Store. Successor Franchisee is not assuming any liabilities of Franchisee to Franchisor. If for any reason the sale of Franchisee's business to Successor Franchisee is not completed, the General Release Agreement will be deemed null and void and Franchisee shall continue to operate the Fully Promoted Store under the terms of the original Franchise Agreement. Unless otherwise provided in a written agreement between Franchisee and Successor Franchisee, Franchisee, during the period from the date hereof to the final closing date of the sale of the Fully Promoted Store to the Successor Franchisee, shall operate the Fully Promoted Store for his/her own account.

2. **Successor Agreements and Payments.** The Successor Franchisee is hereby delivering to Franchisor its duly signed Successor Franchise Agreement and any related agreements that may be required as a result of this transaction under the original Franchise Agreements. The Successor Franchise Agreement means the current standard form of Franchise Agreement required by the Franchisor, subject to any modifications consented to in writing by Franchisor. The Successor Franchisee is also hereby delivering to Franchisor a training fee in the amount of \$29,500.00 or 10% of the purchase price of the Store (whichever is greater). No initial franchise fee shall be due under the Successor Franchise Agreement from the Successor Franchisee.

3. **Consents, Subordination and Acknowledgments.** The Franchisor consents to the transfer to and assumption by the Successor Franchisee in accordance with this Agreement. Such consent does not constitute approval of, nor agreement with, any of the provisions of any agreement (other than this Agreement) between the Franchisee and Successor Franchisee. The Franchisee and Successor Franchisee specifically acknowledge that the Franchisor is not a party to any such agreements. The Franchisee agrees that its rights pursuant to any agreements with the Successor Franchisee, are subject to and subordinate in all respects to Franchisor's rights under the Successor Franchise Agreement and all related agreements, if any, between the Franchisor and Successor Franchisee, including all renewals, modifications, and extensions, if any, to such agreements. The Successor Franchisee agrees that its rights concerning the Franchisor exist pursuant only to the written agreements entered between the Franchisor and Successor Franchisee, and in the event of any conflict with the terms of this Agreement, except regarding the waiver of the payment of an initial franchise fee, the terms of such other agreements shall control. The Successor Franchisee acknowledges that it has received and reviewed the General Release

Agreement of which this Schedule "A" forms a part. The Successor Franchisee further acknowledges that, except as expressly provided in this Agreement, Franchisor has no liability with respect to, related to, or arising out of, any transaction between the Franchisee and Successor Franchisee, and releases, indemnifies and holds the Franchisor harmless from same.

**FRANCHISOR:**

**EmbroidMe.Com, Inc. d/b/a Fully Promoted:**

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

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

**The Franchisee:**

Signature: \_\_\_\_\_

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

Signature: \_\_\_\_\_

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

\_\_\_\_\_

(Print Corporation Name -if one)

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

Print Name/Title

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

**SUCCESSOR FRANCHISEE:**

Signature: \_\_\_\_\_

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

\_\_\_\_\_  
(Print Corporation Name -if one)

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

Print Name/Title

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

**Exhibit I**

**List of Terminated, Cancelled or not Renewed Franchisees**



**EmbroidMe.com, Inc.**

**List of Terminated, Cancelled, Not Renewed or Ceased to do Business Franchisees**

**as of 12/31/2021**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Monica Au *	605 W. Herndon Ave., Suite 500	Clovis	CA	93612	559-324-8686
Anthony Pham and Christina Pham	22693 Hesperian Blvd., Suite 145	Hayward	CA	94541	510-244-7616
B. Cameron Schultz *	7710 Balboa Avenue Ste 109	San Diego	CA	92111	858-571-0574
William Clark *	11187 Sheridan Boulevard, Unit 9	Westminster	CO	80020	(303) 410-0005
Christina Allen and Keven Allen *	90 S. Congress Rd.	Delray Beach	FL	33445	(561) 279-0953
Beatriz Cardona and Roberto Hiller	1917 Passero Avenue	Lutz	FL	33559	813-994-0118
Luis Rivera and Emma Rivera	13371 SW 17th Lane, #4	Miami	FL	33175	305-799-2838
Ricardo Cortez and Johanna De La Fuente *	3954 Northlake Blvd.	Palm Beach Gardens	FL	33403	561-775-9195
Eric Trentz and Darlene Trentz	113 East Barnett Street, #7	Forsyth	IL	62535	217-872-1424
William Mitchell *	777 Roosevelt Rd, Suite 100	Glen Ellyn	IL	60137	630-740-7711
William Garrigan *	2399 Joliet Highway	New Lenox	IL	60451	815-485-4155
Nikki Nelson	114 N. Howard Street	Baltimore	MD	21201	(410) 241-1505
Matthew Bjerklie	5732 Buckeystown Pike #4	Frederick	MD	21704	(301) 631-5321
Meredith Kennedy *	1692 Lexington Avenue N.	Roseville	MN	55113	651-251-2246
Harris Sanders (deceased)	520 Route 9 North	Manalapan	NJ	07726	732-851-6944
Tim & Carol Slater *	7567 Oswego Rd	Liverpool	NY	13090	315-409-0002
Matt Towne and Helen Salas *	264 North Main Street, Unit B	Centerville	OH	45459	937-434-0404
Kathryn Baum	1300 W. Lynn St. suite 207	Austin	TX	78703	512-892-1300
Carol Geryk	3536 South Padre Island Dr	Corpus Christi	TX	78415	361-334-0898

**EmbroidMe.com, Inc.**

**List of Terminated, Cancelled, Not Renewed or Ceased to do Business Franchisees**

**as of 12/31/2021**

<b>Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone</b>
Wilson Mendez and Dolores Mendez	2713 E. Missouri Avenue	El Paso	TX	79903	915-234-2339
Jimmy Wheat and Jo Ann Wheat	4451 FM 1960 East, Suite A	Humble	TX	77346	281-812-2656
Fadhel Alfadhli	10370 Main Street	Fairfax	VA	22030	703-273-2061
Mark Domasky	976 American Drive, Suite 1	Neenah	WI	54956	920-738-1999

\*Franchisees who sold their business in 2021

**Exhibit J**

**Compliance Certificate**

# FULLY PROMOTED

## COMPLIANCE CERTIFICATION

You are preparing to enter into a Franchise Agreement for the establishment and operation of a Fully Promoted business. The purpose of this Compliance Certification is to determine whether any statements or promises were made to you that EmbroidMe.com, Inc. d/b/a Fully Promoted (“the Franchisor”) has not authorized and that may be untrue, inaccurate, or misleading.

**A. The following dates are true and correct:**

_____	_____	The date on which I first received a Franchise Disclosure Document about the Fully Promoted franchise.
(Date)	(Initials)	

_____	_____	The date of my first face-to-face meeting with a franchise sales representative of the Franchisor to discuss the possible purchase of a franchise.
(Date)	(Initials)	

_____	_____	The date on which I signed the contracts and agreements as disclosed in my Franchise Disclosure Document
(Date)	(Initials)	

_____	_____	The earliest date on which I delivered cash, check, or other consideration to the Franchisor in connection with the purchase of a franchise.
(Date)	(Initials)	

**B. Please review each of the following questions carefully and provide honest and complete responses to each question:**

1. Have you personally reviewed the Franchise Agreement and the Franchise Disclosure Document?  
Yes \_\_\_\_ No \_\_\_\_

2. Do you understand all of the information contained in the Franchise Agreement and the Franchise Disclosure Document? Yes \_\_\_\_ No \_\_\_\_

If “No”, what parts of the Franchise Agreement and/or the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary)

\_\_\_\_\_

\_\_\_\_\_

3. Have you discussed the benefits and risks of establishing and operating a Fully Promoted business with an attorney, accountant, or other professional advisor? Yes \_\_\_\_ No \_\_\_\_

4. Do you understand that the success or failure of your Fully Promoted business will depend in large part upon your skills and abilities, competition from other agencies, interest rates, inflation, and other economic and business factors? Yes \_\_\_\_ No \_\_\_\_

5. Has any employee speaking on behalf of the Franchisor made any statement or promise concerning the revenues, profits, or operating costs of any Fully Promoted business operated by the Franchisor or its franchisees? Yes \_\_\_\_ No \_\_\_\_

6. Has any employee speaking on behalf of the Franchisor made any statement or promise regarding the total amount of revenue you might achieve or operating profit you might realize from a Fully Promoted business? Yes \_\_\_\_ No \_\_\_\_

7. Has any employee speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating a Fully Promoted business that is contrary to or different from the information contained in the Franchise Disclosure Document? Yes \_\_\_\_ No \_\_\_\_
8. Has any employee speaking on behalf of the Franchisor made any statement, promise, or agreement concerning the advertising, marketing, training, support service, or assistance that Franchisor will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes \_\_\_\_ No \_\_\_\_
9. Do you understand that your initial franchise fee is non-refundable upon entering into a Franchise Agreement? Yes \_\_\_\_ No \_\_\_\_

**C. If you have answered "Yes" to any one of questions B. 5-8, or "No" to question B. 9 please provide a full explanation of each "Yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below) If you have answered "No" to each of questions B. 5-8 and "Yes" to question B.9, please leave the following lines blank.**

---

---

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Compliance Certification, you are representing that you have responded truthfully to the above questions.

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.

**FRANCHISE APPLICANT:**

**APPROVED BY:**

Signature: \_\_\_\_\_

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

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

**(If applicable)**

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

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

Print Name/Title: \_\_\_\_\_

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

Analyst: Stacy Herig

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

**Exhibit K**

**Nondisclosure and Non-Competition Agreement**

## **NONDISCLOSURE AND NON-COMPETITION AGREEMENT**

**THIS NONDISCLOSURE AND NON-COMPETITION AGREEMENT** (this "Agreement") made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, ("Effective Date") is by and between \_\_\_\_\_, ("FRANCHISEE") (d/b/a a Fully Promoted Franchise), EmbroidMe.com, Inc., a Florida corporation d/b/a Fully Promoted, ("COMPANY") and \_\_\_\_\_ of \_\_\_\_\_ (State), ("INDIVIDUAL") (collectively, the "Parties").

### **WITNESSETH:**

WHEREAS, FRANCHISEE is a party to that certain franchise agreement dated \_\_\_\_\_, 20\_\_\_\_ (the "Franchise Agreement") by and between FRANCHISEE and COMPANY; and

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

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

WHEREAS, INDIVIDUAL understands the necessity of not disclosing any such information to any other party or using such information to compete against COMPANY, FRANCHISEE or any other franchisee of COMPANY in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) online marketing services, lead generation services, printed marketing materials, the production and sale of embroidered, screen-printed apparel and/or advertising and promotional merchandise, marketing campaign management for a variety of printed marketing materials, and/or other services or products the same as or similar to those provided by FRANCHISEE or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of FRANCHISEE, or COMPANY, any affiliate of COMPANY or COMPANY's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by FRANCHISEE under a Franchise Agreement with COMPANY.

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

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

INDIVIDUAL acknowledges and understands FRANCHISEE possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

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

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to the development and/or operation of Fully Promoted Stores that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the operating manual and training guides and materials. In addition, any other information identified as confidential when delivered by FRANCHISEE shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of INDIVIDUAL; (ii) INDIVIDUAL can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure by FRANCHISEE pursuant to this Agreement;

(iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

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

## **2. Confidentiality/Non-Disclosure**

a) INDIVIDUAL shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of FRANCHISEE, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, INDIVIDUAL must take all steps reasonably necessary and/or requested by FRANCHISEE to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. INDIVIDUAL must comply with all applicable policies, procedures and practices that FRANCHISEE has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) INDIVIDUAL's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination or expiration of INDIVIDUAL's relationship with FRANCHISEE, regardless of the reason or reasons for termination or expiration, and whether such termination or expiration is voluntary or involuntary, and FRANCHISEE and/or COMPANY are entitled to communicate INDIVIDUAL's obligations under this Agreement to any future customer or employer to the extent deemed necessary by FRANCHISEE and/or COMPANY for protection of their rights hereunder and regardless of whether INDIVIDUAL or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Fully Promoted Store.

## **3. Non-Competition**

a) During the term of INDIVIDUAL's relationship with FRANCHISEE and for a period of two (2) years after the expiration or termination of INDIVIDUAL's relationship with FRANCHISEE, regardless of the cause of expiration or termination, INDIVIDUAL shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of FRANCHISEE to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the COMPANY's trademarks "Fully Promoted," "EmbroidMe" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the COMPANY designates to be used in connection with Fully Promoted Stores.

b) During the term of INDIVIDUAL's relationship with FRANCHISEE, INDIVIDUAL shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of FRANCHISEE and COMPANY.

c) For a two (2) year period following the term of INDIVIDUAL's relationship with FRANCHISEE, regardless of the cause of termination, INDIVIDUAL shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business within a twenty-five (25) mile radius of FRANCHISEE's Fully Promoted Store or within twenty-five (25) miles of any other Fully Promoted Store without the express written consent of FRANCHISEE and COMPANY.

d) During the term of INDIVIDUAL's relationship with FRANCHISEE and for a period of two (2) years thereafter, regardless of the cause of termination, INDIVIDUAL shall not, directly or indirectly, solicit or



otherwise attempt to induce or influence any employee or other business associate of FRANCHISEE, COMPANY or any other Fully Promoted Store to compete against, or terminate or modify his, her or its employment or business relationship with, FRANCHISEE, COMPANY or any other Fully Promoted Store.

#### **4. Reasonableness of Restrictions**

INDIVIDUAL acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of FRANCHISEE, COMPANY, and COMPANY's Trade Secrets and other Confidential Information, the COMPANY's business system, network of franchises and trade and service marks, and INDIVIDUAL waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then INDIVIDUAL shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the Parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

#### **5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition**

a) INDIVIDUAL further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause FRANCHISEE and COMPANY immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, FRANCHISEE and COMPANY shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by INDIVIDUAL of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that FRANCHISEE and COMPANY may have at law or in equity.

b) In addition, in the event of a violation of the covenants contained in the Agreement, the Parties agree that damages for such violations would be difficult to quantify. Due to the difficulty in the quantification of resulting damages, the Parties agree that Company would be entitled to liquidated damages in the amount of \$85,500 per event of violation.

#### **6. Miscellaneous**

a) This Agreement constitutes the entire Agreement between the Parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between INDIVIDUAL, COMPANY and FRANCHISEE with respect to the subject matter hereof. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the Parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Florida (without reference to its conflict of laws principles). References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) **ANY ACTION BROUGHT BY ANY OF THE PARTIES, SHALL ONLY BE BROUGHT IN THE APPROPRIATE STATE OR FEDERAL COURT LOCATED IN OR SERVING PALM BEACH COUNTY, FLORIDA. THE PARTIES WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION. CLAIMS FOR INJUNCTIVE RELIEF MAY ALSO BE BROUGHT BY COMPANY OR FRANCHISEE WHERE FRANCHISEE IS LOCATED. THIS EXCLUSIVE CHOICE OF JURISDICTION AND VENUE PROVISION SHALL NOT RESTRICT THE ABILITY OF THE PARTIES TO CONFIRM OR ENFORCE JUDGMENTS OR AWARDS IN ANY APPROPRIATE JURISDICTION.**

d) INDIVIDUAL agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such

party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the Effective Date and shall be binding upon the successors and assigns of INDIVIDUAL and shall inure to the benefit of FRANCHISEE and COMPANY and their subsidiaries, successors and assigns.

f) The failure of any Party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of the other Parties with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by INDIVIDUAL, FRANCHISEE and COMPANY.

j) The existence of any claim or cause of action INDIVIDUAL might have against FRANCHISEE or COMPANY will not constitute a defense to the enforcement by FRANCHISEE or COMPANY of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon FRANCHISEE or COMPANY pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

**INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.**

**THE PARTIES ACKNOWLEDGE THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.**

**IN WITNESS WHEREOF**, FRANCHISEE and COMPANY have hereunto caused this Agreement to be executed by its duly authorized officer, and INDIVIDUAL has executed this Agreement, all being done in triplicate originals with one (1) original being delivered to each Party.

WITNESS:

FRANCHISEE:

\_\_\_\_\_

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

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

WITNESS:

\_\_\_\_\_

WITNESS:

\_\_\_\_\_

INDIVIDUAL:

Signature: \_\_\_\_\_

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

COMPANY:

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

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

**Exhibit L**

**Disclosure Document Addenda**

## **STATE SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT**

### **STATE OF CALIFORNIA**

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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.DFPI.CA.GOV](http://WWW.DFPI.CA.GOV).

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

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

Item 3 of the Disclosure Document is amended to add:

The franchisor, and the persons and franchise brokers listed in Item 2 of the Disclosure Document are not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

Item 6 of the Disclosure Document is amended to add:

The highest interest rate allowed in California is 10% annually.

Item 10 of the Disclosure Document is amended to add:

The loan company for equipment financing identified in Item 10 represents they are a licensed “finance lender” as set forth in the California Finance Lenders Law.

We do not offer direct financing to you, however, if offered in the future, we will comply with all appropriate laws governing any direct financing offered by us to you including, if applicable, the California Financing Law.

Item 17 of the Disclosure Document is amended to add:

You must sign a general release if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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

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

The franchise agreement requires application of the laws of the State of Florida. This provision may not be enforceable under California law.

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

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as the 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.

## **STATE OF ILLINOIS**

1. Item 17 g. and h. of the Disclosure Document entitled “RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION” is amended by adding the following language:

The conditions under which a franchise can be terminated and rights upon non-renewal may be affected by the Illinois Franchise Disclosure Act, Sections 19 and 20.

2. Item 17(v) of the Disclosure Document entitled “CHOICE OF FORUM” and Item 17(w) of the Disclosure Document entitled “CHOICE OF LAW” are amended to add the following language:

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

Section 20 of the Illinois Franchise Disclosure Act provides that termination and non-renewal of a franchise agreement is governed by Illinois law.”

4. 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.

## **STATE OF MARYLAND**

1. Item 17 (f) of the Disclosure Document is amended by adding the following language:

“Termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law. (11 USC Section 101 et seq)”

2. Item 17 (m) of the Disclosure Document is amended by adding the following language:

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

3. Item 17 (v) of the Disclosure Document is amended by adding the following language:

“Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

4. Item 17 (w) of the Disclosure Document is amended by adding the following language:

“A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

5. The Franchisee Ratification is amended by adding the following language:

“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.”

### **STATE OF MINNESOTA**

1. Item 17 (f) of the Disclosure Document is amended by adding the following language:

“Minn. Stat. Sec 80C.14 Subds. 3, 4, and 5 require except in certain cases that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days for non-renewal of the franchise agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.”

2. Item 17 (v) of the Disclosure Document is amended in its entirety to read as follows:

“Minn. Stat. Sec 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota.”

3. Trademarks. The following is added at the end of Item 13:

To the extent required by the Minnesota Franchises Act, we will protect your rights to use the trademarks, service marks, trade names, logo types, or other commercial symbols related to the trademarks or indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks.

4. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.

### **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 G OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR**

**HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23<sup>RD</sup> FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT, HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, violation of franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable 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 ten year period immediately preceding the application for registration has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, anti fraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. Except as disclosed above, no such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under 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 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 at the end of Item 4:

Except as disclosed above, neither the franchisor, its affiliates, its predecessor, officers, or general partner during the ten year period immediately before the date of the Disclosure Document: (a) filed as a debtor (or had filed against it) a petition to start an action under the United States 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 during or within one year after that officer or general partner of the franchisor held this position in the company or partnership

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

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

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

However, to the extent required by applicable law, all rights you enjoy and any cause 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 the General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 19(d), entitled “**Termination by franchisee**”:

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

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

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

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

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

## **STATE OF NORTH DAKOTA**

4. Item 17 of the Disclosure Document is amended by the addition of the following language to the original language that appears therein:

The Commissioner has determined that franchise agreements which require the franchisee to sign a general release upon renewal of the franchise agreement is unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Covenants not to compete upon termination or expiration of a franchise agreement are generally considered unenforceable in the State of North Dakota.

The Commissioner has determined that franchise agreements which provide that parties agree to the arbitration of disputes at a location that is remote from the site of the

franchisee's business are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Section 51-19-09 of the North Dakota Franchise Investment provides that a provision in a franchise agreement that requires jurisdiction or venue shall be in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

2. Item 17(w) of the Disclosure Document entitled "CHOICE OF LAW" is amended to read as follows:  
"North Dakota Law"

### **STATE OF RHODE ISLAND**

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 *et seq.*, the Franchise Disclosure Document for EmbroidMe.com, Inc. d/b/a Fully Promoted, for use in the State of Rhode Island, is amended as follows:

3. Item 17 (u) shall be amended to add: §19-28.1-21 (a) A person who violates any provision of this act is liable to the franchisee for damages, costs, and attorneys and experts fees. In the case of a violation of §§19-28.1-5, 19-28.1-8, or 19-28.1-17(1)-(5), the franchisee may also sue for rescission. No person shall be liable under this section if the defendant proves that the plaintiff knew the facts concerning the violation. (b) Every person who directly or indirectly controls a person liable under this section, every principal executive officer or director of the liable person, every person occupying a similar status or performing similar functions, and every agent or employee of a liable person, who materially aids in the act or transaction constituting the violation, is also liable jointly and severally with and to the same extent as the person liable under this section, unless the agent, employee, officer, or director proves he or she did not know, and in the exercise of reasonable care could not have known of the existence of the fact by reason of which the liability is alleged to exist.
4. Items 17 (v) and (w) shall be amended to add: §19-28.1-14 A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.

### **STATE OF WASHINGTON**

The second paragraph of the Cover Page of this Disclosure Document is amended to read as follows:

The total investment necessary to begin operation of a Fully Promoted store is from \$128,205 to \$362,615. These amounts include \$49,500 that must be paid to the franchisor if you obtain financing for the purchase of your equipment to between \$204,475 to \$256,875 that must be paid to the franchisor if you purchase your equipment, and \$0 to \$3,500 that must be paid to the franchisor's affiliate. These amounts do not include any amounts for rent or security deposits for the store premises.

The total investment necessary to begin operation of a Fully Promoted office is from \$99,100 to \$138,240. These amounts include \$70,995 that must be paid to the franchisor.

The following note is added below the table in Item 7 of this Disclosure Document:

(\*Note: The amount of your estimated initial investment listed above does not include any amounts for rent or security deposits for the store premises for the initial months of the operation of your business.)

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

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

In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the State of Washington, or in a place mutually agreed upon at the time of the 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, 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.

Item 17(d) of the franchise disclosure document, titled "**Termination by franchisee**" is replaced with:  
A franchisee may terminate the franchise agreement under any grounds permitted by law.

**Use of Franchise Brokers.** The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

## **Exhibit M**

### **State Effective Dates**

## STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of March 17, 2022.

**Exhibit N**

**Disclosure Document Receipt**

## 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 **EMBROIDME.COM, INC.** d/b/a Fully Promoted® 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.

New York and Rhode Island Laws require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If EMBROIDME.COM, INC. does not deliver this disclosure document on time, or if it contains a false or misleading statement, or material omission, a violation of federal and state Law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, or to your state agency listed in Exhibit G.

The Franchisor is EmbroidMe.com, Inc. d/b/a Fully Promoted, located at 2121 Vista Parkway, West Palm Beach, FL 33411. Its telephone number is (561) 640-5570.

Issuance Date: March 17, 2022

**Franchise Seller:** Michael White, Director of Sales, and/or the Sales Agent(s) listed below, EMBROIDME.COM, INC., 2121 Vista Parkway, West Palm Beach, FL 33411, (561) 640-5570.

EMBROIDME.COM, INC. authorizes the respective state agencies identified in Exhibit G to receive service of process for it in the particular state.

I received a Disclosure Document issued March 17, 2022 (see State Applicable Effective Dates in Exhibit M in this disclosure document) that included the following Exhibits:

- |                                              |                                                             |
|----------------------------------------------|-------------------------------------------------------------|
| A. Franchise Agreement w/ applicable Addenda | I. List of Terminated, Cancelled or not Renewed Franchisees |
| B. Navitas Loan Agreement                    | J. Compliance Certification                                 |
| C. Deposit Receipt                           | K. Nondisclosure and Non-Competition Agreement              |
| D. Financial Statements                      | L. Disclosure Document Addenda                              |
| E. List of Current Franchisees               | M. State Effective Dates                                    |
| F. Table of Contents for Operating Manual    | N. Disclosure Document Receipt                              |
| G. Agents for Service of Process             |                                                             |
| H. General Release Agreement                 |                                                             |

**DATE:** \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
**Print Sales Agent(s) Name(s)**

\_\_\_\_\_  
Prospective Franchisee **Signature**

\_\_\_\_\_  
Prospective Franchisee **Printed Name**

\_\_\_\_\_  
Prospective Franchisee **Signature**

\_\_\_\_\_  
Prospective Franchisee **Printed Name**

\_\_\_\_\_  
**Corporate Name: (if applicable)**

**By:** \_\_\_\_\_  
Authorized Corporate Officer **Signature**

\_\_\_\_\_  
**Printed** Corporate Officer Name / Title

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**DATE:** \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
**Print Sales Agent(s) Name(s)**

\_\_\_\_\_  
Prospective Franchisee **Signature**

\_\_\_\_\_  
Prospective Franchisee **Printed Name**

\_\_\_\_\_  
Prospective Franchisee **Signature**

\_\_\_\_\_  
Prospective Franchisee **Printed Name**

\_\_\_\_\_  
**Corporate Name: (if applicable)**

**By:** \_\_\_\_\_  
Authorized Corporate Officer **Signature**

\_\_\_\_\_  
**Printed** Corporate Officer Name / Title