

## FRANCHISE DISCLOSURE DOCUMENT



**FLOORS TO GO, LLC**  
A Florida Limited Liability Company  
3471 Bonita Bay Boulevard  
Bonita Springs, Florida 34134  
(866) 357-7246  
[www.floorstogo.com](http://www.floorstogo.com)

As a franchisee, you will have the right to use the FTG marketing and merchandising system for selling floor covering and window treatment products to consumers.

The total investment necessary to begin operation of a FTG franchise is between approximately \$22,500 and \$60,250. This includes \$10,000 that must be paid to FTG.

This disclosure document summarizes certain provisions of your membership 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, FTG or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information in this document.**

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

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

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

ISSUANCE DATE: MARCH 16, 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 I.
<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 F 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 FTG business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be an FTG 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 restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/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 more to arbitrate or litigate with the franchisor in Florida than in your own state.
2. **Inventory Control.** For each of your showroom, you must make inventory and supply purchases of at least \$350,000 or 80% of your total floor covering and window treatment purchases, whichever is greater. Your inability to make these purchases or to maintain inventory levels at all times may result in termination of your franchise and loss of your investment.
3. **Mandatory Minimum Payments.** You must make minimum service fee and advertising fee payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

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**EXHIBITS:**

- Exhibit "A" Membership Agreement
- Exhibit "B" State Specific Amendments to the Membership Agreement
- Exhibit "C" Purchase Affidavit
- Exhibit "D" Principal Owner's Statement
- Exhibit "E" State Specific Addenda to the Franchise Disclosure Document
- Exhibit "F" Audited Financial Statements
- Exhibit "G" List of State Administrators
- Exhibit "H" FTG's Registered Agents for Service of Process
- Exhibit "I" FTG's Currently Operating Members
- Exhibit "J" FTG's Not Yet Operational Members
- Exhibit "K" FTG's Terminated or Cancelled Members
- Exhibit "L" State Effective Dates
- Exhibit "M" Receipt

APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT, AND MIGHT REQUIRE A RIDER TO THE MEMBERSHIP AGREEMENT. THESE ADDITIONAL DISCLOSURES AND RIDERS, IF ANY, APPEAR IN EXHIBITS "B" AND "E."

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

**A. Floors To Go, LLC**

The franchisor is Floors To Go, LLC, which will be referred to in this disclosure document as “we,” “us,” or “FTG”. “You” means the person or entity that buys the franchise. If you are a corporation, partnership, or other entity, certain provisions of the Membership Agreement also apply to your owners/partners and will be noted.

FTG is a Florida limited liability company that was organized on June 3, 2002 under the name Floors To Go Acquisition, LLC. On June 24, 2002, Floors To Go Acquisition, LLC filed Articles of Amendment to its Articles of Organization changing its name to Floors To Go, LLC. FTG began offering franchises in certain states in June 2002. FTG does business under the name Floors To Go. FTG has its principal office at 3471 Bonita Bay Boulevard, Bonita Springs, Florida 34134.

FTG was organized for the sole purpose of acquiring certain assets of Floors To Go, Inc., a California corporation ("FTGI"), and to operate as the franchisor of the FTG System, as defined below, on a going-forward basis. In June 2002, FTG acquired certain assets of FTGI.

FTG has members located throughout the United States. FTG does not currently own or operate any retail floor covering outlets. FTG and its predecessor have not sold franchises in any other lines of business during the last 10 years. FTG has never done business under another name.

FTG does not have a parent company.

**B. Predecessors of FTG**

In light of the acquisition described above, FTGI could be deemed a predecessor of FTG. The former address of FTGI was 4295 Business Drive, Shingle Springs, California 95682.

**C. Affiliates of FTG**

Abbey Carpet Co., Inc. ("Abbey") is the owner and franchisor of *Abbey Carpet®* Showrooms, a floor covering and home fashion franchise catering to the upscale consumer market on a custom-ordered basis. Abbey is owned by Philip Gutierrez, FTG's Chief Executive Officer. Abbey has been offering its *Abbey Carpet®* franchises since 1963, and currently has 434 showrooms throughout the country. Abbey is located at the same address as FTG. Abbey is not engaged in any other line of business and has never offered franchises in any other line of business. For five years prior to becoming a franchisor, Abbey operated retail carpet stores in California.

Abbey is located at the same address as FTG. There are no other companies that are controlled by, controlling, or under common control with FTG which are currently offering franchises in any line of business or will provide products or services to you.

**D. FTG's Agents for Service of Process**

FTG has authorized various agencies to receive legal service of process for Floors To Go, LLC. These agents and the states in which they are authorized to receive service of process are set forth in Exhibit "H."

**E. Membership Offered**

FTG offers you a marketing and merchandising system for selling floor covering and window treatment products to consumers from your store's location ("Showroom"). The FTG marketing system is based upon owners/operators of these Showrooms selling to individual consumers from a wide variety and selection of samples and purchasing such merchandise from FTG-approved floor covering and window treatment vendors (the "FTG Marketing System"). FTG members also have the option of utilizing FTG's merchandising system which features showroom design, displays, product selection, and interior signage (the "FTG Merchandising System" and, together with the FTG Marketing System, the "FTG System").

This concept is such that a member of the FTG System can offer a wide variety of quality floor covering and window treatment products to the consumer by selling from samples and then purchasing merchandise necessary to supply a particular consumer's needs at special prices negotiated by FTG from designated vendors. The concept eliminates the need to maintain a substantial inventory of floor covering and window treatment products. The special orders of merchandise sold are obtained from FTG-approved floor covering and window treatment vendors at prices that normally are less than those available to a store not participating in the FTG System.

The individual or business entity becoming a member will be licensed for five (5) years to utilize the FTG System and the Floor To Go trademarks, trade names and service marks, as the same currently exist (the "Marks"). Memberships in the FTG System are offered on both a single-Showroom and a multiple-Showroom basis, and members that choose to operate more than one Showroom will not be required to pay an Initial Membership Fee (defined in Item 5 below) or any Service Fees or Advertising Fees (defined respectively in Item 6 below) for their additional Showrooms. Only the first Showroom will be required to pay the Initial Membership Fee, and only the first Showroom will be entitled to the \$1,000 sign credit (described in Item 7, footnote 6 below). The minimum purchase requirements are set forth in Item 8 below (see Section 7.1 of the Membership Agreement).

The FTG membership concept is intended for and directed towards the experienced owner/operator of an existing floor covering store, and accordingly FTG does not provide site selection, business financing, employee training, or management supervision before or after the execution of any FTG membership agreements. The FTG System competes with other national floor covering marketing and merchandising systems.

FTG is not aware of any regulations applicable specifically to the selling of floor coverings other than laws and regulations applicable to businesses in general, including, without limitation, the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupational Safety and Health Act. Due to COVID-19, the governmental authorities in certain jurisdictions have periodically issued stay at home orders or other restrictions and/or



recommendations against in-person gatherings at certain businesses that may affect the ability of your franchised business to operate with direct person to person contact at your Showroom.

## **ITEM 2. BUSINESS EXPERIENCE**

### **A. Officers and Managers of FTG**

#### **Philip Gutierrez - Chief Executive Officer, President and Sole Manager**

Philip Gutierrez has been the sole manager and Chief Executive Officer of FTG since it was founded in June 2002 and became the President in November 2017. He is also the Chief Executive Officer, sole director, Chairman, and President of Abbey, where he has served as a director since 1979, as Chief Executive Officer since 1981, and as President since November 2017. He currently serves as a member of the Board of Directors of the Floor Covering Industry Foundation. In April 2007, he was inducted into the World Floor Covering Association Flooring Industry Hall of Fame.

#### **Ted Dlugokienski – Chief Financial Officer, Executive Vice President of Operations, and Secretary**

Mr. Dlugokienski has been the Vice President of Finance for FTG since it was founded in June 2002, in August 2011, he was appointed Chief Financial Officer, in December 2012, he was appointed Secretary, and in November 2017, he was appointed to Executive Vice President of Operations. He holds the same positions with Abbey.

#### **David L. Hardy – Executive Vice President of Merchandising and Member Services**

Mr. Hardy joined FTG and Abbey in November 2007 as Executive Vice President of Merchandising and Member Services. Prior to joining FTG, from 1988 until September 2007, Mr. Hardy held various positions with World Carpets, which was acquired by Mohawk Industries in 1998, including President of Customweave and Wundaweve and Senior Vice President of Fashion, with all such positions having been based in Dalton, Georgia.

#### **Steven L. Mintz – Vice President of Franchise Development**

Mr. Mintz has been the Vice President of Franchise Development for FTG since September 2004. He holds the same position with Abbey, in which he has served since November 1998.

#### **Bobby Thompson – Vice President of Merchandising and Member Services**

Mr. Thompson has been employed by FTG and Abbey since January 2004. He became the Vice President of Merchandising in November 2006. From January 2004 to November

2006, Mr. Thompson was the Regional Vice President and Membership Manager for the Southeast region for FTG and Abbey.

**Bill Wilson – Vice President of Marketing**

Mr. Wilson has been employed by FTG since June 2002. In February 2008, he was promoted to Director of Marketing for FTG, and in December 2015, he was promoted to Vice President of Marketing. He is responsible for FTG Marketing Services which includes Digital Marketing, Advertising and Website Services. He holds the same positions with Abbey.

**Gary Phelps – Regional Vice President – Midwest Region**

Mr. Phelps joined FTG and Abbey in March 2014 as Regional Vice President – Midwest Region. Prior to joining FTG, from 2001 to 2013, Mr. Phelps held various positions with Mohawk Industries, including District Manager (2003-2010) and Regional Vice President, Hard Surface, North Central Region (2010-2013), with all such positions having been based in Dalton, Georgia.

**Harold Traister – Regional Vice President – Northeast Region**

Mr. Traister joined FTG and Abbey in September 2008 as Regional Vice President – Northeast Region. Prior to joining FTG, from 1991 until September 2008, Mr. Traister was Vice President of Sales for Bayard Sales, a flooring distributor serving Pennsylvania, New Jersey, and New York.

**Ken Sherwood – Vice President of Franchise Development – Western and Rock Mountain States**

Mr. Sherwood joined FTG and Abbey in August 2016 as Vice President of Franchise Development - Western and Rock Mountain States. Prior to joining FTG, from January 2010 to August 2016, Mr. Sherwood was the Vice President of National Accounts for Beaulieu of America, Inc., based in Dalton, Georgia.

**Raymond Fuller – Regional Vice President – Ohio Valley Region**

Mr. Fuller joined FTG and Abbey in November 2020 as Regional Vice President – Ohio Valley Region. Prior to joining FTG, from 2001 until July 2020, Mr. Fuller held various positions with Mohawk Industries, including his most recent position; General Manager for the Ohio Valley Region based out of Calhoun, GA which he held from December 2006 through July 2020.

**ITEM 3. LITIGATION**

On September 23, 2019, FTG voluntarily entered into an Assurance of Discontinuance with the State of Washington agreeing that it (i) will no longer include no-recruiting provisions in any of its future membership agreements, (ii) no longer enforce no-recruiting provisions in any of its existing membership agreements, (iii) will not seek to intervene or defend in any way the legality of any no-recruiting provision, and (iv) will endeavor to amend

all existing membership agreements with members in the State of Washington to remove any no-recruiting provisions in those members' existing membership agreements.

Other than this action, 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**

**A. Single Showroom Membership**

As a new member, you will be charged an Initial Membership Fee of \$10,000. This fee is payable as follows: (a) \$1,000 is paid at the time your Membership Agreement is signed; and (b) the remaining \$9,000 is paid through the FTG CashBack Program (described below) whereby you will grant FTG the right to retain all proceeds allocable to you from the FTG CashBack Program up to the \$9,000 amount or for a five-year time period, whichever occurs first (referred to hereafter as the "CashBack Participation"). If the CashBack Participation does not generate proceeds to FTG of \$9,000, whatever lesser amount of proceeds is collected by FTG over the five-year participation period on your behalf will be deemed payment in full for your Initial Membership Fee. If your Membership Agreement is terminated prior to completion of the initial five-year term, the remaining balance of the Initial Membership Fee shall be due and payable by you to us in cash immediately upon the date of any such termination.

The FTG CashBack Program consists of various floor covering and window treatment manufacturers offering CashBack incentives for the purchase of selected floor covering and window treatment products. When you purchase such selected carpets and/or floor coverings you will be credited with a cash rebate based upon a percentage of the selected carpets and/or floor coverings purchased. These percentages range up to 8% of the purchase price of selected items. Such cash rebates will be paid to FTG on your behalf when you earn such CashBack incentives. FTG will hold such funds, without liability for interest, and after verification of amounts received, and after setting off any amounts that you owe to FTG, will distribute such funds to you annually or semi-annually. You are eligible to participate in the FTG CashBack Program and will be notified on a regular basis of qualifying CashBack items received on your behalf.

The Initial Membership Fee entitles you to participate in the FTG System and to receive various marketing materials currently available through the FTG System. Proceeds from the Initial Membership Fee are, in part, profit to us and are, in part, used to pay some of the following costs and expenses incurred by us for: (1) obtaining and screening Members; (2) administering the territories; (3) providing assistance to Members; (4) accounting fees and legal fees; (5) protection of our commercial symbols, names, proprietary trademarks, service marks and copyrights; (6) developing new product lines, marketing programs and advertising materials; (7) paying salaries and benefits to our management and employees; and (8) marketing and selling memberships.

In addition to the Initial Membership Fee, you will be obligated to make certain other expenditures, which are described in Items 6 and 7 below. Some of these expenditures must be made before you can open your Showroom for business. However, other than the Initial Membership Fee, you will not be required to pay FTG or its affiliates any fees or amounts for services or goods received from them prior to the time you open your FTG Showroom for business.

The Initial Membership Fee is not refundable except that if you reach \$350,000 of first quality, running line purchases, exclusive of promotional products, special purchases and SP's, through the FTG System within the twelve-month period beginning on the 90<sup>th</sup> day after the date your membership begins, your Initial Membership Fee will be waived, and all payments you have made for such fee will be refunded to you by FTG on or after the fifteenth month after the date your membership begins.

**B. Multiple Showroom Memberships**

If you open or convert more than one Showroom on or after the execution of your initial Membership Agreement, you will pay the \$10,000 Initial Membership Fee for your first Showroom (see Item 5(A) above), but you will not be required to pay an additional Initial Membership Fee or any Service Fees or Advertising Fees (see Item 7 below) for any additional Showrooms that you own and operate. If you add an additional Showroom(s) simultaneously with the execution of your first (initial) Membership Agreement then an additional Schedule "A" will be attached to such Membership Agreement for each additional Showroom. If you would like to operate additional Showrooms subsequent to the execution of your initial Membership Agreement, we must approve the opening of such additional Showroom(s), and we may require that you execute the then-current membership agreement (see Section 3.3 of the Membership Agreement). The Early Termination Fee described below applies to each of your Showrooms.

**C. Membership Promotions**

We may offer promotions for limited periods of time in the form of credits against Initial Membership Fees as part of a program designed to promote the execution of membership agreements, and to encourage the opening of FTG Showrooms. We may, in the future, change the Initial Membership Fee then being charged to new members.

**ITEM 6. OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks<sup>(1)</sup></b>
Service Fee (Single Showroom) <sup>(2) (3)</sup>	\$250	10 <sup>th</sup> Day of Each Month	These fees are non-refundable.
Advertising Fee (Single or Multiple Showroom) <sup>(3)(4)</sup>	\$3,000	Payable semi-annually, in two equal payments of \$1,500	These fees are non-refundable. Paid to FTG.
Local Advertising <sup>(5)</sup>	4%-6% of monthly gross sales <sup>(6)</sup>	As Incurred Each Month	Paid to advertising vendors.

Type of Fee	Amount	Due Date	Remarks <sup>(1)</sup>
Renewal Fee	\$750	At Time of Renewal	This fee is non-refundable.
Insurance	Costs and premiums	As incurred	If you do not obtain or maintain insurance coverage, and we choose to do so on your behalf, you must reimburse us.
Transfer Fee	\$1,000	At Time of Transfer	This fee is non-refundable.
Audit	Cost of audit plus interest on underpayment	Due When Billed	Payable only if audit shows an understatement of at least 2%. <sup>(7)</sup>
Indemnity	Will vary under circumstances	If incurred, on demand	You must indemnify and reimburse us for our costs and any judgment if we are sued for claims relating to the operation of your franchised business.
Early Termination Fee	\$20,000 to \$50,000	Upon early termination of the Membership Agreement	If the Membership Agreement is terminated prior to completion of the initial five-year term, you will reimburse us for the costs associated with the Redesign of your Showroom. <sup>(8)</sup>

**Footnotes to table:**

- (1) All fees are uniformly imposed and, except as otherwise noted, collected by FTG.
- (2) The Service Fee will begin 90 days after you become a member. The purpose of the Service Fee is to offset a portion of the administrative costs associated with managing and servicing FTG's relationships with its members, including, without limitation, administrative costs connected to the FTG CashBack Program and FTG's merchandising programs, store design/Redesign (as defined below) programs and business-to-business programs.
- (3) FTG reserves the right to reasonably and uniformly increase or decrease the Service Fee and the Advertising Fee from time to time consistent with changes in the demands of the FTG System. The maximum amount that FTG will increase these fees to is \$5,000.

- (4) Your Advertising Fee will not exceed \$3,000.00 per year regardless of the number of Showrooms you have.
- (5) FTG expects, but does not require, that you spend a minimum of 4% to 6% of monthly gross sales per Showroom on local advertising.
- (6) Gross Sales includes all revenue from your Showroom for goods and services, but does not include sales and use taxes, and refunds.
- (7) FTG has the right to audit your books and records relating to your commitment to purchase, for each of your Showrooms, \$350,000 or 80% of your total floor covering and window treatment purchases, whichever is greater, through the FTG Marketing System during the calendar year following the opening of each such Showroom. If an inspection discloses a deficiency of two percent (2%) or more, you agree to reimburse FTG for all costs and expenses connected with such audit (including, without limitation, reasonable accounting and attorneys' fees).
- (8) FTG, at FTG's expense, will provide and deliver to you at your Showroom the racks, displays and samples necessary to convert your Showroom to a FTG Showroom as well as a retail store design consultant to assist you with adapting the FTG Showroom design package to your Showroom (the "Redesign"). FTG will not purchase any tenant improvement items including, among other things, installation of floor coverings in showrooms, furniture, or office equipment. FTG estimates that the cost of the Redesign will be between Twenty Thousand Dollars (\$20,000) and Fifty Thousand Dollars (\$50,000) per Showroom, depending on the size of your Showroom. FTG will cover these costs of the Redesign (i.e., non-tenant-improvement-item costs); however, if your Membership Agreement is terminated prior to completion of the initial five-year term, you must pay FTG an early termination fee equal to the amount associated with the Redesign of your Showroom less 20% for each full year from the effective date of your Membership Agreement that you remained a member (the "Early Termination Fee"). For example, if you became a member on March 1, 2022, and the cost of your Redesign was \$30,000, and your membership was terminated on January 1, 2025, you would owe us a cash payment equal to \$18,000 ( $\$30,000 - [\$30,000 \times (20\% \times 2)] = \$12,000$ ) = \$18,000). The Early Termination Fee shall be due and payable to FTG in cash immediately on the date of any such early termination. You will not be required to repay any portion of the cost to Redesign your Showroom if you remain a FTG member for the entire initial five-year term.

**ITEM 7. ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Membership Fee <sup>(1)</sup>	\$10,000	\$1,000 upfront fee; \$9,000 from	\$1,000 at signing	FTG

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
		CashBack Participation <sup>(2)</sup>		
Equipment, Fixtures, Other Fixed Assets, Construction, Remodeling, Leasehold Improvements, and Decorating Costs (Optional) <sup>(3)</sup>	\$7,500 to \$25,000 <sup>(4)</sup>	Lump Sum or Independent Financing	6-12 months from signing	Third Parties
Service Fee	\$250	Periodic	Monthly after one (1) month	FTG
Advertising Fee	\$3,000	Lump Sum	Payable semi-annually, in two equal payments of \$1,500	FTG
Local Advertising/Promotional Costs	\$0-\$4,000 per Showroom	Periodic	Monthly	Third Parties
Store Signage <sup>(5)</sup>	\$1,000-\$5,000 per Showroom	As incurred	180 days after signing	Third Parties
Insurance <sup>(6)</sup>	\$250-\$1,500	Per terms of policy	Before signing	Insurer
Professional Fees <sup>(7)</sup>	\$500-\$1,500	As incurred	As needed	Third Parties
Additional Funds—Three Months <sup>(8)</sup>	\$0-\$10,000	As incurred	As needed	Employees, Expenses and Overhead
<b>TOTAL<sup>(9)</sup></b>	<b>\$22,500 to \$60,250</b>			

**Footnotes to table:**

- (1) The Initial Membership Fee is non-refundable except that, if you attain \$350,000 of first quality, running line purchases, exclusive of promotional products, special purchases and SP's, through the FTG System within the 12-month period beginning 90 days after your membership begins, your Initial Membership Fee will be waived,

and all payments you have made for that fee will be refunded to you by FTG on or after the fifteenth month after the date your membership begins.

- (2) The Initial Membership Fee is paid as follows: (a) \$1,000 is due at signing; and (b) \$9,000 is paid through the participation in the FTG CashBack Program. FTG charges no interest on such deferred payments. See Item 5 for an explanation of the FTG CashBack Program which is based on a percentage of selected carpets and floor coverings purchased by you through the FTG System. Nine Thousand Dollars (\$9,000) of your Initial Membership Fee will be collected from your CashBack Participation over five years.
- (3) If you choose to have the retail store design consultant visit your Showroom, you will be required to pay the designer's travel, lodging and meal expenses.
- (4) You may have construction and related costs in connection with the Redesign of your Showroom which may range from \$7,500 to \$25,000, depending upon the size of your Showroom and the extent of improvements made (see Item 11(B) below).
- (5) You must install FTG Showroom signage either on the exterior facade of your Showroom building, prominently displayed in the front window of your Showroom, or on a marquee or free-standing sign in the front of your Showroom. If you use FTG's approved sign vendor, FTG will credit up to \$1,000 against your future accounts payable for actual costs incurred for Showroom signage upon your providing proof of installation and proper invoices. The FTG signage must conform to all specifications provided by FTG and be approved by FTG before construction, meet all local signage regulations, and be installed within ninety (90) days after the effective date of your Membership Agreement.
- (6) Section 7.8 of the Membership Agreement requires that you have in force an insurance policy before beginning business with FTG, at your sole expense, protecting both you and FTG and its officers, managers, and employees against losses and with the limits described. The figures in the chart are estimated annual premiums for the minimum amount of insurance required by FTG.
- (7) This amount reflects the use of an attorney, accountant, and other consultants both in the purchase of a membership and in the operation of your FTG Showroom for up to three months.
- (8) This item estimates your expenses during your initial three-month period of operating your Showroom (other than the items identified separately in the table). These expenses include payroll costs, but not any draw or salary for you. You will need capital to support ongoing business expenses. Since you have an established floor covering business, operating a FTG Showroom is expected to require only minimal additional operating capital. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary to fund the FTG System during this start-up phase or thereafter.



- (9) These figures are only estimates for the first three months of operation, and FTG cannot guarantee that your expenses will not exceed these estimates or that you will not have additional expenses not listed here in starting the business. FTG relied on the collective experience of its management in preparing these estimates. FTG does not offer direct or indirect financing to members for any items.

## **ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **A. Volume of Required Purchases, Purchase Restrictions and Approved Suppliers**

In order to utilize the FTG System, you must purchase a certain amount of merchandise from the floor covering vendors or manufacturers with whom FTG has negotiated favorable group prices and terms. Section 7.1 of the Membership Agreement requires you to purchase, for each of your Showrooms, a minimum of \$350,000 or 80% of your total floor covering and window treatment purchases, whichever is greater, through the FTG System during the calendar year following the opening of each such Showroom. Therefore, Multiple Showroom Members are required to satisfy minimum purchase requirements for each of their Showrooms. Only those floor covering and window treatment products that FTG designates as part of the FTG System qualify towards the minimum purchase requirements. Failure to meet the minimum purchase requirements for your Showrooms could result in the termination of your membership in the FTG System. Compliance with the minimum purchase requirements could also be one factor, among others, when determining whether to renew or grant additional showroom memberships.

Since the Floors To Go membership concept is intended for and directed toward the experienced owner/operator of existing floor covering stores, there are no purchases required to establish a FTG franchise. FTG estimates that required purchases are approximately thirty-seven percent (37%) of total purchases made in operating a FTG franchise.

You are prohibited from participating in any other marketing and merchandising system which offers products similar to those offered by FTG while a member of the FTG System (i.e., mill-sponsored programs or buying groups). However, you are permitted to purchase floor covering merchandise sold in your Showrooms from floor covering sources that are not affiliated with the FTG System, provided that you satisfy the minimum purchase requirements set forth in Section 7.1 of the Membership Agreement.

FTG will regularly update its price list to inform you as to the current approved vendors and manufacturers, carpet and floor covering selections and grades, vendor's prices as negotiated by FTG, the vendor's distribution arrangements, and other pertinent information.

### **B. Manufacturers CashBack Program**

By purchasing through the FTG Marketing System you will be able to purchase floor and window covering products at a reduced price, and you will be eligible to participate in the FTG CashBack Program (the "FTG CashBack Program"). The FTG CashBack Program consists of various floor covering and window treatment manufacturers offering CashBack

incentives for the purchase of **selected** floor covering and window treatment products. When you purchase such selected items you will be credited with a cash rebate based upon a percentage of the purchase price of the selected items purchased. These percentages range up to 8% of the purchase price of the selected items. Such cash rebates will be paid to FTG on your behalf when you earn such CashBack incentives. FTG will hold such funds, without liability for interest, and after verification of amounts received, and after setting off any amounts that you owe to FTG, will distribute such funds to you annually or semi-annually. You are eligible to participate in the FTG CashBack Program and will be notified on a regular basis of CashBack rebates received on your behalf.

### **C. New Suppliers and Product Testing**

FTG will from time to time research the market for the purpose of evaluating the floor coverings offered and discounts available so that it may update its list of approved merchandise and approved vendors and manufacturers. FTG will be responsible for identifying, negotiating with, and approving all suppliers to the FTG System. However, a member can recommend other suppliers for FTG to consider (at no cost to the member or to the supplier being recommended). FTG formulates its approach for the FTG System by emphasizing value and variety. Although FTG does not maintain any specific product mix, it attempts to maintain a broad range of floor covering products in wide ranges of cost, quality and styles. FTG will negotiate the best vendor prices and discounts available for the FTG System available at the time. Other than the general guidelines set forth below, FTG has no established standards or specifications to disclose to its members or suppliers. There are no approved suppliers in which any of our officers owns an interest.

FTG approves or disapproves suppliers based upon the type of floor covering offered, the negotiated price available from each supplier, the delivery terms and conditions provided by each supplier, and the positive or negative feedback FTG receives from its members. As a FTG member, you will not be entitled to negotiate floor covering purchases for the FTG System nor will you be authorized to offer any floor covering products under the FTG trademarks, logos or service marks which are not set forth in the price list.

### **D. Required Signage**

FTG requires that each new member place FTG Showroom signage either on the exterior facade of the member's Showroom building, in the front window of the member's Showroom, or on a marquee or free-standing sign in the front of the member's Showroom, and that such signage will conform to all specifications provided by FTG, be approved by FTG before construction, meet all local signage regulations, and be installed within ninety (90) days after the effective date of each new member's Membership Agreement. However, since the FTG membership concept is intended for and directed toward the experienced owner/operator of existing floor covering stores, FTG does not otherwise impose on new members additional requirements with respect to constructing and improving a business site in connection with such member's establishment of a FTG franchise. Other than in connection with the above-referenced signage requirements, FTG does not require members to use designated sources or to adhere to FTG's standards/specifications in the construction and improvement of such members' Showrooms.

**E. Brokerage Fees**

FTG will receive a brokerage fee from each manufacturer or merchandise vendor participating in the FTG System, based upon the total amount of sales made by each manufacturer or vendor through the FTG System. You will not be responsible for the payment of this fee. During fiscal year 2021, FTG received \$2,959,135 in brokerage fees, which represents approximately eighty-two percent (82%) of the \$3,630,149 in total revenue that FTG received. FTG also receives certain payments from merchandise vendors for the space such vendors occupy while participating in trade shows and sales shows hosted by FTG. The amounts paid by the merchandise vendors vary depending on a number of factors, such as the amount and type of space the vendor requires to display its products, as well as the degree of the vendor's participation within the FTG System. FTG's affiliate Abbey does not sell or lease products or services to FTG members and, therefore, Abbey does not benefit from corresponding revenues.

**F. Purchasing or Distribution Cooperatives**

There currently are no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price terms), for the benefit of the franchise system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

**G. Insurance**

Section 7.8 of the Membership Agreement requires you to obtain the types and amounts of insurance coverage customary in the industry. Such coverage would normally be expected to include liability, automobile and workers' compensation.

**ITEM 9. FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section of Agreement</b>	<b>Disclosure Document Item</b>
a. Site Selection and acquisition/lease	Not applicable	Not applicable
b. Pre-opening purchases/leases	Not applicable	Item 7
c. Site development and other pre-openings requirements	Not applicable	Not applicable

<b>Obligation</b>	<b>Section of Agreement</b>	<b>Disclosure Document Item</b>
d. Initial and ongoing training	Section 5	Item 11
e. Opening	Not applicable	Not applicable
f. Fees	Section 6	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Sections 3.2, 5.3, 6 and 7	Items 13, 14 and 15
h. Trademarks and proprietary information	Sections 5.3, 4 and 9	Items 13 and 14
i. Restrictions on products/services offered	Sections 1.2 and 9.2(d)	Items 8 and 16
j. Warranty and customer service requirements	Sections 7.1, 7.11 and 9.2	Items 8 and 11
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	Subsection 7.1(a)	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 6.2, Subsection 7.1(c), and Section 7.3	Items 6, 7 and 11
n. Insurance	Section 7.8	Items 6, 7 and 8
o. Advertising	Sections 6.4 and 7.4	Items 6, 7 and 11
p. Indemnification	Sections 4.12, 7.9 and 7.10	Item 6
q. Owner's participation/management staffing	Not applicable	Item 15
r. Records/reports	Section 8	Not applicable
s. Inspections/audits	Section 8	Item 6
t. Transfer	Sections 10 and 11	Item 17

<b>Obligation</b>	<b>Section of Agreement</b>	<b>Disclosure Document Item</b>
u. Renewal	Sections 2 and 13.1	Item 17
v. Post-termination obligations	Section 13.3	Item 17
w. Non-competition covenants	Subsections 9.2(d) and Section 9.4	Item 17
x. Dispute resolution	Section 14	Item 17
y. Territory	Section 1.2 and Schedule "A"	Item 12

**ITEM 10. FINANCING**

Neither FTG nor any of its agents or affiliates offers any financing arrangements, directly or indirectly, to you except that FTG permits deferred payment of the Initial Membership Fee which is paid over a period of time in conjunction with the CashBack Participation program (see Section 7.2 of the Membership Agreement). The CashBack Participation program is described in greater detail under Item 5(A) above. No interest will be charged to you and no separate promissory note will be executed by you. The amount of the Initial Membership Fee which is deferred is \$9,000.

FTG does not offer direct or indirect financing. FTG does not intend in the future to sell, assign or discount to a third party any note, contract or other obligation of yours which is owed to FTG. FTG does not arrange financing from other sources, and accordingly, does not receive payments for placing financing.

FTG does not guarantee your note, lease or obligation.

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

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

**A. FTG's Pre-Opening Obligations**

Prior to the time you begin participating in the FTG System, FTG is obligated to provide you with advertising material, the price list, and other documents relating to the FTG System (see Sections 5.2 and 5.3 of the Membership Agreement). FTG does not currently have a formal operations manual.

**B. FTG's Obligations During Membership Operation**

During the operation of the FTG System, FTG's obligations are limited to selecting floor covering and window treatment products that meet FTG's quality standards, negotiating with vendors to offer favorable pricing to FTG members (see Section 5 of the Membership Agreement), controlling the management and disbursement of the funds received as Advertising Fees (see Sections 5.2 and 6.4 of the Membership Agreement), and providing certain approved artwork, print media presentations, direct mail flyers, promotional materials, point-of-sale formats, audio and video presentations for our approved advertising programs and information we develop for your use in marketing and conducting local advertising for your FTG Showroom at a reasonable cost to you (see Sections 5.2 and 6.4 of the Membership Agreement).

FTG is also obligated to use its commercially reasonable efforts to:

- (1) maintain the reputation of the FTG System;
- (2) maintain a wide variety of floor covering and window treatment products at favorable prices; and
- (3) defend the Marks licensed with the FTG System.

FTG is also obligated to provide and deliver to you at your Showroom the racks, displays and samples necessary to convert your Showroom to a FTG Showroom, as well as a store design consultant to assist you with adapting the FTG Showroom design package to your Showroom (the "Redesign"). FTG will not purchase any tenant improvement items, including, among other things, installation of floor coverings in showrooms, furniture, or office equipment (see Section 5.2 of the Membership Agreement).

#### **C. Expected Days to Commence Operations**

The typical length of time between the signing of the Membership Agreement and the opening of the member's showroom as a FTG Showroom is 30 to 90 days. Since all current FTG members have established floor covering stores prior to becoming a member, there are generally no delays occasioned by the new member needing to obtain a lease or to secure financing and building permits. The time period between the signing of the Membership Agreement and the new member commencing use of the FTG System may be impacted by the length of time needed to ensure that such member's FTG Showroom signage complies with local zoning and other ordinances and by delays in the installation of equipment, fixtures and signs in connection with the Redesign.

#### **D. Member Training**

Since FTG members already have experience in owning and operating floor covering stores, FTG does not offer an initial training program.

From time to time, FTG may offer seminars focused on topics of interest to FTG members (e.g., sales and marketing techniques, retail management best practices, new product offerings, and Internet applications), in which FTG members may voluntarily choose to participate. Since these seminars are specifically designed in response to timely issues faced by FTG members, the subjects taught, as well as the formats and venues in which such

subjects are presented, vary from year to year. There is no predetermined plan with respect to the locations at which such seminars are held; nor is there any predetermined plan with respect to the seminar instructors or the nature of corresponding instructional materials. Attending members are expected to bear the expenses of attending these elective seminars, including lodging and meals.

In addition, FTG may hold conferences or conventions at various times to discuss matters such as sales techniques, product selection and costs, performance standards, advertising programs, new products, and operational modifications and updates. You must attend FTG's annual convention. FTG will bear the cost of your registration fee and lodging fees for the nights of your first convention, but you must pay all related travel and other personal expenses you incur (see Section 5.2(b) of the Membership Agreement). In addition, you must also attend FTG's annual convention in subsequent years, in order to receive the full benefit of the FTG System, and we reserve the right to charge you a fee if you elect not to attend. FTG will charge you a registration fee for your attendance at all subsequent annual conventions, and you must pay all related travel, lodging and other personal expenses that you incur during such conventions. The annual conventions, voluntary training programs, and other elective conferences and conventions will be held in a location within the United States designated by FTG.

During the past 12 months, one hundred percent (100%) of new members enrolled in our voluntary training programs and elective conferences and conventions.

During COVID-19, FTG has implemented some remote training programs for its members. Since almost all FTG members have established floor covering stores prior to becoming a member, COVID-19 has not impacted the time to open for new members. FTG has experienced some delays in its ability to place new samples packages with some suppliers due to availability issues.

#### **E. Advertising Materials, Fees, Services and Responsibilities**

FTG will develop advertising materials and marketing programs during the term of your Membership Agreement and provide these materials and programs to you and all FTG members (see Section 6.4 of the Membership Agreement).

Some advertising materials are prepared by FTG, and you are permitted to develop your own advertising material consistent with FTG's standards or otherwise subject to FTG's approval. All advertising, marketing and promotional materials which you use in connection with your Showroom must conform to all restrictions and specifications provided by us from time to time. You are not permitted to use the name "*Floors To Go*" as part of your legal or business name except to describe that you are doing business as a FTG member or to geographically describe the location of your franchised business. Any advertising, marketing or promotional materials must be approved in writing by us prior to any publication by you. You may publish any of our approved advertising materials in any reputable media utilized for those purposes in your territory.

Our members-only website may contain approved artwork print media presentations, promotional materials, direct mail flyers, point-of-sale formats, audio and video

presentations for our approved advertising programs as well as the guidelines for and limitations upon their usage. Members are responsible for paying any additional cost of having these audio and video presentations customized for local usage. Multiple copies of these advertising materials and programs will be furnished to you at FTG's direct cost of producing them, plus any related shipping, handling and storage charges. One hundred percent (100%) of the Advertising Fees FTG received from its members during fiscal year 2021 was used for production and media placement expenses. None of the Advertising Fees that FTG received from its members during fiscal year 2021 were used to solicit new franchise sales.

All Advertising Fees paid by you will be used solely for the development of advertising materials and marketing programs for system-wide use and will not be used for marketing individual showrooms or to defray any of FTG's expenses not directly related to the development of these materials and programs. Members, including company-owned outlets, are required to pay Advertising Fees (payable semi-annually, in two equal payments of \$1,500). Members are not required to participate in any other advertising fund. FTG will direct all programs financed by the Advertising Fees, with sole discretion over the creative concepts, materials and endorsements used, market and media selection (including whether the corresponding media coverage is local, regional or national in scope), and the allocation of resources. Advertising Fees may, in FTG's sole discretion, be used to pay the costs for preparing and producing customizable artwork, print media, television and radio commercials, as well as for conducting market research, public relations, and paying FTG's related administrative expenses.

FTG will have absolute discretion with the administration of the funds received as Advertising Fees, including but not limited to, the allocation of the funds, methods of payment, and reimbursement of expenses and advances paid by FTG to develop any such advertising materials or programs. The Advertising Fees and earnings, if any, will not otherwise inure to FTG's benefit, and FTG will maintain separate bookkeeping accounts for these Advertising Fees.

There is currently no advertising council composed of members that advise FTG on advertising policies. Members are not presently required to participate in a local or regional advertising cooperative.

Upon your request, we will provide you with a statement setting forth an accounting of our advertising expenditures. However, FTG is not responsible for, nor will FTG assume any direct or indirect liability or obligation to you with respect to, having independent certified public accountants conduct a separate audit on the receipt and disbursement of the Advertising Fees that FTG receives from its members. All Advertising Fees remaining for any particular year, if any, will be carried forward for use during the next year. FTG assumes no other direct or indirect liability or obligation to you with respect to collecting or maintaining the Advertising Fees or with respect to developing advertising materials, or with respect to directing or administering the advertising and marketing programs. FTG is not required to spend any amounts for advertising in the area where a member's showroom is located.



## **F. Computer Hardware and Software**

You are not required to install, maintain or use any specified or approved computer system or point-of-sale ("POS") hardware or any designated software programs to maintain data, business records or customer transactions for your Showroom. You may in the future, at your own expense, be required to purchase or otherwise acquire POS hardware and a computer system which are compatible and capable of running certain POS and other software programs which we may approve and upon which the records retention and operation of your Showroom may become dependent.

We reserve the right, in our sole discretion, to uniformly require all our members to install and maintain certain hardware and software (the "Computer System"). To ensure full operational efficiency and communication capability between our computers and those of all our members at all times, you will be required, under the terms of the Membership Agreement and at your own expense, to keep the Computer System in good repair and to purchase certain annual maintenance and service contracts (hardware and software, including upgrades to the POS system) from the manufacturer of the hardware or the licensor of the software or from one of their respective authorized distributors. You will not be required to purchase your Computer System or any nonproprietary software programs from us or from any specific designee on the approved list of suppliers.

FTG will not have independent access to any information generated or stored in any electronic cash register or computer system that you use in your Showroom.

## **G. Internet**

1. Website. You will be provided a website, maintained by us, on the domain [www.floorstogo.com](http://www.floorstogo.com) for each of your FTG Showrooms. In addition, you will have access to several additional pages, which may be customized for your Showroom. The content of these customized pages and any changes thereto will be subject to our prior review and written approval. From time to time, additional features and benefits may be added to the website, for which we reserve the right to charge a fee to assist in covering costs, including, but not limited to, the costs of developing, implementing and maintaining said features and benefits. In addition, we reserve the right to require you to use "Floors To Go" in your fictitious trade name and make it a permanent part of your exterior signage. If you choose to develop an independent website, it must comply with our trademark, service mark, logo and advertising requirements, as well as any of our applicable policies and procedures. Therefore, among other things, you must (i) obtain our prior written approval of any Internet domain name and home page addresses used for your independent website, (ii) obtain our prior written approval of all hyperlinks and other links to appear on your independent website, and (iii) restrict your use of any materials in which any third party has any interest. Upon your request and our prior written approval, if you include "Floors To Go" in your fictitious trade name and make it a permanent part of your exterior signage, a hyperlink to your independent website will be placed on the website that we maintain for your Showroom.

2. Advertising. If you develop or purchase internet-based advertising through email services, search engines, web portals or other internet-based advertising vehicles, you must comply with our trademark, service mark, logo and advertising requirements, as well

as any of our other applicable policies and procedures that we may institute from time to time.

## **ITEM 12. TERRITORY**

### **A. Your Territory**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Specifically, you may face competition from other FTG Showrooms that we or our affiliates franchise or own and that operate at traditional sites outside your territory. Also, you may face competition from other outlets that we franchise or own, or from other channels of distribution or competitive brands we control, including, but not limited to, competition from the FTG Shop At Home program.

As part of the FTG System, FTG will grant territorial rights to you which are officially identified in Schedule "A" of the Membership Agreement. FTG will not open any company-owned Floors To Go Showrooms or permit other franchised Floors To Go Showrooms to be located within your territory. Your territory will be determined based on the factors that we deem relevant, which might include population, traffic flow, presence of businesses, location of competitors (including other showrooms), demographics, and other market conditions. You agree to conduct your business at the location designated in Schedule "A" of the Membership Agreement and in no other location. Schedule "A" to the Membership Agreement will include the location of your principal place of business (the approved Showroom location) and a description of your territory. If your territory is defined as a radius, it will be measured from your approved Showroom. Otherwise, the boundaries of a territory are typically designated by streets or by the political boundaries of cities as they exist on the date the Membership Agreement is signed.

FTG, under Section 1.2 of the Membership Agreement, specifically agrees that it will not open or license any other person or entity to open a Showroom using FTG's trade name or service marks within your territory designated in Schedule "A" to the Membership Agreement.

On renewal or relocation of a franchise, the territory may be modified. Depending on the then-current demographics of the territory, and on our then-current standards for territories, if the territory is larger than our then-current standard territory, we may require you or the transferee to accept a renewal territory or a transfer territory smaller than your then-current territory.

You have no options, rights of first refusal, or similar rights to acquire additional franchises. If after the execution of your initial Membership Agreement you wish to open additional showrooms using the FTG System, and even if the proposed showrooms are within your territory, you must enter into a separate Membership Agreement for each such showroom.

You are not permitted to use our corporate name or trade names or the Floors To Go Marks, or any colorable imitations of those Floors To Go Marks, for identifying, referencing,

linking or otherwise connecting to any Internet Web Site or Domain Name other than those Internet Web Sites and Domain Names as are presently, or may be subsequently, owned by or registered to us. You are not permitted to use or assist others, in any manner, with using Floors To Go Marks or our corporate name, trade names, trade symbols, logos, emblems, slogans or designs, in whole or in part, to offer or sell any floor covering or window treatment products on or through any Internet Web Site or Domain Name.

Continuation of your franchise or territorial rights is not directly dependent upon achievement of certain sales volume, market penetration or other contingency. However, you must purchase, for each of your Showrooms, a minimum of \$350,000 or 80% of your total floor covering and window treatment purchases, whichever is greater, through the FTG System during the calendar year following the opening of each such Showroom. Only those floor covering and window treatment products that FTG designates as part of the FTG System qualify towards the minimum purchase requirements. Failure to achieve the volume purchase requirements set forth in Subsection 7.1(a) of the Membership Agreement does give FTG the right to terminate your Membership Agreement (see Subsection 13.2(b)(4) of the Membership Agreement).

We do not restrict you from soliciting or accepting orders from outside your territory, but you do not have the right to use other channels of distribution to make sales outside your territory.

Under the Membership Agreement, you will have the right to move your Showroom to another location, provided that (i) you give us ninety (90) days' prior written notice of the proposed relocation, (ii) the new location is within your existing territory, (iii) the new location otherwise complies with the terms of the Membership Agreement, and (iv) you agree to a revision of your existing territory, as determined by us in our sole discretion. The relocation must be approved in writing by FTG. You will be required to continue paying the monthly Service Fee and Advertising Fee during the time between termination of operations at the original Showroom location and commencement of operations at the new Showroom location.

Provided that you are in full compliance with the Membership Agreement, we and our affiliates will not operate or grant a franchise for the operation of another FTG Showroom at a location within your territory during the term of this Membership Agreement, except under the circumstances set forth below. Otherwise, we and our affiliates retain all rights not expressly granted to you under the Membership Agreement (with respect to, among other things, FTG Showrooms, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire), including, but not limited to, the right in our sole discretion:

1. to operate, and to grant others the right to operate, FTG Showrooms located anywhere outside your territory;
2. to develop, use, and license the rights to any tradenames, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights that we have not licensed to you under the Membership Agreement;

3. to freely and unconditionally do business, or authorize others to do business, under the FTG Marks, through alternative marketing plans or systems, alternative distribution methods or procedures, and different business formats, at any locations inside or outside your territory.
4. to establish, own and operate, or grant others the right to establish, own and operate, businesses offering dissimilar products and services, at any locations inside and outside your territory, under the FTG Marks;
5. to establish, own and operate, or grant the right to establish, own and operate, similar businesses or any other businesses or any other businesses offering similar or dissimilar products and services, through similar or dissimilar channels of distribution (including the Internet and similar electronic media), at any locations inside or outside your territory, under trademarks or service marks other than the FTG Marks;
6. to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at FTG Showrooms, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, including in your territory;
7. to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction) by a business providing products and services similar to those provided at FTG Showrooms, or by another business, even if such business operates, franchises, and/or licenses competitive businesses in your territory; and
8. to engage in any other activities we and/or our affiliates desire within or outside of your territory that are not specifically prohibited under the Membership Agreement.

We are not required to pay you if we exercise any of the rights specified above inside your territory.

**B. Abbey Carpet Co., Inc**

FTG's affiliate, Abbey Carpet Co., Inc., offers franchises for floor covering stores under the name "*Abbey Carpet & Floor.*" Abbey Carpet Co., Inc. currently has 434 showrooms in its system. Members of the Abbey Carpet System sell floor and window coverings and may compete to a certain extent with your Showroom. Abbey Carpet Co., Inc. does not own or operate any Floors To Go showrooms.

There may be overlap between the territories of FTG members and the *Abbey Carpet & Floor* franchisees. There is also no limitation on the right of any franchisee to sell products for installation outside of that franchisee's territory.

The conflict resolution provisions of the Membership Agreement would apply to any disputes relating to disputes among the FTG members and *Abbey Carpet & Floor* franchisees regarding territory, customers, or franchisor support. FTG and Abbey Carpet Co., Inc. will maintain adequate staffing to be able to perform their obligations under their respective franchise agreements. FTG does not currently plan to maintain physically separate offices from Abbey Carpet Co., Inc.

**ITEM 13. TRADEMARKS**

FTG exercises the rights, title and interest in, together with all the goodwill connected to, the trademark "Floors To Go" and all other marks used in connection with the FTG System.

The following table lists all the principal trademarks to be licensed to FTG members, including all Federal Trademarks and Service Marks that have been registered with the U.S. Patent and Trademark Office ("PTO") and those for which registration is pending.

TRADEMARK	REGISTRATION NO.	REGISTRATION DATE	REGISTER
Floors To Go (stylized lettering) (SM) 	1,903,872	July 4, 1995	Principal
Floors To Go (SM) 	3,227,579	April 10, 2007	Principal
Floors To Go and design (stylized lettering) (SM) 	3,227,580	April 10, 2007	Principal

A combined Affidavit of Continued Use and Incontestability (§ 8 and § 15 of the Trademark Act of 1946, as amended) relating to Registration No. 1,903,872 was filed and has

been accepted by the PTO. This registration was renewed for additional ten-year periods in 2005 and 2015.

Combined Affidavits of Continued Use and Incontestability (§ 8 and § 15 of the Trademark Act of 1946, as amended) relating to Registration Nos. 3,227,579 and 3,227,580 were filed and have been accepted by the PTO. Each registration was renewed for a 10 year period in 2016.

There are presently no currently effective material determinations of the PTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding, nor any pending material litigation involving such trademarks, service marks, trade names, logotypes or other commercial symbols of FTG which is relevant to their use in your state or in any other state. FTG is not aware of any use of the Floors To Go name or marks by a third party other than a Washington corporation named "Floors To Go, Inc." doing business in Renton, Washington.

There are no agreements currently in effect that significantly limit the rights of FTG to use or license the use of the above-identified trade names and trademarks.

FTG will defend you against any infringement, unfair competition, or other claim respecting your lawful and authorized use of any name or mark licensed by FTG. FTG will make reasonable efforts to protect your rights to use the Marks. If any infringement of, or challenge to, your use of the Marks should occur, you are obligated to immediately provide FTG with written notice of the same. FTG will then have the sole discretion to take such action as it deems appropriate. The Membership Agreement requires FTG to protect and defend the use of all membership-related trade names and service marks. FTG is required to indemnify you for expenses or damages for any administrative or judicial proceeding involving a mark licensed to you by FTG. You agree to indemnify FTG for any expenses or damages for any improper or unauthorized use of any licensed mark by you.

To the best of FTG's knowledge, there are currently no superior prior rights or infringing uses actually known to FTG that could materially affect your use of the FTG trademarks in the United States.

You irrevocably agree not to contest, directly or indirectly, FTG's ownership, title, right, or interest in its trade name, and any trademarks, service marks, or any domain names that include FTG's trademarks or service marks, trade secrets, methods, procedures, and advertising techniques which are a part of FTG's business or to contest FTG's sole right to register, use or license others to use such trade names, trademarks, service marks, domain names trade secrets, methods, procedures, and techniques anywhere in the world. You shall not incorporate the words "Floors To Go" or any other confusingly similar names, marks, or logos associated therewith as part of your legal business name or domain names, but you are authorized and required to adopt a fictitious trade name incorporating the words "Floors To Go."

**ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

**A. Patents and Copyrights**

There are no patents or registered copyrights that are material to the FTG System. FTG claims ownership of, and all copyrights for, all lists, manuals and other written materials originating from FTG. Your right to use such materials is governed by the Membership Agreement.

**B. Proprietary Information**

FTG asserts a proprietary interest and right in and to its price list, cashback list, advertising, marketing and merchandising information, and product specifications (the "Proprietary Information") and all other material provided by FTG to you for use with the FTG System, including without limitation, information you receive on FTG's website located at www.ftginfonet.com. You must treat the Proprietary Information, any other materials created for or approved for use in the operation of the FTG System, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record or otherwise reproduce these materials or otherwise make them available to any person, other than those employees who require access in order for your business to operate under the FTG System. The Proprietary Information will remain FTG's sole property and must be kept in a secure place in your Showroom.

You must not, during the term of the Membership Agreement or after the term of the Membership Agreement, communicate, divulge, or use for the benefit of any other person, partnership, association or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the FTG System which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the Membership Agreement (including information, knowledge, or know-how concerning floor covering marketing and merchandising systems, procedures, processes and techniques). You may divulge this confidential information only to those employees who must have access to it in order to operate the FTG System. Any and all information, knowledge, know-how, techniques, and other data, which FTG designates as confidential, will be deemed confidential for purposes of the Membership Agreement. Upon the termination or expiration of the Membership Agreement, you must immediately return to FTG the Proprietary Information that were loaned to you, including all copies and supplements thereto, during the term of the Membership Agreement. You must destroy all other proprietary items and dispose of same within ten (10) days after termination or expiration of the Membership Agreement for any reason.

**ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

There is no obligation that you participate in the actual operation of the membership business. However, FTG does expect either you or your Showroom manager to devote full time and best efforts to the management and operation of the FTG System. If you are a

business entity, the Showroom manager is not required to have an equity interest in the FTG membership.

FTG imposes no limitation as to who will manage the FTG System in your Showroom, except that such manager must comply with all applicable laws (which may require that the manager obtain a license) and that you must not harm the goodwill associated with the FTG System and the trade names, trademarks and service marks associated with the FTG System.

You must ensure that your Showroom manager(s) comply fully, with all applicable terms of the Membership Agreement including, maintaining all trade secrets, not competing with the Showroom, and safeguarding all FTG System documents, Proprietary Information, etc. provided to you by FTG.

If you are a business entity, such as a corporation, limited liability company or limited partnership, our required form of owner's statement, which is attached as Exhibit "D" to this disclosure document (the "Principal Owner's Statement") describes all of your owners and their interests in you.

#### **ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

With regard to the FTG System, there are no restrictions on the goods and services which may be offered by you, including competing floor covering products, except that you may not participate in a competing marketing and merchandising system which offers products similar to those offered by the FTG System while a member of the FTG System.

The FTG System may be supplemented, improved, and otherwise modified from time to time by FTG. With regard to the FTG System, the Pricing Manual will be regularly updated to identify the selected vendors, floor coverings and prices currently available to FTG System members. You must comply with all of FTG's reasonable requirements in that regard, including offering and selling new or different products or services as specified by FTG.

Section 7.1 of the Membership Agreement requires you to purchase, for each of your Showrooms, a minimum of \$350,000 or 80% of your total floor covering and window treatment purchases, whichever is greater, through the FTG System during the calendar year following the opening of each such Showroom. Only those floor covering and window treatment products that FTG designates as part of the FTG System qualify towards the minimum purchase requirements.

We do not impose any restrictions or conditions that limit your access to customers.

#### **ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

### **THE FRANCHISE RELATIONSHIP**



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

	<b>Provision</b>	<b>Section in Membership Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Section 2.1	5 Years
b.	Renewal or extension of the term	Section 2.1; Section 2.2	Renewal terms of 5 years each, subject to contractual requirements
c.	Requirements for franchisee to renew or extend	Section 2.2; Section 13.1	<p>Notice, compliance with Membership Agreement, sign new Membership Agreement, and pay renewal fee</p> <p>If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new membership agreement that contains terms and conditions materially different from those in your previous membership agreement, such as different fee requirements and territorial rights.</p>
d.	Termination by franchisee	Section 13.1	Notice, compliance with Membership Agreement, release of liability, subject to applicable state law
e.	Termination by franchisor without cause	Not applicable	
f.	Termination by franchisor with cause	Section 13.2	Failure to comply with Membership Agreement
g.	“Cause” defined—curable defaults	Section 13.2	You have thirty (30) days after notice to cure certain defaults
h.	“Cause” defined—non-curable defaults	Section 13.2	Non-curable defaults include, insolvency, bankruptcy, failure to stay open, failure to meet minimum sales levels, misuse of trademarks and repetition of earlier defaults.

	<b>Provision</b>	<b>Section in Membership Agreement</b>	<b>Summary</b>
i.	Franchisee's obligations on termination/non-renewal	Section 13.3	Obligations include stop using FTG Marks and System, and payment of amounts due, including the unpaid portion of your Initial Membership Fee or any applicable Early Termination Fee.
j.	Assignment of contract by franchisor	Section 10	Notice
k.	"Transfer" by franchisee—defined	Sections 11.1, 11.2, 11.3 and 11.4	Includes transfer of interest in Membership Agreement and in member if a business entity, upon death/disability, and change in business form
l.	Franchisor approval of transfer by franchisee	Section 11.1	We have right to approve/disapprove transfer.
m.	Conditions for franchisor approval of transfer	Section 11.1	Includes payment of monies owed and fee; no breach; release of liability; transferee suitability; and execution of new agreement
n.	Franchisor's right of first refusal to acquire franchisee's business	Not applicable	
o.	Franchisor's option to purchase franchisee's business	Not applicable	
p.	Death or disability of franchisee	Section 11.2	Includes payment of money owed, transferee suitability, assumption of current agreement, release from estate
q.	Non-competition covenants during the term of the franchise	Subsection 9.2(d) and Section 9.4	No participation in other marketing and merchandising systems, subject to applicable state law
r.	Non-competition covenants after the franchise is terminated or expires	Not applicable	

	<b>Provision</b>	<b>Section in Membership Agreement</b>	<b>Summary</b>
s.	Modification of the agreement	Section 3.2; Section 5.3	Pricing Manual subject to change; improvements, additions and changes to FTG System must be adopted
t.	Integration/merger clause	Section 16.5	Only terms of the disclosure document and Membership Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and membership agreement may not be enforceable.
u.	Dispute resolution by arbitration	Sections 14.1 through 14.3	Must use binding arbitration in certain cases, optional in other cases, subject to applicable state law
v.	Choice of forum	Section 16.2	Florida, subject to applicable state law
w.	Choice of law	Section 16.1	Florida, subject to applicable state law

**ITEM 18. PUBLIC FIGURES**

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

**ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in 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.

We do not make any representations about a member's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make 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 our management by contacting Ted Dlugokienski, Floors To Go, LLC, 3471 Bonita Bay Boulevard, Bonita Springs, Florida

34134, (866) 357-7246, the Federal Trade Commission and any appropriate state regulatory agencies.

**ITEM 20. OUTLETS AND MEMBER INFORMATION**

TABLE NO. 1

SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2019 TO 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	153	151	-2
	2020	151	149	-2
	2021	149	151	2
Company-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	153	151	-2
	2020	151	149	-2
	2021	149	151	2

TABLE NO. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN THE FRANCHISOR OR AN AFFILIATE)  
FOR YEARS 2019 TO 2021

State	Year	Number of Transfers
Alabama	2019	0
	2020	0
	2021	0
Alaska	2019	0
	2020	0
	2021	0
Arizona	2019	0
	2020	0
	2021	0

State	Year	Number of Transfers
Arkansas	2019	0
	2020	0
	2021	0
California	2019	0
	2020	2
	2021	0
Colorado	2019	0
	2020	1
	2021	1
Connecticut	2019	0
	2020	0
	2021	0
Delaware	2019	0
	2020	0
	2021	0
Florida	2019	0
	2020	0
	2021	0
Georgia	2019	0
	2020	0
	2021	0
Hawaii	2019	0
	2020	0
	2021	0
Idaho	2019	0
	2020	0
	2021	0
Illinois	2019	0
	2020	0
	2021	0
Indiana	2019	0
	2020	0
	2021	0
Iowa	2019	0
	2020	0
	2021	0
Kansas	2019	0
	2020	0
	2021	0
Kentucky	2019	0
	2020	0
	2021	0

State	Year	Number of Transfers
Louisiana	2019	0
	2020	0
	2021	0
Maine	2019	0
	2020	0
	2021	0
Maryland	2019	0
	2020	0
	2021	0
Massachusetts	2019	0
	2020	0
	2021	0
Michigan	2019	0
	2020	0
	2021	0
Minnesota	2019	0
	2020	0
	2021	0
Mississippi	2019	0
	2020	0
	2021	0
Missouri	2019	0
	2020	0
	2021	0
Montana	2019	0
	2020	0
	2021	0
Nebraska	2019	0
	2020	0
	2021	0
Nevada	2019	0
	2020	0
	2021	0
New Hampshire	2019	0
	2020	0
	2021	0
New Jersey	2019	0
	2020	0
	2021	0
New Mexico	2019	0
	2020	0
	2021	0

State	Year	Number of Transfers
New York	2019	0
	2020	0
	2021	0
North Carolina	2019	0
	2020	0
	2021	0
North Dakota	2019	0
	2020	0
	2021	0
Ohio	2019	0
	2020	0
	2021	0
Oklahoma	2019	0
	2020	0
	2021	0
Oregon	2019	0
	2020	0
	2021	0
Pennsylvania	2019	0
	2020	0
	2021	0
Rhode Island	2019	0
	2020	0
	2021	0
South Carolina	2019	0
	2020	0
	2021	0
South Dakota	2019	0
	2020	0
	2021	0
Tennessee	2019	0
	2020	0
	2021	0
Texas	2019	0
	2020	0
	2021	0
Utah	2019	0
	2020	0
	2021	0
Vermont	2019	0
	2020	0
	2021	0
Virginia	2019	0
	2020	0

State	Year	Number of Transfers
	2021	0
Washington	2019	0
	2020	1
	2021	0
West Virginia	2019	0
	2020	0
	2021	0
Wisconsin	2019	0
	2020	0
	2021	0
Wyoming	2019	0
	2020	0
	2021	0
Totals	2019	0
	2020	4
	2021	1

TABLE NO. 3

STATUS OF FRANCHISED OUTLETS FOR YEARS 2019 TO 2021\*

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Alaska	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Arizona	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Arkansas	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
California	2019	23	1	0	0	0	0	24
	2020	24	6	1	0	0	0	29
	2021	29	1	0	0	0	3	27



State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Colorado	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	1	0	0	0	0	6
Connecticut	2019	2	0	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Florida	2019	13	0	0	0	0	1	12
	2020	12	0	0	0	0	1	11
	2021	11	1	0	0	0	1	11
Georgia	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Hawaii	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
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	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
Indiana	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Iowa	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
Kansas	2019	2	0	0	0	0	1	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Kentucky	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Louisiana	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Maryland	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Massachusetts	2019	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Michigan	2019	2	0	0	0	0	0	2
	2020	2	1	0	0	0	2	1
	2021	1	0	0	0	0	0	1
Minnesota	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Mississippi	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Missouri	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Montana	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Nebraska	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Nevada	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
New Jersey	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	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	20	0	0	0	0	2	18
	2020	18	0	0	0	0	1	17
	2021	17	1	0	0	0	0	18
North Carolina	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
Ohio	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Oklahoma	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2021	3	0	0	0	0	0	3
Oregon	2019	6	0	0	0	0	0	6
	2020	6	0	1	0	0	0	5
	2021	5	0	0	0	0	0	5
Pennsylvania	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Rhode Island	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
South Carolina	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	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
Texas	2019	19	1	0	0	0	1	19
	2020	19	0	1	0	0	2	16
	2021	16	0	0	0	0	0	16
Utah	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Virginia	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	1	2
Washington	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Wisconsin	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Totals	2019	153	3	0	0	0	5	151
	2020	151	8	3	0	0	7	149
	2021	149	7	0	0	0	5	151

\* If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

TABLE NO. 4

## STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2019 TO 2021

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Florida	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Total	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

TABLE NO. 5

## PROJECTED OPENINGS AS OF DECEMBER 31, 2021

State	Membership Agreements Signed, But Outlets Not Opened	Projected New Franchised Outlets in the Current Fiscal Year (2022)	Projected New Company-Owned Outlets in the Current Fiscal Year (2022)
Alabama	0	0	0
Alaska	0	0	0
Arizona	0	1	0
Arkansas	0	0	0
California	0	2	0
Colorado	0	0	0
Connecticut	0	1	0
Delaware	0	0	0
Florida	0	0	0
Georgia	0	0	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	0	0	0
Indiana	0	1	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	0	1	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0

State	Membership Agreements Signed, But Outlets Not Opened	Projected New Franchised Outlets in the Current Fiscal Year (2022)	Projected New Company-Owned Outlets in the Current Fiscal Year (2022)
Michigan	0	1	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	0	0
Montana	0	0	0
Nebraska	0	1	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	0	0
New Mexico	0	0	0
New York	0	1	0
North Carolina	0	0	0
North Dakota	0	0	0
Ohio	0	0	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	0	0
Rhode Island	0	0	0
South Carolina	0	0	0
South Dakota	0	0	0
Tennessee	0	0	0
Texas	0	1	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	0	0
Washington	0	0	0
West Virginia	0	0	0
Wisconsin	0	1	0
Wyoming	0	0	0
Puerto Rico	0	0	0
Totals	0	11	0

Exhibit "I" lists the names of all of our operating franchisees and the addresses and telephone numbers of their Showrooms as of December 31, 2021. Exhibit "J" lists the franchisees who have signed Membership Agreements for Showrooms which were not yet operational as of December 31, 2021. Exhibit "K" lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Membership Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance

date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

There is no trademark-specific franchisee organization associated with the FTG System.

**ITEM 21. FINANCIAL STATEMENTS**

Attached to this disclosure document as Exhibit "F" is the Floors To Go, LLC audited financial statements for the years ended December 31, 2021, December 31, 2020 and December 31, 2019. The financial statements were audited by independent certified public accountants.

**ITEM 22. CONTRACTS**

The following Exhibits contain all the contracts which you will be required to sign in connection with being granted a franchise:

Exhibit "A" Membership Agreement

Exhibit "B" State Specific Amendments to the Membership Agreement (if applicable)

Exhibit "C" Purchase Affidavit

Exhibit "D" Principal Owner's Statement

**ITEM 23. RECEIPTS**

Two copies of an acknowledgment of your Receipt of this disclosure document appear as Exhibit "M" Thank you for printing your full name in the appropriate spaces and for signing and dating both copies. Please return the one marked "Our Copy" to us and retain the one marked "Your Copy" for your records.

**EXHIBIT "A"**

**FLOORS TO GO, LLC**

**FRANCHISE DISCLOSURE DOCUMENT**

*Dated March 16, 2022*

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**MEMBERSHIP AGREEMENT**

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Schedule “D”	Principal Owner’s Statement

## FLOORS TO GO MEMBERSHIP AGREEMENT

Welcome to Floors To Go, LLC (“FTG”) and our FTG System. Our method of marketing floor and window covering products, known as the “FTG Marketing System” is based upon owner/operators of floor covering showrooms, like yourself, selling carpeting, other floor coverings, and window covering products to individual consumers from a designated selection of samples. You will be able to purchase, special order or inventory this merchandise from our-approved suppliers.

In addition to the FTG Marketing System, our “FTG System” allows you to utilize a merchandising system that includes showroom design, displays, product selection, and interior signage (the “FTG Merchandising System”). Our goal in developing the FTG System is to better serve you and your customers.

We own and/or use certain trade names, service marks, and trademarks for the operation of the FTG System. We believe that this ensures uniform standards of appearance, quality, and operation for all participating showrooms and enhances and protects the use of the FTG System.

By signing this Membership Agreement (the “Agreement”) you agree to the terms and conditions contained herein.

### **1. Our Relationship**

1.1. Your Membership. You will have the right to (a) participate as a member in the FTG System for the purchase of floor coverings and window covering products, and to indicate to the public that your independent business is operated as part of the FTG System; (b) participate in the FTG CashBack Program (see Section 7.2 for details); and (c) adopt and use our selected trademarks, service marks, and trade names with our signs, emblems, and insignia.

1.2. Your Territory. You will be granted the right to conduct your business at the location designated on the attached Schedule “A” (“Your Territory” or “Showroom”). Your Territory will be determined based on the factors that we deem relevant, which might include population, traffic flow, presence of businesses, location of competitors (including other showrooms), demographics, and other market conditions. The Territory may be defined based on geographic boundaries, streets or other criteria, as we determine appropriate. On renewal or transfer of your franchised business, Your Territory may be modified. Depending on the then-current demographics of Your Territory, and on our then-current standards for territories, if Your Territory is larger than our then-current standard territory, we may require you or the transferee to accept a renewal territory or a transfer territory that is smaller than Your Territory. This means that we will not open or license any other person or entity to open a showroom using the “Floors To Go” trade name or trademarks within Your Territory. However, you may face competition from other outlets that we franchise or own, or from other channels of distribution or competitive brands we control, within Your Territory, including, but not limited to, competition from the FTG Shop At Home program. We will not prohibit you from selling products for installation outside of Your Territory nor will we prohibit you from offering other floor covering or window treatment

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products for sale along with those products available through the FTG System. In other words, we will not restrict you from marketing or soliciting customers outside Your Territory.

**2. Term**

2.1. Duration/Renewal. Our relationship will begin on the date this Agreement is signed by you and us and will continue for a period of five (5) years (the “Original Term”). You will also have the right to renew your FTG membership for successive terms of five (5) years.

2.2. Conditions to Renewal. If you would like to renew your FTG membership for a successive term of five (5) years and you meet the conditions contained in this Section 2.2, you must provide us with written notice, by registered or certified mail, of your exercise of each option, not less than sixty (60) days prior to the expiration of your membership (each a “Renewal Term”). If you do not provide us with such notice and a renewal fee as set forth in Section 6.6, this Agreement will continue on a month-to-month basis until we either (i) send you notice of termination, or (ii) we agree to renew the Agreement pursuant to the terms provided herein, whichever occurs first. Our only conditions to your renewal of this Agreement are that (a) you cannot be in default of any material term or condition of any amendments hereof, or any other agreement in which we are both a party; (b) you execute the then-current FTG System membership agreement, which agreement shall supersede this Agreement in all respects, and which may contain terms that materially differ from the terms of this Agreement, such as different fee requirements and territorial rights; and (c) you pay the applicable renewal fee (see Section 6.7 for details).

2.3. Notice Required By Law. Where required by law, we will give you notice prior to the expiration of the Original Term or any Renewal Term. This Agreement shall remain in effect on a month-to-month basis until we have given the requisite notice required by such applicable law. If for some reason we are not offering new memberships, or if we are in the process of revising, amending or renewing our form of membership agreement or disclosure document, or if we are not lawfully able to offer you our then-current form of membership agreement at the time you advise us that you desire to renew, we may: (i) offer to renew this Agreement upon the same terms set forth herein for a Renewal Term, or (ii) offer to extend the Original Term or any Renewal Term on a month-to-month basis following the expiration of such Original Term or Renewal Term for as long as it should be necessary or appropriate so that we may lawfully offer our then-current form of membership agreement, which may include territorial rights that are more limited in scope than Your Territory under this Agreement.

**3. Your Rights Under Our Relationship**

3.1. Membership Rights.

a. As a member all of your rights under this Agreement are personal and cannot be sold, assigned, transferred, or encumbered in any way, in whole or in part, except as set forth in Article 11. Except as permitted by us, you cannot subfranchise.

b. As a member, you agree that the only rights pertaining to the identification, schemes, standards, specifications, operating procedures, and other concepts

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embodied in the FTG System to which you are entitled are those that are given to you under this Agreement. You will not be acquiring any ownership or other rights, title, or interests to the FTG System or the rights licensed hereunder unless expressly granted to you in this Agreement. Any and all goodwill associated with the FTG System and the rights licensed in this Agreement shall inure exclusively to our benefit.

c. As a member, you agree that we and our affiliates retain all rights not expressly granted to you under this Agreement (with respect to, among other things, FTG Showrooms, the FTG Marks (as defined in Subsection 4.1(a)), the sale of similar or dissimilar products and services, and any other activities we deem appropriate, whenever and wherever we desire), including, but not limited to, the right in our sole discretion:

1. to operate, and to grant others the right to operate, FTG Showrooms located anywhere outside Your Territory;

2. to develop, use, and license the rights to any tradenames, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights that we have not licensed to you under this Agreement;

3. to freely and unconditionally do business, or authorize others to do business, under the FTG Marks, through alternative marketing plans or systems, alternative distribution methods or procedures, and different business formats, at any locations inside or outside Your Territory;

4. to establish, own and operate, or grant others the right to establish, own and operate, businesses offering dissimilar products and services, at any locations inside and outside Your Territory, under the FTG Marks;

5. to establish, own and operate, or grant others the right to establish, own and operate, similar businesses or any other businesses offering similar or dissimilar products and services, through similar or dissimilar channels of distribution (including the Internet and similar electronic media), at any locations inside or outside Your Territory, under trademarks or service marks other than the FTG Marks;

6. to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at FTG Showrooms, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, including Your Territory;

7. to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction) by a business providing products and services similar to those provided at FTG Showrooms, or by another business, even if such business

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operates, franchises and/or licenses competitive businesses in Your Territory; and

8. to engage in any other activities we and/or our affiliates desire within or outside of Your Territory that are not specifically prohibited under this Agreement.

We will not operate, or grant others the right to operate, a business substantially identical to yours within Your Territory under the FTG Marks. Otherwise, we are not required to pay you if we exercise any of the rights specified above in Your Territory.

3.2. Our Standards and Policies. You agree to follow the standards, policies and programs of the FTG System, as may be changed from time to time. We may supplement, improve, or alter the methods and procedures with which you are authorized and required to comply with in your use of the FTG System.

3.3. Multiple Showrooms. We offer you the option, upon our prior approval, of adding additional showrooms to your membership. If you add an additional Showroom or Showrooms simultaneously with the execution of this Agreement, then an additional Schedule "A" will be attached to this Agreement for each additional Showroom. If you would like to operate an additional Showroom or Showrooms subsequent to the execution of this Agreement, we must approve the opening of such additional Showroom(s), and we may require that you execute the then-current membership agreement for each additional Showroom, which may include territorial rights that are more limited in scope than Your Territory under this Agreement.

If you operate more than one Showroom, you will not be required to pay the Initial Membership Fee set forth in Section 6.1 or any Service Fee or Advertising Fee (defined respectively in Sections 6.3 and 6.4 below) for your additional Showrooms, so long as the Service Fees and Advertising Fees are otherwise being paid to us by you under the terms of this Agreement or one of your other membership agreements. If, for any reason whatsoever, the Service Fees or Advertising Fees are not otherwise being paid to us, you shall be required to pay the Service Fee and Advertising Fee set forth in Sections 6.3 and 6.4 of this Agreement.

We do not require any additional membership fees other than the Initial Membership Fee on your first Showroom, and only your first Showroom is entitled to the \$1,000 sign credit set forth in Section 7.3. The minimum purchase requirements set forth in Article 7 will also apply to each additional showroom that you operate. The minimum purchase requirements for each additional Showroom shall be as follows:

Commit to purchasing, for each of your Showrooms, a minimum of \$350,000 or 80% of your total floor covering and window treatment purchases, whichever is greater, through the FTG System during each calendar year following the opening of each such Showroom. Only those floor covering and window treatment products that we designate as part of the FTG System qualify towards the minimum purchase requirements.

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3.4. Affiliates.

a. Abbey Carpet Co., Inc. Our affiliate, Abbey Carpet Co., Inc. offers franchises for floor covering stores under the name "Abbey Carpet." Abbey Carpet Co., Inc. sells floor and window coverings and may compete to a certain extent with your Showroom.

b. The Floor Club, Inc. In 1998, our affiliate, The Floor Club, Inc., began offering franchises for "members only," wholesale floor covering showrooms operating under the name "The Floor Club" and catering primarily to the non-retail trade. The Floor Club, Inc. showrooms sell floor and window covering at wholesale to large commercial customers and are prohibited from engaging in general public-oriented advertising.

Every effort will be made to avoid overlap between the territories of FTG members and *The Floor Club*® franchisees and the *Abbey Carpet*® franchisees. However, some overlap may occur, and there is no limitation on the right of any member to sell products for installation outside of that member's territory. There is currently no formal plan for resolving conflicts among the FTG members, *The Floor Club*® franchisees and *Abbey Carpet*® franchisees regarding territory, customers, or franchisor support. The conflict resolution provisions of the Agreement apply to any disputes relating to your FTG membership.

**4. Our Name and Mark**

One of our most valued assets is our intellectual property rights in our name. As such, at no time will you be permitted or authorized, directly or indirectly, to take any action to contest our ownership, title, right, or interest in the "Floors To Go" trade names, trademarks, service marks, trade secrets, methods, procedures, or advertising techniques which are a part of our business, or to contest our sole right to register, use, or license others to use such trade names, trademarks, service marks, trade secrets, methods, procedures, or advertising techniques.

4.1. Ownership Rights Defined.

a. Your use of our service marks, trade names, and trademarks, including, but not limited to, Floors To Go and design and Floors To Go Your Hometown Flooring Center and design (collectively referred to as the "FTG Marks" or the "Marks") shall inure to our sole benefit. We are the sole owner of all right, title, and interest in and to the FTG Marks and goodwill attributed to the use of the FTG Marks. You expressly disclaim any and all rights, title, and interest in and to the FTG Marks licensed for your use and to any additional marks introduced by us after execution of this Agreement.

b. All rights in and to the Marks, including, without limitation, trademark, design, patent and copyright rights, other than the user trademark rights specifically granted herein, are reserved to us. Any such rights which may arise in connection with your use of the Marks shall, without any requirement of notice or deed, be our property; provided, however, that you shall have the right, to the extent necessary in exercising your rights as a member hereunder, to the use of such rights during the Original Term and any Renewal Term of this Agreement only in Your Territory.

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c. Whenever requested by us, whether during the term or thereafter, you shall execute such documents and instruments as our legal counsel may deem necessary or appropriate to confirm our ownership of all rights in and to the Marks, to maintain the validity of the Marks, or to obtain or maintain registrations thereof.

d. You agree that the nature and quality of the goods sold by you or on your behalf in connection with Marks shall be subject to our approval, and we shall have the right to inspect the quality of the goods sold under Marks.

e. You may not transfer or assign to anyone, including your employees or independent contractors, your rights to use the Marks or your rights to participate in the FTG System or any of the FTG programs.

4.2. Use of the FTG Marks and Names. You shall confine your use of the FTG Marks to the sale of products and services authorized by us, unless otherwise approved in writing. You shall use the FTG Marks only in connection with the FTG System, and such use is specifically limited to your operation within Your Territory. Use of the FTG Marks or reference to your FTG location for any other business, event, or purpose is strictly prohibited, except with our prior written consent. If you or an affiliate of yours owns or operates an Abbey Carpet Showroom or a The Floor Club Showroom, you are expressly prohibited from using the Abbey Carpet name, marks or business address or The Floor Club name, marks or business address in any FTG advertisement or other form of publicity, which may include newspaper and radio advertisements, signs, billboards, flyers, coupons or similar items. You specifically acknowledge and agree that you are not permitted to use our corporate name or trade names or the FTG Marks, or any colorable imitations of those FTG Marks, for identifying, referencing, linking or otherwise connecting to any Internet Web Site or Domain Name other than those Internet Web Sites and Domain Names as are presently, or may be subsequently, owned by or registered to us. You further acknowledge and agree that you shall not be permitted to use or assist others, in any manner whatsoever, with using the FTG Marks or our corporate name, trade names, trade symbols, logos, emblems, slogans or designs, in whole or in part, to offer or sell any floor covering or window treatment products on or through any Internet Web Site or Domain Name.

4.3. Appearance of the FTG Marks on Items. You shall use the name "Floors To Go" and/or such other names or logos as authorized by us on all display signs, decorations, advertising, carpet, floor covering samples, and other printed and decorative materials used in or on the premises in connection with the advertising, displaying, or selling of Floors To Go products or services. You shall cause to appear such legends, markings and notices on all uses of the Marks as we may reasonably require, including, without limitation, appropriate copyright and trademark notices, including the ® and ™ symbols as appropriate.

4.4. Use of Trademark to Identify Site. You are required to use the name "Floors To Go" and/or such other names, marks, or logos as we shall direct within Your Territory (see Section 7.3). We shall have the right to approve such signs in order to ensure that they comply with applicable trademark or trade name requirements and contain such legends and symbols as we shall require.

4.5. Website. You will be provided a website, maintained by us, on the domain [www.floorstogo.com](http://www.floorstogo.com) for each of your FTG Showrooms. From time to time, additional features



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and benefits may be added to the website, for which we reserve the right to charge a fee to assist in covering costs, including, but not limited to, the costs of developing, implementing and maintaining said features and benefits. In addition, we reserve the right to require you to use "Floors To Go" in your fictitious trade name and make it a permanent part of your exterior signage. If you choose to develop an independent website, it must comply with our trademark, service mark, logo and advertising requirements, as well as any of our applicable policies and procedures. Therefore, among other things, you must (i) obtain our prior written approval of any Internet domain name and home page addresses used for your independent website, (ii) obtain our prior written approval of all hyperlinks and other links to appear on your independent website, and (iii) restrict your use of any materials in which any third party has any interest. Upon your request and our prior written approval, if you include "Floors To Go" in your fictitious trade name and make it a permanent part of your exterior signage, a hyperlink to your independent website will be placed on the website that we maintain for your Showroom.

4.6. Advertising. If you develop or purchase internet-based advertising through email services, search engines, web portals or other internet-based advertising vehicles, you must comply with our trademark, service mark, logo and advertising requirements, as well as any of our other applicable policies and procedures that we may institute from time to time.

4.7. Interference with Our Use of the FTG Marks. You shall not interfere in the use of the name "Floors To Go", or any part thereof, or any other of the FTG Marks by us, any subsidiary or affiliate of us, or any other member; and you shall execute such further documents as are necessary to accomplish this purpose. You shall conduct and operate your business in a manner which will not impair the goodwill associated with the FTG Marks.

4.8. Your Name. You shall not incorporate the words "Floors To Go" or any other names, marks, or logos associated therewith as part of your legal business name, but you are authorized and required to adopt a fictitious trade name incorporating the words "Floors To Go" and you shall comply with all fictitious name registration statutes. You will, within thirty (30) days after termination of this Agreement, amend your fictitious business name registrations to remove the words "Floors To Go" and all marks and logos associated therewith from your business name.

4.9. Protection of Marks.

a. We may seek, in our own name and at our own expense, appropriate trademark protection for the Marks. You shall not seek or acquire any registration or other interest in any of the Marks anywhere in the world.

b. You understand and agree that we shall retain all right, title and interest in the original Marks, as well as in any modifications or improvements made to the Marks by you, except to the extent provided otherwise herein.

c. You acknowledge our exclusive rights in the Marks and acknowledge that the Marks are unique and valuable.

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d. You shall not at any time dispute or contest the validity or value of the Marks or our exclusive rights to use and exploit the Marks.

4.10. Related Rights.

a. You acknowledge our ownership of and other rights in connection with the Marks, as well as the validity of all registrations thereof and shall not at any time do or permit to be done any act or thing which will in any way impair our rights.

b. You shall not in any way challenge or contest the validity of the Marks or any of our rights under this Agreement, nor shall you willingly become an adverse party to litigation in which others shall so contest the Marks or our rights. In addition, you shall not in any way seek to avoid or reduce your obligations hereunder because of the assertion or allegation by any person(s) that the Marks or any of them are invalid or by reason of any contest or claim concerning our rights. You further agree not to contest that your rights under this Agreement are solely those of a franchisee and that such rights end upon the termination or expiration of the Agreement as provided herein.

c. Any permutation of the Marks adopted and used by you shall be and become our property and shall be included as Marks subject to this Agreement. You agree that your every use of the Marks shall inure to our benefit, and that you shall not at any time acquire any rights in such Marks beyond the license herein provided by virtue of any use you may make of such Marks.

d. You acknowledge that only we may file and prosecute applications for registration of the Marks in any country or jurisdiction and agree that we may, from time to time, pursue such registrations we may deem advisable. You shall cooperate with us in connection with any such filings, but the expenses of preparing and prosecuting such applications shall be borne solely by us.

4.11. Right to Enjoin Improper Use of Marks and Names. We shall protect and maintain all rights to the name and mark "Floors To Go" and all related names, marks, or logos against encroachment, misuse, or unauthorized use and against challenges to any rights of your use, as we shall determine in our sole discretion. With respect to any use of the name and mark "Floors To Go" by you under this Agreement, you agree to give such reasonable assistance which we may require in order to defend or protect all rights to said name and mark. In the event that you become aware of any infringement of said name or mark, you shall promptly report such infringement to us, and we shall have the sole discretion to take such action as we deem advisable, at our sole expense.

4.12. Indemnification. We shall indemnify you against any claims for infringement arising out of your use of the FTG Marks as authorized herein. You shall indemnify us against all claims arising from your improper or unauthorized use of the FTG Marks.

**5. Our Obligation to You**

5.1. Training to be Provided. From time to time, we may offer voluntary training programs which focus on sales and management training. Members electing to participate are expected to pay a per trainee fee, plus transportation, lodging and meals.

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5.2. Assistance to Members.

a. We will provide and deliver to your Showroom, at our expense, the racks, displays and samples necessary to convert your Showroom to a FTG Showroom, as well as a store design consultant to assist you with adapting the FTG Showroom design package to your Showroom (the “Redesign”). We estimate that the cost of the Redesign will be between Twenty Thousand Dollars (\$20,000) and Fifty Thousand Dollars (\$50,000) per Showroom, depending on the size of your Showroom. You will not be required to repay any portion of the cost to Redesign your Showroom if you remain a FTG member for the entire Original Term. We will not purchase any tenant improvement items, including, among other things, installation of floor coverings in showrooms, furniture, or office equipment. We may also, upon your request: (i) provide you with a consultation regarding carpet quality and product mix; and (ii) assist you with resolving problems with merchandise vendors or manufacturers participating in the FTG System.

b. For administrative convenience: (1) we will control the management and disbursement of the funds received as Advertising Fees, as defined in Section 6.4 of this Agreement; (2) we will serve as the advertising agency primarily responsible for creating and developing the advertising materials (e.g., artwork, print media presentations, direct mail flyers, promotional materials, point-of-sale formats, audio and video presentations) which we deem appropriate for the membership advertising programs; (3) we will be authorized and available to provide local or regional advertising placement services to all members upon request and be compensated for our placement services at a rate not in excess of fifteen percent (15%) of the cost of the requested advertising; and (4) we will, upon request, provide advertising consulting and media planning services to you or groups of members for a mutually agreed upon fee.

c. We may hold conferences or conventions from time to time to discuss matters such as sales techniques, product selection and costs to members, performance standards, advertising programs, new products and programs, and operational modifications and updates. You must attend our annual convention. We will bear the cost of your registration fee and lodging fees for the nights of your first convention, but you must pay all related travel and other personal expenses you incur. You must also attend FTG's annual convention in subsequent years, in order to receive the full benefit of the FTG System, and we reserve the right to charge you a fee if you elect not to attend. We will charge you a registration fee for your attendance at all subsequent annual conventions, and you must pay all related travel, lodging and other personal expenses that you incur during such conventions. The annual conventions, voluntary training programs, and other elective conferences will be held in a location within the United States designated by FTG. After the first year, attending members are expected to bear the expenses of attending these elective conferences.

5.3. Proprietary Information As part of the FTG System, you will have access on our members-only website to electronic copies of our price list, cashback list, advertising, marketing and merchandising information, and product specifications (this information is collectively referred to as the “Proprietary Information”). As a result, (i) we are and shall remain the owner of any and all Proprietary Information; and (ii) we claim copyright ownership with respect to the Proprietary Information. From time to time we revise and update our Proprietary Information and you agree to adhere to and abide by all such

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revisions. All Proprietary Information is hereby incorporated into this Agreement. We do not have a formal operations manual.

5.4. Commercially Reasonable Efforts. We agree that we will use commercially reasonable efforts (i) to maintain the reputation of the FTG System; (ii) to make available through the FTG System a wide variety of floor covering and window treatment products at favorable prices; and (iii) to defend the FTG Marks licensed with the FTG System, as described in Article 4 of this Agreement.

5.5. Rights. We will determine and approve the quality, variety, and wholesale prices of floor coverings and window covering products available through the FTG System, and we will take all reasonable actions necessary to maintain the quality and standards of such products. We may inspect your operations, service, premises, and management, to determine the quality thereof and the faithfulness of your compliance with the provisions of this Agreement.

**6. Your Obligation to Us**

6.1. Initial Membership Fee. The initial membership fee is \$10,000 and is payable as follows:

- a. \$1,000 is due and payable at the time this Agreement is signed by you; and
- b. \$9,000 paid or funded from your participation in the FTG CashBack Program.

In order to pay or fund the \$9,000 balance of the initial membership fee, you grant us the right to retain all proceeds allocable to you from the FTG CashBack Program (see Section 7.2 for details) up to \$9,000 or for a five-year time period commencing on the date FTG executes this Agreement (the "Effective Date"), whichever occurs first (referred to hereafter as the "CashBack Participation"). If your CashBack Participation does not generate proceeds to pay or fund the \$9,000 within five years, whatever lesser amount of proceeds is collected by us during the five-year period on behalf of your Showroom will be deemed payment in full for your initial membership fee.

The initial membership fee is not refundable, except that if you attain \$350,000 of first quality, running line purchases, exclusive of promotional products, special purchases and SP's, through the FTG System within the twelve (12) month period commencing on the 90th day following the date on which we execute this Agreement, your initial membership fee will be waived, and all payments made by you for such fee will be refunded to you by us on or after the fifteenth month after the Effective Date.

6.2. Showroom Redesign. In order to maximize your FTG membership, you must Redesign your Showroom to prominently display the FTG Display System and FTG signage (see Section 5.2 for details). If you make any further material renovations or improvements to the Showroom, you are required to promptly furnish us updated photographs of your Showroom.

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6.3. Service Fee.

a. Our monthly service fee is \$250 (hereinafter the "Service Fee"). The Service Fee shall be payable commencing three (3) months after the Effective Date and shall be due and payable thereafter on each successive 10th day of each month.

b. We reserve the right to reasonably and uniformly increase or decrease the Service Fee from time to time consistent with changes in the demands of the FTG System, and you agree to pay such an increased or decreased Service Fee.

6.4. Advertising Fee.

a. In order to promote your membership in Your Territory, an annual advertising fee (the "Advertising Fee") of \$3,000.00 is payable semiannually, in two equal payments of \$1,500.

b. You will not be responsible for the Advertising Fee for the first three (3) months following the Effective Date of this Agreement. The Advertising Fee payable for the first year of this Agreement shall be prorated accordingly.

c. All Advertising Fees paid by you shall be used solely for the development and production of advertising programs and materials to promote the products and services provided by FTG members to their customers. All Advertising Fees paid by you are for system-wide use and will not be used for marketing individual showrooms. These programs and materials may, as available funds permit, include, but not be limited to, in-store point-of-purchase displays, customizable direct mail materials, customizable newspaper and print advertising materials, customizable radio script packages, customizable television commercial packages, and focused multi-media promotions.

d. We reserve the right to reasonably and uniformly increase or decrease the Advertising Fee from time to time consistent with changes in the advertising needs of the FTG System, and you agree to pay such an increased or decreased Advertising Fee.

6.5. Brokerage Fee. You are not responsible for any brokerage fees due to us from manufacturers or vendors participating in the FTG System. You agree to authorize merchandise vendors and manufacturers to inform us of the amount of goods you purchased through the FTG System.

6.6. Renewal Fee. Upon renewal of this Agreement pursuant to Section 2.1 above, we will charge you a modest renewal fee of \$750.

6.7. Transfer Fee. We charge a \$1,000 transfer fee if the membership and the rights under this Agreement are transferred in any way. However, no transfer fee will be charged if you assign your membership under this Agreement in connection with a reorganization that does not result in an actual change of your ultimate beneficial ownership or if the transfer is to heirs upon your death or disability.

6.8. Interest on Late Payment. In the event you should fail to pay the Service Fee, the Advertising Fee, or any other fee payable to us under this Agreement within ten (10) days

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after your due date, you agree to pay interest on the amount due at the rate of one percent (1%) per month for each month that said amount is not paid, but in no event will you pay interest at a rate greater than the maximum permitted by applicable law.

6.9. Set-Off. We reserve the right to setoff against any and all amounts which we owe you, including any amounts due to you by us under the FTG CashBack Program, against any and all amounts which you owe us.

**7. Our Expectation**

7.1. General Operations. As part of the FTG commitment, we ask each member to:

a. Commit to purchasing, for each of your Showrooms, a minimum of \$350,000 or 80% of your total floor covering and window treatment purchases, whichever is greater, through the FTG System during each calendar year following the opening of each such Showroom. This minimum purchase requirement shall go into effect three (3) months after the Effective Date;

b. Adhere to high ethical standards of business;

c. Keep the premises and any vehicles or signs displaying any of the FTG Marks safe, neat, clean, orderly, and in good repair;

d. Maintain a competent, conscientious, and qualified sales and installation staff;

e. Train each employee in the types and quality of Floors To Go floor coverings and familiarize employees with our price list to the extent necessary and appropriate for said employee to perform his/her duties and functions;

f. Make prompt payment in accordance with the terms of invoices rendered to you from merchandise vendors and manufacturers for the purchase of floor covering products and other supplies, and for all other obligations necessary to conduct the business operations and to maintain reasonable financial stability and good credit standing, including, but not limited to, demonstrated ability to obtain and maintain credit with such merchandise vendors and manufacturers;

g. Maintain good customer relations; and

h. Follow reasonable recommendations that we may make so that the operation of your Showroom shall in no way damage our reputation or the reputation of other members.

7.2. FTG CashBack Program. You will have the right to participate in the FTG CashBack Program. This program consists of various floor covering and window treatment manufacturers offering CashBack incentives for the purchase of **selected** floor coverings and window treatments, specifically marked as CashBack eligible. By purchasing such selected

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items, you will receive a cash rebate based upon a percentage of the purchase price of the selected items purchased. These percentages range up to 8% of the purchase price of the selected items. All cash rebates will be paid by the suppliers to us on your behalf. You agree that you will have only one account number with each supplier. We will hold such funds, without liability for interest, and after verification of amounts received, and after setting off any amounts owed to us by you hereunder, will distribute such funds to you, annually or semi-annually. You will be notified on a regular basis of qualifying CashBack terms and any deduction therefrom.

Our goal is to obtain the best possible rebate terms from manufacturers for the FTG CashBack Program. However, our sole responsibility under the FTG CashBack Program is to properly distribute to you and our other members the funds paid into the FTG CashBack Program by participating manufacturers. We are not responsible if a manufacturer changes the terms of its rebate, discontinues its rebate, or fails to pay your rebate. You agree and acknowledge that we have no fiduciary duties with regard to the operation or administration of the FTG CashBack Program.

In the event you become the subject of a voluntary or involuntary case or proceeding commenced under Title 11 of the United States Code (the "Bankruptcy Code"), you hereby consent to relief from the automatic stay imposed by 11 U.S.C. § 362(a) so we may exercise our right to set-off any funds due and owing to you under the FTG CashBack Program.

7.3. Showroom Signage. You agree to install signage identifying your Showroom as an Floors To Go Showroom either on the exterior facade of your Showroom building, prominently displayed in the front window of your Showroom, or on a marquee or free-standing sign in front of your Showroom. The FTG signage must conform to all specifications provided by us and be approved by us before construction, meet all local signage regulations, and be installed within ninety (90) days after the Effective Date. Upon installation of the FTG sign, we ask that you provide us with photographs of the installed sign.

If you use our FTG approved vendor to purchase your outdoor Showroom signage, following installation, you can apply for a sign credit by submitting copies of the invoices for the Showroom sign to us. Upon verification of your use of our FTG approved vendor and the photographs and invoices, we will issue you a credit of up to \$1,000 on your initial Showroom to offset the actual, verified cost of the sign, which credit shall be applied toward your future payment obligations to us. You must be current on all payments due to us to be eligible for the sign credit. If you make any additional changes to the exterior signage, you are required to promptly furnish us with photographs of such altered signage.

7.4. Advertising and Promotions. In order to promote your Showroom, we expect you to conduct, at your own expense, all local advertising and marketing activities relating to your Showroom. All advertising, marketing and promotional materials which you use in connection with your Showroom must conform to all restrictions and specifications provided by us from time to time. We will not participate in any advertising or promotion of your Showroom, nor will advertising be subject to our approval, except to the extent that any such advertising or promotions violate Section 3.2, Article 4, Section 5.3 or this Section 7.4 of this Agreement or could adversely affect the rights licensed by us or the goodwill associated therewith.

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7.5. Approved Vendors and Merchandise. For the FTG System, we will approve such vendors and their products which meet our standards with respect to style, color, quality, value, reliability of vendor's cut order service, our adherence to rigid quality controls, our prompt attention to customer complaints, our distribution system, the amount and types of discounts available, and such other factors as affect the ability of you to service your customers with excellence and favorable pricing. We will cause to be affixed to samples of approved merchandise the "Floors To Go" label and other evidence of the FTG Mark, including our private names for the merchandise. We will regularly inform you as to the approved vendors and manufacturers, floor covering selections and grades, the vendor's prices therefor, the vendor's distribution arrangements, and other pertinent information. We will research the market for the purpose of evaluating the floor coverings, and other window treatment products offered and discounts available so that we may continually update our list of approved merchandise and approved vendors. You agree and covenant not to cause to be affixed to samples of non-approved merchandise the "Floors To Go" label or any other evidence of the FTG Mark, including our private names for merchandise.

7.6. Working Capital. You agree to maintain sufficient working capital to pay all obligations incurred which relate to your Showroom when the same are due. Failure to pay such obligations when due could constitute an event of default under this Agreement.

7.7. Relationship of Parties. It is understood between us that you are an independent contractor and are in no way authorized to make any contract, agreement, warranty, or representation on behalf of us, or to create any obligation, express or implied, on our behalf. The parties agree that this Agreement shall not create a fiduciary relationship between us. We will not be liable for any act, omission, contract, debt, tax, or any other obligation of yours. You shall prominently display at your place of business a certificate from us stating that your business is operated by you independent of and separate from Floors To Go, LLC. We and you shall refrain from making any representation or creating any impression upon any third party or the public that they are partners, associates, joint employers, joint venturers, subsidiaries, principal and agent, or are in any way the agents, fiduciaries or instrumentalities of each other in any sense. We and you shall not be construed to be jointly liable for any of your acts or omissions under any circumstances. We have no relationship with your employees, and you have no relationship with our employees.

7.8. Insurance. Prior to commencement of business with us, you shall procure, at your sole expense, an insurance policy or policies acceptable to us protecting you and us against any loss, liability, or expense whatsoever from personal injury, death, or product liability arising from, or occurring upon, or in connection with such premises, or by reason of your operation of your Showroom. You shall maintain such policy or policies in full force and effect during the term of this Agreement.

a. Your insurance policy shall cover those risks as usually insured against by persons operating like properties in localities where the property operated by you is located, including automobile insurance, in amounts sufficient to prevent you from becoming a coinsurer within the terms of the policy or policies in question.

b. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance, that may be maintained by us.



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c. A Certificate of Insurance showing compliance with the foregoing requirements shall be furnished by you to us at least annually.

d. Maintenance of such insurance, and your performance of your obligations under Sections 7.1 through and including Section 7.8 shall not relieve you of any liability under the indemnity provisions set forth herein, nor shall it operate to render us liable for your acts, omissions, or other liabilities, either in conjunction with or independent of said insurance.

7.9. Indemnification. You agree to indemnify and hold us, our affiliates, successors, assigns and designees of each, and their respective officers, directors, employees, agents, attorneys, owners, designees and representatives, harmless from and against, and reimburse us for any and all claims, demands, losses, damages, judgments, orders, decrees, actions, lawsuits, proceedings, costs, liabilities, and expenses (including, but not limited to, reasonable attorneys' fees and costs of suit) of whatever kind or character (collectively "Claims"), on account of any actual or alleged loss, injury, or damage to any person, firm, or corporation, or to any property, arising out of or in connection with your membership, your Showroom, any and all Claims of your Showroom customers, or the exercise or purported exercise by you of your rights hereunder, except the foregoing does not apply to any Claims: (i) caused by our negligence; (ii) caused by the negligence of our employees, agents, or independent contractors; or (iii) for which we have indemnified you pursuant to Article 4. This indemnification shall survive the termination of this Agreement.

7.10. Litigation.

a. If you are sued by a third party in an action involving this Agreement, or us, or the FTG Marks or any of our other legitimate business interests ("Covered Litigation") the following shall occur:

1. Notice. You will notify us in writing within ten (10) days of commencement of the action, suit, or proceeding, or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other judicial or governmental instrumentality.

2. Covered Litigation. Upon receipt of such notice, we will have the right, but not the obligation, to consult with you, unless our interests are adverse. If we wish to select your counsel for litigation involving the protection of our interests, we shall pay the costs of litigation, including, but not limited to, attorneys' fees so incurred; and you shall cooperate fully with us and such litigation counsel.

3. Your Obligation to Pay Judgment or Award. If you are ultimately found by a court of law or an arbitration panel to have been liable for the damages or other relief sought, then you shall promptly pay the amount of any judgment or award obtained against you, without reimbursement from us.

4. Settlement Agreements. We will not enter into a settlement agreement that would affect you in any way in a case where you are a

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defendant, co-defendant, or third party defendant without your consent. Should a settlement agreement be entered into with your consent, both of us, as part of that settlement agreement, shall negotiate responsibility for the attorneys' fees and expenses incurred to the date of the settlement agreement.

5. Attorney/Client Privilege. During the course of any Covered Litigation in which our interests are not adverse, both parties shall be deemed to be joint clients of the litigation counsel; and in that event, no attorney/client privilege shall attach to restrict either parties' right to communicate with and receive information relating to the Covered Litigation.

6. Reservation of Rights. Should we exercise any of our rights under this Section, we hereby reserve any rights we might have to seek indemnification from you in any appropriate case.

7. Right to Intervene. We also reserve the right, in an appropriate case, to intervene in the Covered Litigation and/or file amicus briefs rather than exercising our rights pursuant to Subsection 7.12(a)(2) and paying our own attorney's fees and expenses then required.

b. If you intend to institute a lawsuit the following shall occur:

1. Notice and Consent. You shall not institute any action related in any way to FTG or the operation of your Floors To Go Showroom without prior notice to and consent from us, unless our interests are adverse.

2. Right to Take Action. We shall have the right upon such notice to take the action contemplated by you in your name, or if appropriate or possible, in our own name, if we determine it to be reasonably necessary in good faith for the continued protection of other members or the FTG System.

3. Current Obligation for Costs and Fees. In the event we exercise such right, then except as provided below, if damages are recovered, we shall pay current the reasonable costs of any such action, including attorneys' fees.

4. Recovery of Damages and Costs and Fees. Any recovery of money damages shall be shared pro rata between the parties, as the parties' interests may appear; and in such case, the fees and expenses incurred in obtaining such recovery shall be paid first and shared between the parties on the same pro rata basis, with you reimbursing us for fees and expenses paid.

c. In the unlikely event a dispute arises between the parties relating to actions occurring under this Section 7.10 or to apportionment of fees, expenses, or recovery , such dispute shall be submitted to arbitration in accordance with Article 14 below.

7.11. No Liability; No Warranty. We will not be liable to you for any damages caused or alleged to be caused by: (i) the form of business records required to be kept; or (ii) any supplies or goods purchased from or specified by us. WE SHALL HAVE NO LIABILITY TO YOU FOR ANY DAMAGES CAUSED OR ALLEGED TO BE CAUSED BY ANY

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SHOWROOM SUPPLIES, FLOOR COVERING PRODUCTS, OR OTHER GOODS PURCHASED FROM OR SPECIFIED BY US. WE EXPRESSLY DISCLAIM ANY WARRANTY, EXPRESS OR IMPLIED, AS TO ANY SUPPLIES OR PRODUCTS PURCHASED FROM OR SPECIFIED BY US, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.

**8. Your Records**

8.1. Record Maintenance and Reporting. In order for us to be able to ensure the accuracy of the money you are entitled to receive under the FTG CashBack Program, you agree to (a) keep true, complete, and correct books of account and business records in accordance with generally accepted accounting principles; (b) provide us with financial statements upon our request; and (c) keep and maintain records of all purchases indicating which purchases were made through the FTG System, and make such records available for inspection by our representatives upon request.

8.2. Inspection Rights. We shall have the right during reasonable business hours to audit your books and records relating to your commitment to purchase, for each of your Showrooms, \$350,000 or 80% of your total floor covering and window treatment purchases, whichever is greater, through the FTG System during each calendar year following the opening of each such Showroom. If an inspection reveals that you have not purchased the requisite amount through the FTG System, then we have the right to terminate you pursuant to Section 13.2(b)(4) of this Agreement. If an inspection discloses a deficiency of two percent (2%) or more, you agree to reimburse us for all costs and expenses connected with such audit (including, without limitation, reasonable accounting and attorneys' fees).

**9. Your Promises to Us**

9.1. Your Representations and Warranties. If you are a business entity or partnership, you and any individual member, or any partner, shareholder, member, or beneficiary of a non-individual member (each a "Principal") represent, warrant and covenant that:

a. You are duly organized and validly existing under the state law of your formation and you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties require such qualification;

b. Your execution of this Agreement and the transactions contemplated hereby are within your corporate power, are permitted under all documents governing your organization and management, have been duly authorized, and the person executing this Agreement on your behalf has the requisite authority to bind you to this Agreement;

c. Your ownership interests are accurately described in the Principal Owner's Statement (see Section 11.3). In order to keep our records current, we require that you provide us with an updated Principal Owner's Statement if any change of ownership or beneficial interest occurs; and

d. In the event you become the subject of a voluntary or involuntary case commenced under any chapter of the Bankruptcy Code, upon the filing of an appropriate

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motion by us, you hereby consent to relief from the automatic stay imposed by 11 U.S.C. § 362(a) so we may exercise our right to setoff any funds we hold or owe to you in order to satisfy any and all claims we have or may have against you in such bankruptcy case.

You and your Principals acknowledge and agree that the representations, warranties, and covenants set forth above in Section 9.1(a)-(d) are continuing obligations of you and your Principals, and that any failure to comply with such representations, warranties, and covenants shall constitute a material event of default under this Agreement.

9.2. Obligations. You agree that you will (a) maintain high moral and ethical standards of conduct and shall neither engage in, nor allow others to engage in, deceptive, fraudulent, or unethical practices of any kind in connection with the "Floors To Go" name or FTG System, nor suffer, nor allow any part thereof to be used for immoral or illegal purposes or in any illegal manner; (b) provide an efficient, courteous, and high quality service to the public; (c) operate your Showroom continuously and in compliance with this Agreement; (d) promote the FTG System and not provide or participate in any other buying, merchandising, sales or marketing service, group, cooperative, system or franchise for floor covering or window treatment products or accessories which offers products similar to those offered by us while you are a member of the FTG System; (e) take sole responsibility for the performance of all obligations arising out of the operation of your business, including, but not limited to, workers' compensation, real estate, sales, payroll, franchise, income, personal property, and gross receipt taxes levied or assessed by reason of such operation; (f) indicate clearly the independent ownership of your business in all public records, and that the operations of said business are separate and distinct from the operation of Floors To Go, LLC; (g) use all reasonable means to promote and encourage the purchase of Floors To Go products by the public, and use your best efforts to create and maintain goodwill among the public towards the names "Floors To Go" and toward the FTG System; and (h) promptly provide us with written notice of any infringement of, or challenge to, your use of the FTG Marks.

9.3. Confidentiality.

a. You acknowledge that you are to receive information which we have developed over time at great expense, including but not limited to, our Proprietary Information, trade secrets, operating procedures, and approved suppliers, advertising and marketing materials, specifications, standards and proprietary methods of doing business (collectively the "Confidential Information") and all other material provided by us to you for use with the FTG System, including without limitation, information you receive on our website located at [www.ftginfonet.com](http://www.ftginfonet.com). You also acknowledge that this information is not generally known in the industry and is beyond your own present skills and experience, and that to develop it independently would be expensive, time-consuming and difficult. You further acknowledge that the Confidential Information provides a competitive advantage and will be valuable in the development of your Showroom, and that gaining access to it is therefore a primary reason why you entered into this Agreement.

b. At all times, both during the Original Term of this Agreement, including any Renewal Term thereof, and after its expiration or termination for any reason, you agree to keep strictly confidential and in trust (except as we may otherwise consent to in writing) and not to disclose, or make any use of, the Confidential Information, in whole or in part, or any amendments, inserts or forms, including any revisions thereof, or any other trade

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secrets, business plans, marketing plans and strategies, customer lists or other subject matter pertaining to our business or the business of any of our members, affiliates, clients, customers or consultants which we provide pursuant to our obligations to you, except otherwise provided in this Agreement and the Confidential Information. You also agree not to deliver, reproduce or in any way allow any such trade secrets, confidential information, knowledge, data or other information, or any documentation relating thereto, to be delivered or used by any third parties without the specific prior written consent of a duly authorized representative of us.

c. You agree to limit the access of your employees to the Confidential Information and any other trade secrets, confidential information, knowledge, data or other proprietary materials on a need-to-know basis for performing your obligations pursuant to this Agreement.

d. You hereby represent that your performance of all the terms and conditions of this Agreement do not and will not breach any agreement or duty to keep in confidence any proprietary information, knowledge or data acquired by you in confidence or in trust prior to entering into this Agreement. You agree that you will not disclose to us, or induce us to use, any confidential or proprietary information or material belonging to any third party or enter any agreement, either written or oral, in conflict herewith.

e. You acknowledge that in the event of a breach of this Section 9.3, we will be irreparably injured and without an adequate remedy at law. In such an event, we will therefore be entitled to seek a temporary, preliminary and/or permanent injunction without the need to show actual or threatened harm or to post a bond or other security. This remedy shall be in addition to any other remedies we may have under this Agreement, at law or in equity.

9.4. Covenant Not to Compete During Term of Agreement. You agree that during the Original Term and any Renewal Term of this Agreement, you will not, within Your Territory or anywhere outside Your Territory, either directly or indirectly, individually or as a shareholder, director, officer, partner, lender, consultant, representative, agent or employee of any, firm, partnership, corporation or business entity:

a. Engage in or advise any business whose products or methods of operation are similar to ours, our subsidiaries' or affiliates' or any of our members';

b. Own, manage, operate, sell, control or participate in the ownership, management, operation, sales or control or be connected in any manner with any business competing with any business in which we now or may hereafter become engaged;

c. Canvass or solicit any business from any present, former or prospective customer of ours, any of our affiliates, or any of our members, or advise any such customer to curtail or cancel their business with us, any of our affiliates, or any of our members;

d. Divert or attempt to divert any business of the Floors To Go Showroom licensed under this Agreement to any competitor by direct or indirect inducements or otherwise, or to do or perform directly or indirectly, any other act injurious or prejudicial to the goodwill associated with our Marks and the franchise system; or

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e. Disclose to any person, firm or corporation the name of, or business arrangement with, any of our present, former, future or prospective suppliers or customers, or any of those of our subsidiaries, our affiliates or any of our members.

9.5. Legal Fees and Costs.

a. In the event we incur reasonable costs and expenses, including, without limitation, paralegal or attorneys' fees, in connection with your failure to comply with any term, condition or obligation under this Agreement, you shall promptly reimburse and pay us for such costs and expenses within ten (10) days of request for same.

b. The prevailing party in any litigation, arbitration or other dispute resolution proceeding shall be entitled to recover from the other party: (a) all of its reasonable costs and expenses, including, without limitation, paralegal and attorneys' fees, incurred prior to the commencement of such litigation, arbitration or other dispute resolution proceeding in connection with any failure of the other party to comply with any term, condition or obligation under this Agreement; and (ii) all of its reasonable costs and expenses, including, without limitation, any court fees or costs, any arbitration fees or costs (including any payable to the American Arbitration Association), research fees and costs (including any incurred with online research providers, such as Westlaw), investigation fees and costs, discovery costs, court reporter and transcription fees and costs, compensation payable to the arbitrators, and paralegal and attorneys' fees, whether incurred in connection with such litigation, arbitration or other dispute resolution proceeding, or in connection with any appellate, enforcement, collection or bankruptcy proceedings.

**10. Transfer Of Agreement By Us**

We may assign or transfer this Agreement, and if so, it shall be binding upon and inure to the benefit of our successors and assigns. We shall give you at least sixty (60) days' notice of any proposed assignment or transfer of this Agreement.

**11. Transfer Of Membership By You**

11.1. Requirements for Transfer.

a. Neither you nor any of your equity owners shall, without our prior written consent, by operation of law or otherwise, attempt to sell, assign, transfer, convey, give way or encumber to any person, this Agreement, your interest in your membership or your interest in any proprietorship, partnership or business entity which owns any interest in your membership. Any transfers shall be binding upon and inure to the benefit of your successors and assigns. An unauthorized transfer, however, shall be null and void and shall constitute a material default hereunder. We require the following in order to consent to your transfer:

1. You must provide us with written notification of such proposed transfer at least ninety (90) days in advance;

**Floors To Go, LLC**  
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2. All accrued money obligations of yours owed to us, our subsidiaries, or our assigns, shall be satisfied prior to the assignment or transfer;

3. The transferee(s) shall meet our standards of qualifications including, but not limited to, financial strength and business experience;

4. The transferee(s) shall jointly and severally execute both or either (as we shall direct):

a. A membership agreement and other ancillary agreements with us on our then-current standard forms, which agreements shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement; and/or

b. A written assignment between you, transferee(s), and us (in a form satisfactory to us) with transferee(s) assuming all of your obligations;

5. You or the transferee(s) shall pay to us the Transfer Fee; and

6. Two representatives of the transferee(s) shall attend a two-day training program at our headquarters in Bonita Springs, Florida prior to our consent to transfer. We will reimburse transferee(s) for all reasonable costs relating to travel and lodging incurred by the two representatives for their attendance at this two-day program.

b. We will approve or disapprove the proposed transferee(s) within sixty (60) days after notification. If we fail to disapprove the proposed transferee(s) within this time, the transfer shall be deemed approved. Upon such transfer, transferee(s) shall assume the remaining term of the transferor's current membership agreement. Subsequent renewals can be made in accordance with the terms as set forth in transferee(s)' new agreement. Upon our approval of the transfer, and without any further action by us or you, we shall be released and forever discharged of any and all claims you may have against us (and our respective officers, directors, agents and employees as of the date of the transfer), and against our subsidiaries or affiliates (and their respective officers, directors, agents and employees) regarding your previous participation in the FTG System.

11.2. Transfer to Heirs Upon Your Death or Disability. In the event of your death or incapacity (or, if you are a partnership or business entity, the death or incapacity of a partner or equity owner), the executor, administrator, personal representative, guardian or other person acting in a like capacity shall have six (6) months from the date of death or judgment of incapacity to either: (i) assume and be bound by the terms of this Agreement; or (ii) sell and transfer the membership to another person under the conditions as set forth in Section 11.1 above. If your legal or personal representative elects to assume this Agreement, he/she shall comply, or cause your estate to comply, with Subsections 11.1(a)(2),(3),(4) and (5) above. Provided, however, that if your legal or personal representative has not assumed the obligations under this Agreement or sold the membership within such six (6) month period, we may terminate this Agreement.

11.3. Business Entity Member. If you are a business entity, a list of all of your

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shareholders, partners, or other investors who own or hold a direct or indirect equity interest and a description of the nature of their respective interests is set out in the Principal Owner's Statement attached as Schedule "D" to this Agreement. Each of the persons referenced as a Principal agree to execute the Principal Owner's Statement attached hereto as Schedule "D." You must notify us in writing within ten (10) days of any change in the information set forth in this Section.

11.4. Change of Your Form of Business. You shall promptly notify us of any changes in your form of business (i.e. from corporation to partnership, etc.) or in your ownership or management and provide us with the following: (a) a list of any new partners, shareholders, owners, or management for our approval, and (b) your new entity and any partners, officers, directors, shareholders, owners, or managers of such new entity shall jointly and severally execute such documents as necessary (in a form satisfactory to us) to assume and continue all of your obligations under this Agreement.

11.5. Consent Does Not Constitute Waiver. Our consent to an assignment or transfer of any interest subject to the restrictions of this Section shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand compliance with any of the terms or conditions hereof by the assignee or transferee.

**12. Relocation Of Your Showroom** For your convenience, you will have the right, during the term of this Agreement, to relocate your Showroom provided that: (i) you give us ninety (90) days prior written notice of such proposed relocation; (ii) the new location for the Showroom is within Your Territory; and (iii) the new location of the Showroom otherwise complies with the terms of this Agreement and you agree to a revision of Your Territory as determined by us in our sole discretion. We must consent in writing to the change of location, which consent will not be unreasonably withheld. Upon your request, we may waive your Service Fee and Advertising Fee while you are in the process of relocating. Such payment waiver shall in no event extend beyond ninety (90) days.

**13. Termination and Defaults**

13.1. Termination by You. You have the right to terminate this Agreement at any time upon doing the following: (a) giving us at least twelve (12) months prior notice of the proposed termination; and (b) complying with the terms and conditions of Section 13.3. Upon the expiration or termination of this Agreement, and without any further action by us or you, we shall be released and forever discharged of any and all claims you may have against us (and our respective officers, directors, agents and employees), and against our subsidiaries or affiliates (and their respective officers, directors, agents and employees) regarding your previous participation in the FTG System.

13.2. Termination by Us.

a. We may only terminate this Agreement prior to the expiration of your term for good cause or as specified in Subsection 13.2(b) below. Good cause shall include, but not be limited to, your failure to comply with any lawful requirement of this Agreement or any of the agreements that are attached as schedules to this Agreement, after being given notice of the failure and thirty (30) days to cure the failure. The description of any default in



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any notice given by us hereunder to you shall in no way preclude us from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination thereof.

b. Only in the following instances may we give you immediate notice of termination without opportunity to cure:

1. The parties agree in writing to terminate this Agreement;
2. You make a material misrepresentation relating to your acquisition of the membership, or you engage in conduct which reflects materially and unfavorably upon the goodwill and reputation of our business or the FTG System, including, but not limited to, a failure to represent the Showroom as "Independent";
3. You fail to comply with any federal, state, or local law or regulation applicable to the operation of your Showroom for a period of ten (10) days after notification of noncompliance;
4. You fail to achieve the volume purchases through the FTG System as agreed to in Subsection 7.1(a);
5. You fail to timely install the Showroom signage as required by Section 7.3;
6. You fail to obtain and maintain credit with merchandise vendors and manufacturers for the purchase of floor covering products and other supplies;
7. You, after curing any failure in accordance with Subsection 13.2(a), engage in the same noncompliance whether or not such noncompliance is corrected after notice;
8. You repeatedly fail to comply with one or more requirements of this Agreement, whether or not corrected after notice;
9. You disregard the requirements set forth in Section 7.2 by attempting to obtain direct payment of cash rebates from, and/or multiple account numbers with, any supplier;
10. You, or any person controlling, controlled by, or under common control with you, shall be convicted of a felony or any other criminal misconduct which is relevant to the operation of your business;
11. You fail to pay any Service Fees, Advertising Fees, or other amounts due to us within five (5) days after receiving notice that such fees are overdue;
12. You fail to maintain the confidentiality of the Proprietary Information, or any other documents or material provided by us, or you are found to have disclosed, disseminated, or otherwise made available such information to any other person or entity not directly employed by you at your Showroom, or you have breached any provisions of Sections 9.3 or 9.4;

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13. You assign, attempt to assign, transfer, or convey the Marks or goodwill attached thereto, or if you use or permit the use of the Marks in a manner not permitted under this Agreement, or if you use or permit the use of the Marks in a manner or at a location not authorized by us under this Agreement.

14. You attempt to assign or transfer your rights under this Agreement, other than in accordance with Article 11;

15. You default under any of your obligations relating to any one of the FTG Showrooms governed by this Agreement or any other agreement (the "Defaulting Showroom"), in which event we may, at our option, terminate either (i) your rights to operate the Defaulting Showroom or (ii) your rights to operate all of your FTG Showrooms, whether or not such showrooms are governed by this Agreement;

16. Your Showroom ceases operations without our consent for any reason for five (5) consecutive business days under circumstances whereby we could reasonably conclude that you no longer intend to operate the Showroom. However, upon our written approval, you may discontinue operations for a reasonable period of time, which in no event shall exceed one hundred eighty (180) days, in the case of fire, condemnation, or acts of God; or

17. Except as prohibited by federal bankruptcy law, if you, or any person controlling, controlled by, or under common control with you, shall become the subject of a voluntary or involuntary case commenced under the Bankruptcy Code; or a receiver, permanent or temporary, of the business, assets, or property of you or any such person, or any part thereof, is appointed by a court of competent authority; you or any such person shall request the appointment of a receiver or make a general assignment for the benefit of creditors; or there is a judgment against you or any such person in the amount of Ten Thousand Dollars (\$10,000) or more which, after all rights of appeal have been exhausted, is not satisfied or released within thirty (30) days; or the bank accounts, property, or receivables of you or any such person are attached and such attachment proceedings are not dismissed within thirty (30) days; or execution is levied against the business or property of you or any such person; or suit to foreclose any lien or mortgage against your Showroom, the premises thereof, or equipment thereon is instituted and not dismissed within thirty (30) days. If you become the subject of a voluntary or involuntary case commenced under the Bankruptcy Code, upon the filing of an appropriate motion by us, you hereby consent to relief from the automatic stay imposed by 11 U.S.C. § 362(a) so we may, at our election, unilaterally terminate this Agreement post-petition in accordance with the terms and provision of this Agreement. You agree to waive any and all rights you may have under 11 U.S.C. § 365 to challenge any such decision by us in the event of a bankruptcy filing.

c. Unless otherwise provided in Article 13, in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement and the parties hereto shall limit our rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed

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amended to conform to the minimum notice periods or restrictions on termination required by such laws and regulations. We shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof.

13.3. Rights and Duties of Parties Upon Expiration or Termination.

a. If this Agreement is terminated prior to completion of the Original Term, you must pay us an early termination fee equal to the amount associated with the Redesign of your Showroom less 20% for each full year from the Effective Date of this Agreement that you remained a member (the "Early Termination Fee"). For example, if you became a member on March 1, 2022, and the cost of your Redesign was \$30,000, and your membership was terminated on January 1, 2025, you would owe us a cash payment equal to \$18,000 ( $\$30,000 - [\$30,000 \times (20\% \times 2)] = \$18,000$ ). The Early Termination Fee shall be due and payable to us in cash immediately on the date of any such early termination. This Early Termination Fee applies to each Showroom we Redesign.

b. Upon termination or expiration of this Agreement, you shall immediately cease to be a member and shall fully comply with the following conditions.

1. You shall promptly pay all sums owing to us under the terms of this Agreement and addenda or amendments hereto, including, but not limited to, the unpaid portion of your initial membership fee or any applicable Early Termination Fee. We retain the right to setoff any and all amounts owed to you by us, including any amounts due to you under the FTG CashBack Program, against any and all amounts due to us by you. Said sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, if any, incurred by us by reason of default on your part, whether or not such occurs prior to or subsequent to the termination or expiration of this Agreement; and said sums shall include all costs and expenses, including reasonable attorneys' fees, incurred by us in obtaining injunctive or other relief to enforce the provisions of this Agreement;

2. You shall promptly discontinue use of all floor covering samples, labels, display racks, Proprietary Information, advertisements, and any other items bearing the FTG Marks or relating to the FTG System (the "Proprietary Items") and shall promptly remove all such Proprietary Items from the Showroom and totally deidentify the Showroom premises as being or ever having been a Floors To Go Showroom. You must destroy all Proprietary Items and dispose of same within ten (10) days after termination or expiration of this Agreement for any reason. You shall be prohibited from copying, disseminating, or in any other manner disclosing or using any Proprietary Information and other proprietary materials, all of which you acknowledge to be our trade secrets;

3. You shall remove the FTG Marks from all Showroom signage, interior and exterior;

4. You shall cease to utilize the FTG System;

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5. You shall immediately cease to use, by advertising or in any manner whatsoever, the name "Floors To Go" and any forms, slogans, signs, marks, symbols, and devices used in connection with the operation of a Floors To Go independent Showroom. You shall not represent or advertise that we were formerly parties to this Agreement or that you did business under our trademarks or trade names; and

6. You shall take such action as shall be necessary to cancel any assumed name or equivalent registration which contains the name "Floors To Go" or any of our other trademarks, and you shall furnish to us evidence satisfactory to us of compliance with this obligation within thirty (30) days after said termination.

c. No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder.

d. Termination or expiration of this Agreement shall not affect your rights to operate other independently owned Floors To Go Showrooms in accordance with the terms of any other membership agreements until and unless such other membership agreements, or any of them, are terminated or expire in accordance with their terms.

e. Notwithstanding any provision herein contained providing for the termination of this Agreement, all obligations of the parties hereto which expressly arise upon or after the termination of this Agreement shall survive such termination.

**14. Arbitration**

Any dispute, controversy or claim arising out of, relating to or in connection with this Agreement, including any question regarding its validity or the termination thereof, or a breach thereof (in any such case, a "Dispute") shall be resolved pursuant to the following:

14.1. Initiation. Any party wishing to initiate consideration of a Dispute hereunder shall first give written notice (a "First Notice") to the other party setting forth in reasonable detail the nature of the Dispute. Both parties shall then use their best efforts to negotiate in good faith to diligently resolve the Dispute within fifteen (15) days of the giving and receipt of the First Notice. If the Dispute remains unresolved after the expiration of this fifteen (15) day period, then the party that delivered the First Notice, shall give written notice to the other (a "Dispute Notice"), which notice shall set forth a full disclosure of all factual evidence and a statement of the applicable legal basis of the dispute; provided, however, that (i) failure to provide such disclosure or to state any such legal basis shall not operate as a waiver of such legal basis or operate to preclude the presentation or introduction of such factual evidence in any subsequent arbitration or proceeding or otherwise constitute a waiver of any right or claim which a party may then or thereafter possess; and (ii) any settlement proposal made or provided shall be deemed to have been made or provided as part of a settlement discussion and may not be introduced in any arbitration or proceeding without the prior written consent of the party making such disclosure and/or statement.



**Floors To Go, LLC**  
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3471 Bonita Bay Boulevard  
Bonita Springs, Florida 34134  
Attention: Ted Dlugokienski  
Fax No. (239) 948-4855

If to you at: the address set forth on the signature page to this Agreement, or

at such other address as such party shall have specified by notice to the other party hereunder. Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

15.2. Notice to Your Employees. If we are unable to locate one of your authorized Principals at the current address(es) known to us, we are hereby authorized by you to send or give notices required by this Agreement to any manager employed to operate the Showroom, and you hereby appoint every such manager your agent to receive such notices.

**16. Interpretation, Modification, And Execution**

16.1. Governing Law. This Agreement shall be interpreted, construed and governed according to the internal laws of the State of Florida, and not the laws pertaining to choice or conflict of laws, thereof, except that:

a. The laws of the state in which the franchised business is to be located which govern the offer, sale, and registration of franchises, including, without limitation, any so-called "Little FTC Act" of such state, shall apply to the offer, sale, and registration of the Floors To Go membership granted by this Agreement and not such laws of the State of Florida (unless the franchised business is to be located in Florida);

b. The laws of the jurisdiction in which any action to enforce any covenants not to compete provided or referenced herein shall govern such covenants not to compete, without giving effect to the principles pertaining to choice or conflict of laws thereof.

c. The U.S. Trademark Act Of 1946 (Lanham Act, 15 U.S.C. §1051 *et seq.*) shall govern all matters related to your use of the FTG Marks, and the Federal Arbitration Act (9 U.S.C. §1 *et seq.*) shall govern all matters related to arbitration. To the extent that the Federal Arbitration Act is found inapplicable for any reason, then the provisions of the Florida Arbitration Code (Fla. Stat. Chapter 682) shall govern all matters related to arbitration.

16.2. Venue. The parties hereby consent to the jurisdiction of the courts of the State of Florida, County of Lee, or, if it has or can acquire jurisdiction, in the United States District Court for the Middle District of Florida, and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any action or proceeding and waives any objection to venue laid there. You agree to and hereby designate the Secretary of State as your agent for receipt of service of process, provided that a copy of such service of process is mailed, return receipt requested, to your last known mailing address. Neither you nor any

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assignee, successor, heir or personal representative of yours will join together with any other franchisee of FTG in bringing any litigation against FTG, including FTG's affiliates, successors, assigns and designees of each, and their respective officers, directors, employees, agents, attorneys, owners, designees and representatives of all of the foregoing (the "FTG Parties"); nor will you maintain any claim against any of the FTG Parties in a class action, whether as a representative or as a member of a class or purported class; nor will you seek to consolidate, or consent to the consolidation of, all or any part of any litigation by either of them against any of the FTG Parties with any other litigation against any of the FTG Parties.

16.3. Waiver of Jury Trial. Neither you, or any assignee, successor, heir or personal representative of yours, nor we shall seek a jury trial in any lawsuit, proceeding, counterclaim or any other litigation procedure based upon or arising out of this Agreement, or any related agreement, or the dealings or the relationship between or among such persons or entities, or any of them. Neither party nor any such other person or entity will seek to consolidate any such action, in which a jury trial has been waived, with any other action in which a jury trial cannot or has not been waived. The provisions of this Section have been fully discussed by the parties hereto, and the provisions hereof shall be subject to no exceptions. No party has in any way agreed with or represented to any other party that the provisions of this Section will not be fully enforced in all instances.

16.4. Gender and Number. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include singular and plural and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any section or clause herein may require the same, as if such words had been fully and properly written in the appropriate number or gender.

16.5. Entire Agreement. This Agreement and any agreement or document referenced herein, and any schedules attached hereto or thereto, constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof and supersedes all prior agreements. No other representation has induced you to execute this Agreement, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein which are of any force or effect with reference to this Agreement or otherwise, except those which may be contained in this Agreement and any addenda thereto or in the Franchise Disclosure Document. No amendment, change, or variance from this Agreement shall be binding on any party unless executed in writing by the parties. No field representative of ours has the right or authority to make oral or written amendment or modification to this Agreement, and any purported amendment or modification made by such field representative shall not be binding upon any of the parties hereto.

16.6. Joint and Several Obligations. If you consist of more than one individual or entity, your liability under this Agreement shall be deemed to be joint and several.

16.7. Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall

**Floors To Go, LLC**  
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negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

16.8. Non-Waiver of Rights. Failure of either party to enforce any provision, or waiver by either party of any default, shall not operate as a waiver of successive defaults, and all the rights of the parties shall continue notwithstanding one or more such failures or waivers. The failure of either party to insist at any time upon strict performance or enforcement of any one or more of the terms, conditions, or obligations herein, or the failure to exercise any rights hereunder, shall not be deemed an abandonment thereof, and the same shall continue in full force and effect notwithstanding one or more waivers.

Further, we shall have the right to waive, reduce, or defer any payments, fees, or charges due to us from you at our option without impairing our rights to collect any payments, fees, or charges accruing thereafter, nor shall it affect our right to collect full payments, fees, or charges from all other members. You shall be eligible for consideration of any such waiver, reduction, or deferral only if we are requested in advance to make such consideration, and we expressly grant any such waiver, reduction, or deferral in writing.

16.9. Cost of Enforcement. In the event of any default on the part of either party hereto, in addition to any other remedies of the aggrieved party, the party in default shall pay to the aggrieved party all amounts due and all damages, costs, and expenses, including reasonable attorneys' fees, incurred by the aggrieved party as a result of any such default.

16.10. Remedies Cumulative. All rights and remedies of the parties enumerated in this Agreement shall be cumulative, and, except as specifically contemplated otherwise by this Agreement, none shall exclude any other right or remedy allowed at law or in equity, and said rights or remedies may be exercised and enforced concurrently.

16.11. Business Entities. Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

16.12. No Third Party Beneficiaries. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, or shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors and personnel and such of either parties respective successors and assigns as may be contemplated (and, as to you, authorized by Article 11), any rights or remedies under or as a result of this Agreement.

16.13. State Required Addendum. If the franchise regulatory authority for the state in which you are located requires certain terms and conditions to be included in this Agreement, such terms and conditions will be found on the state-required amendments attached hereto as Schedule "B" and incorporated herein by reference.



**Floors To Go, LLC**  
**MEMBERSHIP AGREEMENT**

16.14. Execution of Purchase Affidavit. You agree to execute the Purchase Affidavit, a copy of which is attached hereto as Schedule "C."

16.15. Employment Policies. You are solely responsible for all labor and employment related-matters and decisions related to your FTG Showroom, including hiring, firing, promoting, demoting and compensation (including through wages, bonuses, or benefits) your employees. You must ensure that your employees are qualified to perform their duties in accordance with our standards. We do not require you to implement any employment-related policies or procedures.

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**Floors To Go, LLC**  
**MEMBERSHIP AGREEMENT**

Please sign the Agreement where indicated and it will become effective as of the date and year executed by us below.

ATTEST:

**MEMBER**

\_\_\_\_\_  
Witness

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

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

\_\_\_\_\_  
Witness

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

**NAME AND ADDRESS OF PERSON  
TO RECEIVE NOTICE**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

E-Mail Address: \_\_\_\_\_

We have duly executed and delivered this Agreement to be effective as of the date and year executed by us below.

ATTEST:

**FLOORS TO GO, LLC,**  
a Florida limited liability company

\_\_\_\_\_  
Witness

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

Name: Ted Dlugokienski

\_\_\_\_\_  
Witness

Title: Chief Financial Officer, Executive Vice  
President of Operations and Secretary

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

**SCHEDULE "A"**

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**SHOWROOM LOCATION and  
YOUR TERRITORY**

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**SCHEDULE "A"**

**SHOWROOM LOCATION AND YOUR TERRITORY**

Your Floors To Go Showroom (the "**Showroom**") shall be at the following street address:

The attached map delineates your protected geographic area ("**Your Territory**") in which the Showroom will be located, as mutually agreed upon prior to execution of the Membership Agreement. The following is a description of the Your Territory:

If you are establishing an additional Showroom or Showrooms simultaneously with the execution of your Membership Agreement, you acknowledge and agree that, notwithstanding the number of Showrooms established, you shall be deemed to have executed a separate Membership Agreement for each such Showroom and your rights and obligations with respect to each such Showroom shall be governed by the Membership Agreement.

**IN WITNESS WHEREOF**, the parties have agreed to this Schedule on this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**FRANCHISOR:**

**MEMBER(S):**

**FLOORS TO GO, LLC**

\_\_\_\_\_  
(signature of authorized officer)

\_\_\_\_\_  
(printed name of business entity)

Ted Dlugokienski  
(name of authorized officer)

\_\_\_\_\_  
(authorized signature)

Chief Financial Officer, Executive Vice  
President of Operations and Secretary  
(title of authorized officer)

\_\_\_\_\_  
(printed name of authorized signatory)

\_\_\_\_\_  
(individual signature)

\_\_\_\_\_  
(printed name of individual)

**SCHEDULE "B"**

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**STATE SPECIFIC AMENDMENTS  
to  
THE MEMBERSHIP AGREEMENT**

---

*Required by*

*HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA  
NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, WASHINGTON and  
WISCONSIN*

**PLEASE SEE EXHIBIT "B" FOR STATE SPECIFIC AMENDMENTS**

**SCHEDULE "C"**

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**PURCHASE AFFIDAVIT**

---

**PLEASE SEE EXHIBIT "C" FOR PURCHASE AFFIDAVIT**

**SCHEDULE "D"**

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**PRINCIPAL OWNER'S STATEMENT**

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**PLEASE SEE EXHIBIT "D" FOR PRINCIPAL OWNER'S STATEMENT**

**EXHIBIT "B"**

**FLOORS TO GO, LLC**

**FRANCHISE DISCLOSURE DOCUMENT**

*Dated March 16, 2022*

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**STATE SPECIFIC AMENDMENTS**

**TO THE MEMBERSHIP AGREEMENT**

---

***HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA,  
NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, WASHINGTON  
and WISCONSIN***

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**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-1**

**Hawaii Amendment**

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E-1 *et seq.*, the parties to the attached Membership Agreement (the "Agreement") agree to amend the Agreement as follows:

1. Section 13 of the Agreement shall be supplemented by the addition of the following new Section 13.4, which shall be considered an integral part of the Agreement:

13.4 Your Interest Upon Termination.

Upon termination or refusal to renew or extend the franchise either by us or you for any reason, you will have no interest in the goodwill or intangibles of the franchised business or equity in the franchise, apart from the leasehold, fixtures, equipment and supplies you have purchased. We shall have the right (but not the duty unless required by Hawaii Rev. Stats. § 482E-6(3)), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration of this Agreement, to purchase any and all improvements, equipment, advertising and promotional materials, products, supplies, inventory and any other items bearing our Marks at current fair market value. If we cannot agree with you upon a fair market value within a reasonable time, we shall designate an independent appraiser, and the appraiser's determination of fair market value shall be binding. If we elect to exercise any option to purchase herein provided, we shall have the right to set-off all amounts due to us from you under this Agreement and the cost of the appraisal, if any, against any payments to be made for any such purchase.

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Hawaii Amendment.

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**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-1**

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Hawaii Amendment to the Agreement to be effective on the day and year executed by Floors To Go, LLC below.

**FRANCHISOR:**

**MEMBER:**

**FLOORS TO GO, LLC**

\_\_\_\_\_  
(signature of authorized officer)

\_\_\_\_\_  
(name of member)

Ted Dlugokienski

\_\_\_\_\_  
(name of authorized officer)

\_\_\_\_\_  
(signature)

Chief Financial Officer, Executive Vice  
President of Operations and Secretary

\_\_\_\_\_  
(title of authorized officer)

\_\_\_\_\_  
(name of authorized signatory)

\_\_\_\_\_  
(effective date)

**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-2**

**Illinois Amendment**

In recognition of the requirements of Illinois Franchise Disclosure Act (815 ILCS 705 §§ 1 - 44) and the Rules promulgated thereunder (4 Ill Admin Code §§ 200.100-901) the parties to the attached Membership Agreement (the "Agreement") agree to amend the Agreement as follows:

1. Notwithstanding anything in Section 16.1 of the Agreement or otherwise in the Agreement to the contrary, Illinois law governs the agreement(s) between the parties to this franchise.
2. Pursuant to the Illinois Franchise Disclosure Act (815 ILCS 705 § 4), any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, arbitration may take place outside of Illinois.
3. Notwithstanding anything in the Agreement to the contrary, pursuant to the Illinois Franchise Disclosure Act (815 ILCS 705 § 41), 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.
4. Sections 705/19 and 705/20 of the Illinois Franchise Act provide rights to Franchisees concerning nonrenewal and termination of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the Illinois Franchise Act, the Illinois Franchise Act will control.
5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Illinois Amendment.

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Illinois Amendment to the Agreement to be effective on the day and year executed by Floors To Go, LLC below.

**FRANCHISOR:**

**MEMBER:**

**FLOORS TO GO, LLC**

\_\_\_\_\_  
(signature of authorized officer)

\_\_\_\_\_  
(name of member)

Ted Dlugokienski

(name of authorized officer)

\_\_\_\_\_  
(signature)

Chief Financial Officer, Executive Vice  
President of Operations and Secretary

(title of authorized officer)

\_\_\_\_\_  
(name of authorized signatory)

\_\_\_\_\_  
(effective date)

**FLOORS TO GO, LLC**  
**MEMBERSHIP AGREEMENT**

**Exhibit B-3**

**Indiana Amendment**

In recognition of the requirements of the Indiana Franchise Acts, Ind. Code §§ 23-2-2.5 and 23-2-2.7, the parties to the attached Membership Agreement (the "Agreement") agree to amend the Agreement as follows:

1. Subsection (c) of Section 3.1 of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(c) As a member, you agree that we and our affiliates retain all rights not expressly granted to you under this Agreement (with respect to, among other things, FTG Showrooms, the FTG Marks (as defined in Subsection 4.1(a)), the sale of similar or dissimilar products and services, and any other activities we deem appropriate, whenever and wherever we desire), including, but not limited to, the right in our sole discretion:

1. to operate, and to grant others the right to operate, FTG Showrooms located anywhere outside Your Territory;
2. to develop, use, and license the rights to any tradenames, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights that we have not licensed to you under this Agreement;
3. to freely and unconditionally do business, or authorize others to do business, under the FTG Marks, through alternative marketing plans or systems, alternative distribution methods or procedures, and different business formats, at any locations inside or outside Your Territory;
4. to establish, own and operate, or grant others the right to establish, own and operate, businesses offering dissimilar products and services, at any locations inside and outside Your Territory, under the FTG Marks;
5. to establish, own and operate, or grant others the right to establish, own and operate, similar businesses or any other businesses offering similar or dissimilar products and services, through similar or dissimilar channels of distribution (including the Internet and similar electronic media), at any locations inside or outside Your Territory, under trademarks or service marks other than the FTG Marks;
6. to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at FTG Showrooms, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating;

**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-3**

7. to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction) by a business providing products and services similar to those provided at FTG Showrooms, or by another business; and

8. to engage in any other activities we and/or our affiliates desire within or outside of Your Territory that are not specifically prohibited under this Agreement.

Floors To Go, LLC will not operate, or grant others the right to operate, a business substantially identical to yours within Your Territory under any other trade name. Otherwise, we are not required to pay you if we exercise any of the rights specified above inside Your Territory.

2. Section 7.11 of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

You agree to indemnify and hold us harmless from and against, and reimburse us for any and all claims, demands, losses, damages, judgments, orders, decrees, actions, lawsuits, proceedings, costs, liabilities, and expenses (including, but not limited to, reasonable attorneys' fees and costs of suit) of whatever kind or character (collectively "Claims"), on account of any actual or alleged loss, injury, or damage to any person, firm, or corporation, or to any property, arising out of or in connection with the membership, your Showroom, any and all claims of your Showroom customers, or the exercise or purported exercise by you of your rights hereunder, except the foregoing does not apply to: (i) Claims caused by our negligence; or (ii) the negligence of our employees, agents, or independent contractors; (iii) any Claims for which we have indemnified you pursuant to Section 4; or (iv) claims arising out of your proper reliance on or use of procedures or materials provided by us. This indemnification shall survive the termination of this Agreement.

3. The last sentence of Section 11.1(b) of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

Upon the our approval of the transfer, and without any further action by us or you, we shall be released and forever discharged of any and all claims you may have against us (and our officers, directors, agents and employees as of the date of the transfer), and against our subsidiaries or affiliates (and their respective officers, directors, agents and employees as of the date of the transfer), excluding only such claims as you may have based upon or arising from Indiana's Franchise Acts.

4. The last sentence of Section 13.1 of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

Upon the expiration or termination of this Agreement, and without any further action by us or you, we shall be released and forever discharged of any and all claims you may have against us (and our respective officers, directors, agents and employees as of the date of the expiration or termination), and against our subsidiaries or affiliates (and their respective officers, directors,

**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-3**

agents and employees as of the date of the expiration or termination), excluding only such claims as you may have based upon or arising from Indiana's Franchise Acts.

5. Section 16.2 of the Agreement shall be supplemented by the following provision which shall be considered an integral part of the Agreement:

This section shall not in any way abrogate or reduce any rights of franchisees as provided for under Indiana's Franchise Act (Indiana Code § 23-2-2.7-1(10)). A provision in a franchise agreement limiting litigation brought for breach of the franchise agreement in any manner whatsoever (e.g., 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.

6. Section 16.3 of the Agreement shall be deleted in its entirety and shall have no force or effect.

7. Each provision of this Indiana Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Indiana's Franchise Acts are met independently without reference to this Indiana Amendment.

***THE REMAINDER OF THE PAGE LEFT BLANK INTENTIONALLY***

**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-3**

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Indiana Amendment to the Agreement to be effective on the day and year executed by Floors To Go, LLC below.

**FRANCHISOR:**

**MEMBER:**

**FLOORS TO GO, LLC**

\_\_\_\_\_  
(signature of authorized officer)

\_\_\_\_\_  
(name of member)

Ted Dlugokienski

\_\_\_\_\_  
(name of authorized officer)

\_\_\_\_\_  
(signature)

Chief Financial Officer, Executive Vice  
President of Operations and Secretary

\_\_\_\_\_  
(title of authorized officer)

\_\_\_\_\_  
(name of authorized signatory)

\_\_\_\_\_  
(effective date)

**FLOORS TO GO, LLC**  
**MEMBERSHIP AGREEMENT**

**Exhibit B-4**

**Maryland Amendment**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann. Bus. Reg. §§ 14-201 through 14-233, the parties to the attached Membership Agreement (the "Agreement") agree to amend the Agreement as follows:

1. The last sentence of Section 11.1(b) of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

Upon our approval of the transfer, and without any further action by us or you, we shall be released and forever discharged of any and all claims you may have against us (and our respective officers, directors, agents and employees as of the date of the transfer), and against our subsidiaries or affiliates (and their respective officers, directors, agents and employees as of the date of the transfer), excluding only such claims as you may have based upon or arising from the Maryland Franchise Registration and Disclosure Law.

2. The last sentence of Section 13.1 of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

Upon the expiration or termination of this Agreement, and without any further action by us or you, we shall be released and forever discharged of any and all claims you may have against us (and our respective officers, directors, agents and employees as of the date of the transfer), and against our subsidiaries or affiliates (and their respective officers, directors, agents and employees as of the date of the expiration or termination), excluding only such claims as you may have based upon or arising from the Maryland Franchise Registration and Disclosure Law.

3. Section 16.2 of the Agreement shall be supplemented by the addition of the following sentence, which shall be considered an integral part of the Agreement:

We have filed an irrevocable consent to be sued in Maryland, and you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Section 16.5 of the Agreement shall be supplemented by the addition of the following sentence, which shall be considered an integral part of the Agreement:

Franchisee's representations in this Section are not intended nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. Each provision of this Maryland Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Maryland Amendment.



**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-4**

6. Any claims arising under Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Maryland Amendment to the Agreement to be effective on the day and year executed by Floors To Go, LLC below.

**FRANCHISOR:**

**MEMBER:**

**FLOORS TO GO, LLC**

\_\_\_\_\_  
(signature of authorized officer)

\_\_\_\_\_  
(name of member)

Ted Dlugokienski

(name of authorized officer)

\_\_\_\_\_  
(signature)

Chief Financial Officer, Executive Vice  
President of Operations and Secretary

(title of authorized officer)

\_\_\_\_\_  
(name of authorized signatory)

\_\_\_\_\_  
(effective date)

**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-5**

**Michigan Amendment**

In recognition of the requirements of the Michigan Franchise Investment Law, Mich. Comp. Laws §§ 445.1501 through 445.1546, and of the Rules and Regulations promulgated thereunder by the Michigan Attorney General's Office, the parties to the attached Membership Agreement (the "Agreement") agree as follows:

1. The last sentence of Section 11.1(b) of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

Upon our approval of the transfer, and without any further action by us or you, we shall be released and forever discharged of any and all claims you may have against us (and our respective officers, directors, agents and employees as of the date of the transfer), and against our subsidiaries or affiliates (and their respective officers, directors, agents and employees as of the date of the transfer), excluding only such claims as you may have based upon or arising from the Michigan Franchise Investment Law.

2. The last sentence of Section 13.1 of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

Upon the expiration or termination of this Agreement, and without any further action by us or you, we shall be released and forever discharged of any and all claims you may have against us (and our respective officers, directors, agents and employees as of the date of the expiration or termination), and against our subsidiaries or affiliates, (and their respective officers, directors, agents and employees as of the date of the expiration or termination), excluding only such claims as you may have based upon or arising from the Michigan Franchise Investment Law.

3. Each provision of this Michigan Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Michigan Franchise Investment Law or the Rules and Regulations promulgated thereunder by the Michigan Attorney General are met independently without references to this Michigan Amendment.

***THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY***

**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-5**

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Michigan Amendment to the to be effective on the day and year executed by Floors To Go, LLC below.

**FRANCHISOR:**

**MEMBER:**

**FLOORS TO GO, LLC**

\_\_\_\_\_  
(signature of authorized officer)

\_\_\_\_\_  
(name of member)

Ted Dlugokienski

\_\_\_\_\_  
(name of authorized officer)

\_\_\_\_\_  
(signature)

Chief Financial Officer, Executive Vice  
President of Operations and Secretary

\_\_\_\_\_  
(title of authorized officer)

\_\_\_\_\_  
(name of authorized signatory)

\_\_\_\_\_  
(effective date)

**FLOORS TO GO, LLC**  
**MEMBERSHIP AGREEMENT**

**Exhibit B-6**

**Minnesota Amendment**

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Membership Agreement (the "Agreement") agree as follows:

1. The first sentence of Section 4.11 of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

We shall protect and maintain all rights to the name and mark "Floors To Go" and all related names, marks, or logos against encroachment, misuse, or unauthorized use and against challenges to any rights of your use, to the extent required by Minnesota Statutes §80C.12, Subd. 1(g).

2. The first sentence of Section 4.12 of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

We shall indemnify you against any claims for infringement arising out of your use of the FTG Marks as authorized herein, to the extent required by Minnesota Statutes §80C.12, Subd. 1(g).

3. The second sentence of Section 9.3(e) of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

In such an event, we may seek a temporary, preliminary and/or permanent injunction.

4. The last sentence of Section 11.1(b) of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

Upon our approval of the transfer, and without any further action by us or you, we shall be released and forever discharged of any and all claims you may have against us (and our respective officers, directors, agents and employees as of the date of the transfer), and against our subsidiaries or affiliates (and their respective officers, directors, agents and employees as of the date of the transfer), excluding only such claims as you may have that have arisen under the Minnesota Franchise Act and/or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

5. The last sentence of Section 13.1 of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

Upon the expiration or termination of this Agreement, and without any further action by us or you, we shall be released and forever discharged of any and all claims you may have against us (and our respective officers, directors, agents and employees as of the date of the expiration or termination), and against our subsidiaries or

**FLOORS TO GO, LLC**  
**MEMBERSHIP AGREEMENT**

**Exhibit B-6**

affiliates, (and their respective officers, directors, agents and employees as of the date of the expiration or termination) excluding only such claims as you may have that have arisen under the Minnesota Franchise Act and/or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

6. Section 13 of the Agreement shall be supplemented by the addition of the following new Section 13.4, which shall be considered an integral part of the Agreement:

13.4 Termination and Non-Renewal Rights Under Minnesota Law.

The parties acknowledge that Minnesota law provides franchisees with certain termination and non-renewal rights and that Minnesota Statutes § 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 of non-renewal of the Membership Agreement. To the extent that any provisions of Section 13 of the Membership Agreement are inconsistent therewith, the provisions and requirements of said Minnesota Law shall supersede Section 13.

7. Section 16.2 of the Agreement shall be supplemented by the following provision which shall be considered an integral part of the Agreement:

Minnesota Statutes §80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or membership agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided by the laws of the jurisdiction, or your rights to consent to liquidated damages, termination penalties or judgment notes, or waiving your rights to a jury trial.

8. Section 16.3 of the Agreement shall be deleted in its entirety.

9. Each provision of this Minnesota Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without references to this Minnesota Amendment.

**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-6**

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Minnesota Amendment to the Agreement to be effective on the day and year executed by Floors To Go, LLC below.

**FRANCHISOR:**

**MEMBER:**

**FLOORS TO GO, LLC**

\_\_\_\_\_  
(signature of authorized officer)

\_\_\_\_\_  
(name of member)

Ted Dlugokienski  
\_\_\_\_\_  
(name of authorized officer)

\_\_\_\_\_  
(signature)

Chief Financial Officer, Executive Vice  
President of Operations and Secretary  
\_\_\_\_\_  
(title of authorized officer)

\_\_\_\_\_  
(name of authorized signatory)

\_\_\_\_\_  
(effective date)

**FLOORS TO GO, LLC**  
**MEMBERSHIP AGREEMENT**

**Exhibit B-7**

**North Dakota Amendment**

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the parties to the attached Membership Agreement (the "Agreement") agree as follows:

1. The last sentence of Section 11.1(b) of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

Upon our approval of the transfer, and without any further action by us or you, we shall be released and forever discharged of any and all claims you may have against us (and our respective officers, directors, agents and employees as of the date of the transfer), and against our subsidiaries or affiliates (and their respective officers, directors, agents and employees as of the date of the transfer), excluding only such claims as you may have that have arisen under the North Dakota Franchise Investment Law.

2. The last sentence of Section 13.1 of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

Upon the expiration or termination of this Agreement, and without any further action by us or you, we shall be released and forever discharged of any and all claims you may have against us (and our respective officers, directors, agents and employees as of the date of the expiration or termination), and against our subsidiaries or affiliates, (and their respective officers, directors, agents and employees as of the date of the expiration or termination), excluding only such claims as you may have that have arisen under the North Dakota Franchise Investment Law.

3. Section 16.1 of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 *et seq.*), The Federal Arbitration Act (9 U.S.C. § 1 *et seq.*) or other federal law, this Agreement and the franchise shall be governed by the law of the State of North Dakota. References to any law or regulation also refer to any successor laws or regulations and any impending regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

4. Section 16.2 of the Agreement shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

With respect to any claims, controversies or disputes which are not finally resolved through arbitration, the parties hereby irrevocably submit themselves to the jurisdiction of the state and federal district courts of the state in which said arbitration was filed (and to the appropriate appellate courts within that state). The parties hereby waive all questions of personal jurisdiction for the purpose of carrying out this

**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-7**

provision and hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement by any means allowed by applicable state or federal law. The parties further agree that venue for any proceeding relating to or arising out of this Agreement shall be in the courts of appropriate jurisdiction in the state in which the underlying demand for arbitration was filed (and to the appropriate appellate courts within that state); provided, however, with respect to any action for injunctive or other extraordinary relief, any party may bring such action in any state or federal district court which has jurisdiction. The Commissioner has held that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Nothing in this Agreement can abrogate or reduce any of Franchisee's rights as provided for by the North Dakota Franchise Investment Law (N.D. Cent. Code, §§ 51-19-01 through 51-19-17), or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of North Dakota.

5. Section 16.3 of the Agreement shall be deleted in its entirety and shall have no force or effect.

6. Each provision of this North Dakota Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently, without references to this North Dakota Amendment.

***THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY***



**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-7**

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this North Dakota Amendment to the Agreement to be effective on the day and year executed by Floors To Go, LLC below.

**FRANCHISOR:**

**MEMBER:**

**FLOORS TO GO, LLC**

\_\_\_\_\_  
(signature of authorized officer)

\_\_\_\_\_  
(name of member)

Ted Dlugokienski

\_\_\_\_\_  
(name of authorized officer)

\_\_\_\_\_  
(signature)

Chief Financial Officer, Executive Vice  
President of Operations and Secretary

\_\_\_\_\_  
(title of authorized officer)

\_\_\_\_\_  
(name of authorized signatory)

\_\_\_\_\_  
(effective date)

**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-8**

**Rhode Island Amendment**

In recognition of the requirements of the Rhode Island Franchise Investment Act, Rhode Island General Laws §§19-28.1-14, the parties to the attached Membership Agreement (the "Agreement") agree as follows:

1. Section 16.2 of the Agreement shall be supplemented by the following provision which shall be considered an integral part of the Agreement:

This section shall not in any way abrogate or reduce any rights of franchisees as provided for under the Rhode Island Franchise Investment Act (Rhode Island General Laws § 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.

2. Each provision of this Rhode Island Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without references to this Rhode Island Amendment.

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Rhode Island Amendment to the Agreement to be effective on the day and year executed by Floors To Go, LLC below.

**FRANCHISOR:**

**MEMBER:**

**FLOORS TO GO, LLC**

\_\_\_\_\_  
(signature of authorized officer)

\_\_\_\_\_  
(name of member)

Ted Dlugokienski  
(name of authorized officer)

\_\_\_\_\_  
(signature)

Chief Financial Officer, Executive Vice  
President of Operations and Secretary  
(title of authorized officer)

\_\_\_\_\_  
(name of authorized signatory)

\_\_\_\_\_  
(effective date)

**FLOORS TO GO, LLC**  
**MEMBERSHIP AGREEMENT**

**Exhibit B-9**

**South Dakota Amendment**

In recognition of the requirements of the South Dakota Franchise Investment Law, S.D. Codified Laws §§ 37-5B-1 to 37-5B-53, the parties to the attached Membership Agreement (the "Agreement") agree as follows:

1. Section 13.2(c) of the Agreement shall be amended by the addition of the following language to the original language that appears therein:

Notwithstanding the foregoing, if the Showroom is located in South Dakota, we must give you thirty (30) days written notice of your defaults involving breach of the Membership Agreement, your failure to meet performance and quality standards, and/or your failure to pay any services fees or other amount due under the Membership Agreement. You have an opportunity to cure said defaults within thirty (30) days.

2. Section 13 of the Agreement shall be supplemented by the addition of the following new Section 13.4, which shall be considered an integral part of the Agreement:

13.4 Franchisor's Obligation to Comply with South Dakota Law.

Notwithstanding anything to the contrary herein, nothing in this Agreement shall be deemed to constitute a waiver of compliance with any provision of the South Dakota Franchise Investment Law.

3. Section 16.1(b) of the Agreement shall be supplemented by the addition of the following provision which shall be considered an integral part of the Agreement:

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing laws of the State of Florida.

4. Section 16.2 of the Agreement shall be supplemented by the addition of the following provision, which shall be considered an integral part of the Agreement:

Any provision in a franchise agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue, in a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in the State of South Dakota.

5. Section 16.3 of the Agreement shall be supplemented by the addition of the following provision, which shall be considered an integral part of the Agreement:

Any provision that provides that the parties waive their right to jury trial may not be enforceable under the laws of the State of South Dakota law.

**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-9**

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Franchise Investment Law are met independently, without references to this Amendment.

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this South Dakota Amendment to the Agreement to be effective on the day and year executed by Floors To Go, LLC below.

**FRANCHISOR:**

**MEMBER:**

**FLOORS TO GO, LLC**

\_\_\_\_\_  
(signature of authorized officer)

\_\_\_\_\_  
(name of member)

Ted Dlugokienski  
(name of authorized officer)

\_\_\_\_\_  
(signature)

Chief Financial Officer, Executive Vice  
President of Operations and Secretary  
(title of authorized officer)

\_\_\_\_\_  
(name of authorized signatory)

\_\_\_\_\_  
(effective date)

**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-10**

**Washington Amendment**

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 *et seq.*, the parties to the attached Membership Agreement (the "Agreement") agree as follows:

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

2. RCW 19.100.180 may supersede the 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 Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the 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.

4. 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.

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

6. 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 Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. 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 Agreement or elsewhere are void and unenforceable in Washington.

**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-10**

***THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY***

**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-10**

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Washington Amendment to the Agreement to be effective on the day and year executed by Floors To Go, LLC below.

**FRANCHISOR:**

**MEMBER:**

**FLOORS TO GO, LLC**

\_\_\_\_\_  
(signature of authorized officer)

\_\_\_\_\_  
(name of member)

Ted Dlugokienski  
\_\_\_\_\_  
(name of authorized officer)

\_\_\_\_\_  
(signature)

Chief Financial Officer, Executive Vice  
President of Operations and Secretary  
\_\_\_\_\_  
(title of authorized officer)

\_\_\_\_\_  
(name of authorized signatory)

\_\_\_\_\_  
(effective date)

**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-11**

**Wisconsin Amendment**

In recognition of the requirements of the Wisconsin Fair Dealership Law, Wisconsin Statutes Chapter 135 (the "Wisconsin Fair Dealership Law"), the parties to the attached Membership Agreement (the "Agreement") agree as follows:

1. Section 2 of the Agreement shall be supplemented by the addition of the following new Section 2.4, which shall be considered an integral part of the Agreement:

2.4 **Renewal Rights Under Wisconsin Law.**

To the extent that the renewal provisions described in this Section 2 are inconsistent with the requirements of the Wisconsin Fair Dealership Law, said renewal provisions shall be superseded by the Wisconsin Fair Dealership Law's requirements and shall have no force or effect.

2. Section 13 of the Agreement shall be supplemented by the addition of the following new Section 13.4, which shall be considered an integral part of the Agreement:

13.4 **Franchisor's Obligation to Comply With Wisconsin Law.**

To the extent the repurchase provisions of this Agreement are inconsistent with the requirements of the Wisconsin Fair Dealership Law, said provisions of this Agreement shall be superseded by the Wisconsin Fair Dealership Law's requirements.

3. Section 13 of the Agreement shall be supplemented by the addition of the following new Section 13.5, which shall be considered an integral part of the Agreement:

13.5 **Termination Rights Under Wisconsin Law.**

To the extent that the termination provisions described in this Section 13 are inconsistent with the Wisconsin Fair Dealership Law, said termination provisions shall be superseded by the Wisconsin Fair Dealership Law's requirements and shall have no force or effect.

4. Each provision of this Wisconsin Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently, without references to this Wisconsin Amendment.

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**FLOORS TO GO, LLC  
MEMBERSHIP AGREEMENT**

**Exhibit B-11**

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Wisconsin Amendment to the Agreement to be effective on the day and year executed by Floors To Go, LLC below.

**FRANCHISOR:**

**MEMBER:**

**FLOORS TO GO, LLC**

\_\_\_\_\_  
(signature of authorized officer)

\_\_\_\_\_  
(name of member)

Ted Dlugokienski

\_\_\_\_\_  
(name of authorized officer)

\_\_\_\_\_  
(signature)

Chief Financial Officer, Executive Vice  
President of Operations and Secretary

\_\_\_\_\_  
(title of authorized officer)

\_\_\_\_\_  
(name of authorized signatory)

\_\_\_\_\_  
(effective date)

**EXHIBIT “C”**

**FLOORS TO GO, LLC**

**FRANCHISE DISCLOSURE DOCUMENT**

*Dated March 16, 2022*

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**PURCHASE AFFIDAVIT**

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**PURCHASE AFFIDAVIT  
for  
MEMBERS**

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The undersigned, having reviewed and executed a Membership Agreement, acknowledges that said Membership Agreement is presently being considered by **FLOORS TO GO, LLC** (hereinafter "FTG") for execution and acceptance, and further certifies and acknowledges that the following statements are true and correct:

1. All fees imposed by FTG for the right to operate a Floors To Go membership under said Membership Agreement have been made payable to FTG only;
2. The undersigned has not received from FTG or any employee or agent thereof and, upon execution of said Membership Agreement, was not relying upon, any financial statements, profit and loss statements, pro formas or other financial information or projections, provided by FTG or any employee or agent thereof, relative to past, projected, estimated or anticipated earnings, sales or profits otherwise, of any Floors To Go membership;
3. No promises or other indications that financial assistance will be offered by FTG or any affiliate, officer, director, employee or agent thereof has been made to the undersigned;
4. No representations, promises or commitments relative to the Floors To Go membership granted under said Membership Agreement have been made which are not expressly contained in said Membership Agreement and the Franchise Disclosure Document;
5. The undersigned has read the Membership Agreement and understands that any approval or consent to be given by FTG must be in writing and signed by the appropriate officer of FTG;
6. The undersigned received the Floors To Go, LLC Franchise Disclosure Document and a copy of its standard Membership Agreement at least fourteen (14) calendar days before signing a binding agreement with, or making a payment to, FTG or one of FTG's affiliates in connection with the proposed franchise sale.
7. If applicable, based on the laws of Iowa and New York, the undersigned received the Floors To Go, LLC Franchise Disclosure Document at the first personal meeting to discuss the franchise;
8. If applicable, based on the laws of Maryland, the undersigned received the Floors To Go, LLC Franchise Disclosure Document at the earlier of (a) at least fourteen (14) calendar days before executing a binding agreement with FTG, (b) at least fourteen (14) calendar days before paying any consideration that relates to the franchise relationship, or (c) the undersigned's reasonable request to receive a copy of the Floors To Go, LLC Franchise Disclosure Document;

**PURCHASE AFFIDAVIT  
for  
MEMBERS**

9. If applicable, based on the laws of Michigan, the undersigned received the Floors To Go, LLC Franchise Disclosure Document at the earlier of (a) at least ten (10) business days before executing a binding agreement with FTG or (b) at least ten (10) business days before paying any consideration that relates to the franchise relationship;
10. If Floors To Go, LLC unilaterally and materially modified the terms and conditions of its standard Membership Agreement and/or any related agreements, the undersigned acknowledges that it received the modified Membership Agreement and/or the modified related agreements, as applicable, at least seven (7) calendar days before execution of the modified Membership Agreement and/or the modified related agreements, as applicable;
11. If applicable, based on the laws of New York, the undersigned received the actual Membership Agreement and related documents, containing all terms and conditions, at least five (5) business days prior to the execution of the Membership Agreement;
12. The undersigned reviewed all of the materials referred to in paragraphs 5, 6, 7, 8, 9, 10 and 11 above and found them complete and found that the Franchise Disclosure Document contained all Exhibits thereto; and
13. The undersigned acknowledges that no guarantee has been made by FTG that the undersigned shall derive income from the membership which exceeds the price paid; that the undersigned has no right to a refund of all or a part of the monies paid; and that FTG has not agreed to repurchase any products, equipment or other materials supplied by FTG or anyone else if the undersigned is unsatisfied with the membership.

**EXECUTED** this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

ATTEST:

MEMBER

\_\_\_\_\_

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Witness

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

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

**EXHIBIT “D”**

**FLOORS TO GO, LLC**

**FRANCHISE DISCLOSURE DOCUMENT**

*Dated March 16, 2022*

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**PRINCIPAL OWNER’S STATEMENT**

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**PRINCIPAL OWNER'S STATEMENT  
MEMBERS**

This form must be completed by the prospective member (“I,” “me,” or “my”) if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). Floors To Go, LLC is relying on the truth and accuracy of this form in awarding the franchise to me.

1. **Form of Owner.** I am a (check one):

- (a) General Partnership
  - (b) Corporation
  - (c) Limited Partnership
  - (d) Limited Liability Company
  - (e) Other
- Specify: \_\_\_\_\_

I was formed under the laws of \_\_\_\_\_.  
(state of formation or organization)

2. **Business Entity.** I was incorporated or formed on \_\_\_\_\_, \_\_\_\_\_, under the laws of the State of \_\_\_\_\_. I have not conducted business under any name other than the legal name of my business entity (corporation, limited liability company, partnership or other form of organization) and \_\_\_\_\_. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions:

<u>Name of Person</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3. **Owners.** The following list includes the full name and mailing address of each person who is one of my owners and fully describes the nature of each owner's interest (**Attach additional sheets if necessary**).

<u>Owners Name and Address</u>	<u>Description of Ownership Interest</u>
_____	_____
_____	_____
_____	_____

**PRINCIPAL OWNER'S STATEMENT  
MEMBERS**


4. **Governing Documents.** Attached are copies of the documents and contracts governing ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements).

**THIS STATEMENT** of Principal Owners is current and complete as of \_\_\_\_\_,  
\_\_\_\_\_.

**INDIVIDUAL OWNERS:**

\_\_\_\_\_  
(signature of owner)

\_\_\_\_\_  
(signature of owner)

\_\_\_\_\_  
(printed name of owner)

\_\_\_\_\_  
(printed name of owner)

\_\_\_\_\_  
(signature of owner)

\_\_\_\_\_  
(signature of owner)

\_\_\_\_\_  
(printed name of owner)

\_\_\_\_\_  
(printed name of owner)

**CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:**

\_\_\_\_\_  
(printed name of business entity)

\_\_\_\_\_  
(signature of officer or managing partner)

\_\_\_\_\_  
(printed name and title of officer or  
managing partner)

**EXHIBIT "E"**

**FLOORS TO GO, LLC**

**FRANCHISE DISCLOSURE DOCUMENT**

*Dated March 16, 2022*

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**STATE SPECIFIC ADDENDA  
TO THE FRANCHISE DISCLOSURE DOCUMENT**

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## CALIFORNIA DISCLOSURE

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

**IN RECOGNITION OF THE REQUIREMENTS OF THE CALIFORNIA FRANCHISE INVESTMENT LAW, CALIFORNIA CORPORATIONS CODE § 31000 ET SEQ., THE FLOORS TO GO, LLC DISCLOSURE DOCUMENT FOR THE OFFER OF FLOORS TO GO SHOWROOM FRANCHISES FOR USE IN CALIFORNIA SHALL BE AMENDED AS FOLLOWS:**

1. OUR WEBSITE, [WWW.FLOORFRANCHISE.COM](http://WWW.FLOORFRANCHISE.COM), 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).

2. The State Cover Page shall be amended by the addition of the following risk factor:

The Membership Agreement contains a provision that requires the member to waive his, her or its right to a jury trial.

3. Item 3 shall be amended by the addition of the following:

On September 23, 2019, FTG voluntarily entered into an Assurance of Discontinuance with the State of Washington agreeing that it (i) will no longer include no-recruiting provisions in any of its future membership agreements, (ii) no longer enforce no-recruiting provisions in any of its existing membership agreements, (iii) will not seek to intervene or defend in any way the legality of any no-recruiting provision, and (iv) will endeavor to amend all existing membership agreements with members in the State of Washington to remove any no-recruiting provisions in those members' existing membership agreements.

No person or company identified in Items 1 or 2 of this Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. § 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

4. Item 17 shall be amended by the addition of the following:

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

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under the federal bankruptcy law. (11 U.S.C.A. § 101 *et seq.*)

FLOORS TO GO, LLC  
*Franchise Disclosure Document*

**Exhibit E-1**

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

The franchise agreement requires binding arbitration. The arbitration will occur in Lee County, Florida with the costs being borne by the non-prevailing party.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

If you renew or transfer your franchise, you release us from any claims you may have. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

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.

**CONNECTICUT DISCLOSURE**

**DISCLOSURES REQUIRED BY CONNECTICUT LAW**

THE STATE OF CONNECTICUT DOES NOT APPROVE, RECOMMEND, ENDORSE OR SPONSOR ANY BUSINESS OPPORTUNITY. THE INFORMATION CONTAINED IN THIS DISCLOSURE HAS NOT BEEN VERIFIED BY THE STATE. IF YOU HAVE ANY QUESTIONS ABOUT THIS INVESTMENT, SEE AN ATTORNEY BEFORE YOU SIGN A CONTRACT OR AGREEMENT.

IF THE SELLER FAILS TO DELIVER THE PRODUCTS, EQUIPMENT OR SUPPLIES OR FAILS TO RENDER THE SERVICES NECESSARY TO BEGIN SUBSTANTIAL OPERATION OF THE BUSINESS WITHIN FORTY-FIVE (45) DAYS OF THE DELIVERY DATE STATED IN YOUR CONTRACT, YOU MAY NOTIFY THE SELLER IN WRITING AND DEMAND THAT THE CONTRACT BE CANCELLED.

**SECTION 36B-63(B)(4) OF THE CONNECTICUT BUSINESS OPPORTUNITY INVESTMENT ACT REQUIRES THE FOLLOWING DISCLOSURE PROVISION WHICH SHALL SUPERSEDE THE CORRESPONDING DISCLOSURE PROVISION IN THE BODY OF THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE FEDERAL TRADE COMMISSION:**

**ITEM 3. LITIGATION.**

On September 23, 2019, FTG voluntarily entered into an Assurance of Discontinuance with the State of Washington agreeing that it (i) will no longer include no-recruiting provisions in any of its future membership agreements, (ii) no longer enforce no-recruiting provisions in any of its existing membership agreements, (iii) will not seek to intervene or defend in any way the legality of any no-recruiting provision, and (iv) will endeavor to amend all existing membership agreements with members in the State of Washington to remove any no-recruiting provisions in those members' existing membership agreements.

No person or company identified in Items 1 or 2 of this Disclosure Document has any administrative, criminal or civil action pending against that person alleging: a felony; a violation of any franchise, business opportunity, antitrust or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; unfair or deceptive trade practices or comparable civil or misdemeanor allegations.

No person or company identified in Items 1 or 2 of this Disclosure Document has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the seven (7) 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, business opportunity, antifraud or securities law; fraud; embezzlement fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

Other than the above action, no person or company identified in Items 1 or 2 of this Disclosure Document is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, business

FLOORS TO GO, LLC  
*Franchise Disclosure Document*

**Exhibit E-2**

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

## **HAWAII DISCLOSURE**

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

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

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

THE NAME AND ADDRESS OF THE FRANCHISOR'S REGISTERED AGENT IN THIS STATE IS: SECURITIES COMMISSIONER, THE STATE OF HAWAII, 335 MERCHANT STREET, ROOM 203, HONOLULU, HAWAII 96813.

**IN RECOGNITION OF THE REQUIREMENTS OF THE HAWAII FRANCHISE INVESTMENT LAW, HAWAII REV. STAT. §§ 482E-1 *ET SEQ.*, THE FLOORS TO GO, LLC DISCLOSURE DOCUMENT FOR THE OFFER OF FLOORS TO GO SHOWROOM FRANCHISES FOR USE IN HAWAII SHALL BE AMENDED AS FOLLOWS:**

1. ITEM 20 SHALL BE AMENDED BY THE ADDITION OF THE FOLLOWING:

**THE STATES IN WHICH THIS PROPOSED REGISTRATION IS OR WILL SHORTLY BE ON FILE OR EXEMPT IN, ARE: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON AND WISCONSIN. NO STATES HAVE REFUSED, BY ORDER OR OTHERWISE, TO REGISTER THESE FRANCHISES. NO STATES HAVE REVOKED OR SUSPENDED THE RIGHT TO OFFER THESE FRANCHISES (OTHER THAN UPON THE EXPIRATION OF THE**

FLOORS TO GO, LLC  
*Franchise Disclosure Document*

**Exhibit E-3**

**REGISTRATION TERM). THE PROPOSED REGISTRATION OF THESE FRANCHISES HAS NOT BEEN INVOLUNTARILY WITHDRAWN IN ANY STATE.**

2. EACH PROVISION OF THIS ADDENDUM TO THE DISCLOSURE DOCUMENT SHALL BE EFFECTIVE ONLY TO THE EXTENT, WITH RESPECT TO SUCH PROVISION, THAT THE JURISDICTIONAL REQUIREMENTS OF THE HAWAII FRANCHISE INVESTMENT LAW ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS ADDENDUM TO THE DISCLOSURE DOCUMENT.

**ILLINOIS DISCLOSURE**

THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987 MAKES IT UNLAWFUL FOR ANY PERSON TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE AT LEAST 14 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 14 DAYS PRIOR TO THE RECEIPT BY SUCH PERSON OF ANY CONSIDERATION, WHICHEVER OCCURS FIRST, A COPY OF A DISCLOSURE STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

With respect to franchises governed by Illinois law, the franchisor will comply with Illinois Franchise Disclosure Act (815 ILCS 705 § 20) which states that a franchisor may not refuse to renew a franchise without compensating the franchisee by repurchase or by other means for the diminution in the value of the franchised business caused by the expiration of the franchise where (a) the franchisee is barred by the franchise agreement (or by the refusal of franchisor at least 6 months prior to the expiration date of the franchise to waive any portion of the franchise agreement which prohibits franchisee) from continuing to conduct substantially the same business under another trademark service mark, trade name or commercial symbol in the same area subsequent to the expiration of the franchise; or (b) franchisee has not been sent notice of the franchisor's intent not to renew the franchise at least 6 months prior to the expiration date or any extension thereof of the franchise.

**ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.**

**(a) Item 17 Cross Reference and Summary Table.**

THE FOLLOWING TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AGREEMENT PERTAINING TO CHOICE OF FORUM AND CHOICE OF LAW WHICH MAY BE SUPERSEDED BY PROVISIONS OF ILLINOIS' FRANCHISE DISCLOSURE ACT:

	<b>Provision</b>	<b>Section in Membership Agreement</b>	<b>Summary</b>
v.	Choice of forum	Section 16.2	Florida, unless otherwise required by state laws of the State of Illinois.
w.	Choice of law	Section 16.1	Florida unless otherwise required by the laws of the State of Illinois.

Illinois law governs the Membership Agreement.

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

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

FLOORS TO GO, LLC  
*Franchise Disclosure Document*

**Exhibit E-4**

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.



**INDIANA DISCLOSURE**

**REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF THE STATE OF INDIANA.**

**THE FRANCHISE ACTS OF THE STATE OF INDIANA TITLE 23, ARTICLE 2, CHAPTERS 2.5 AND 2.7 MAY SUPERSEDE YOUR RELATIONSHIP WITH THE FRANCHISOR UNDER THE TERMS OF THE FRANCHISE AGREEMENT. THE FOLLOWING ADDITIONAL DISCLOSURE PROVISIONS ARE REQUIRED UNDER INDIANA LAW AND SUPERSEDE THE CORRESPONDING DISCLOSURE PROVISIONS IN THE BODY OF THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE FEDERAL TRADE COMMISSION.**

**ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.**

**(a) Item 17 Cross Reference and Summary Table.**

THE FOLLOWING TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AGREEMENT PERTAINING TO FRANCHISE TRANSFERS, CHOICE OF FORUM AND CHOICE OF LAW WHICH MAY BE SUPERSEDED BY PROVISIONS OF INDIANA'S FRANCHISE ACTS, IND. CODE §§ 23-2-2.5 AND 23-2-2.7

	<b>Provision</b>	<b>Section in Membership Agreement</b>	<b>Summary</b>
m.	Conditions for our approval of transfer	Section 11.1	Includes payment of monies owed and fee, no breach, release of liability, transferee suitability, execution of new agreement. Any release must exclude liabilities arising under Indiana Code § 23-2-2.7-1(5)
v.	Choice of forum	Section 16.2	Florida, unless otherwise required by state law. Choice of an exclusive forum other than Indiana is prohibited pursuant to Indiana Code § 23-2-2.7-1(10).
w.	Choice of law	Section 16.1	Florida unless otherwise required by the laws of the State of Indiana. This choice of law is subject to the superceding provisions of Indiana's Franchise Acts, Indiana Code §§ 23-2-2.5 and 23-2-2.7.

**MARYLAND DISCLOSURE**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann. Bus. Reg. §§ 14-201 to 14-233, the Floors To Go, LLC Franchise Disclosure Document for the offer of Floors To Go Showroom franchises for use in Maryland shall be amended to include the following:

**ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.**

**(a) Item 17 Cross Reference and Summary Table.**

THE FOLLOWING TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AGREEMENT PERTAINING TO ASSIGNMENT AND CHOICE OF LAW WHICH MAY BE SUPERSEDED BY THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW.

<b>Provision</b>	<b>Section in Membership Agreement</b>	<b>Summary</b>
m. Conditions for our approval of transfer	Section 11.1	Includes payment of monies owed and fee, no breach, release of liabilities, transferee suitability, execution of new agreement. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
w. Choice of law	Section 16.1	Florida, unless otherwise required by the laws of the State of Maryland. Floors To Go, LLC, has filed an irrevocable consent to be sued in Maryland and you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The provision in the Membership Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.)

Any claims arising under Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

FLOORS TO GO, LLC  
*Franchise Disclosure Document*

**Exhibit E-6**

IF YOU DEFAULT UNDER THE MEMBERSHIP AGREEMENT FOR ONE OF YOUR FTG SHOWROOMS, FRANCHISOR HAS THE RIGHT TO TERMINATE YOUR RIGHTS TO OPERATE ALL OF YOUR FTG SHOWROOMS.

## **MICHIGAN DISCLOSURE**

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

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

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

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS 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 FRANCHISED 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.

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*Franchise Disclosure Document*

**Exhibit E-7**

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

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

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

\* \* \* \*

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**Exhibit E-7**

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:

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE  
CONSUMER PROTECTION DIVISION  
525 WEST OTTAWA STREET  
G. MENNEN WILLIAMS BUILDING, 1<sup>st</sup> FLOOR  
LANSING, MICHIGAN 48913  
TELEPHONE NUMBER: 517-335-7567

## **MINNESOTA DISCLOSURE**

THIS DISCLOSURE DOCUMENT IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THIS DISCLOSURE DOCUMENT AND ALL CONTRACTS OR AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

A FEDERAL TRADE COMMISSION RULE MAKES IT UNLAWFUL FOR YOU TO SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR THE FRANCHISOR'S AFFILIATES IN CONNECTION WITH THE PROPOSED FRANCHISE SALE IF THE FRANCHISOR HAS NOT PROVIDED YOU WITH THIS DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS BEFOREHAND. THE PROSPECTIVE FRANCHISEE MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST.

IF THIS DISCLOSURE DOCUMENT IS NOT DELIVERED ON TIME, OR IF IT CONTAINS A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON D.C. 20580, AND THE OFFICE OF THE COMMISSIONER OF COMMERCE OF MINNESOTA, DEPARTMENT OF COMMERCE, 85 7<sup>TH</sup> PLACE EAST, SUITE 280, ST. PAUL, MINNESOTA 55101.

**ALTHOUGH THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT, REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF THE STATE OF MINNESOTA OR A FINDING BY THE COMMISSIONER OF COMMERCE OF THE STATE OF MINNESOTA THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, ACCURATE OR NOT MISLEADING.**

WITH RESPECT TO FRANCHISES GOVERNED BY MINNESOTA LAW, THE FRANCHISOR WILL COMPLY WITH MINNESOTA STATUTES §80C.14, SUBDS. 3, 4, AND 5 WHICH 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 A NON-RENEWAL OF THE FRANCHISE AGREEMENT.

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**Exhibit E-8**

MINNESOTA STATUTES §80C.21 AND MINNESOTA RULE 2860.4400J PROHIBIT US FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA. IN ADDITION, NOTHING IN THE DISCLOSURE DOCUMENT OR AGREEMENT CAN ABROGATE OR REDUCE ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR YOUR RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION, OR CONSENTING TO LIQUIDATED DAMAGES, TERMINATION PENALTIES OR JUDGMENT NOTES OR WAIVING YOUR RIGHTS TO A JURY TRIAL.

ITEM 13 SHALL BE AMENDED BY THE ADDITION OF THE FOLLOWING:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statutes §80C.12, Subd. 1(g) which requires us to indemnify you from any loss, costs or expenses arising out of claims, suits or demands regarding your use of the Marks.

**ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.**

**(a) Item 17 Cross Reference and Summary Table.**

THE FOLLOWING TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AGREEMENT PERTAINING TO FRANCHISE TERMINATIONS, TRANSFERS, CHOICE OF FORUM AND CHOICE OF LAW WHICH MAY BE SUPERSEDED BY PROVISIONS OF THE MINNESOTA FRANCHISE ACT, MINNESOTA STATUTES §80C, SUBDS. 3, 4, AND 5, MINNESOTA STATUTES §80C.21 AND MINNESOTA RULE 2860.4400J.

<b>Provision</b>	<b>Section in Membership Agreement</b>	<b>Summary</b>
b. Renewal or extension of the term	Section 2.1; Section 2.2	<p>Renewal terms of 5 years each, subject to contractual requirements.</p> <p>Under Minnesota law, if we determine not to renew your FTG membership, (i) we must provide you with written notice of our intention not to renew at least 180 days in advance of the expiration of your FTG membership, and (ii) you must be given an opportunity to operate your Showroom over a sufficient period of time to enable you to recover the fair market value of the Showroom as a going concern, as determined and measured from the date of the failure to renew.</p>



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**Exhibit E-8**

We may not refuse to renew your FTG membership for the purpose of converting your Showroom to an operation that we will own for our own account.

- f. Termination by franchisor with cause Section 13.2

Failure to comply with Membership Agreement

Except where termination is due to (i) your voluntary abandonment, (ii) your conviction of an offense directly related to your business, or (iii) your failure to cure a default under the Membership Agreement that materially impairs the goodwill associated with the Marks (after you have received written notice to cure of at least 24 hours in advance thereof), in each of which instances notice of termination shall be effective immediately upon receipt, we may not terminate your FTG membership unless we (A) give you written notice, setting forth all the reasons for the termination at least 90 days in advance of termination, and (B) you fail to correct the reasons stated for termination in the notice within 60 days of receipt of the notice.

- m. Conditions for franchisor approval of transfer Section 11.1

Includes payment of monies owed and fee; no breach; release of liability; transferee suitability; and execution of new agreement.

Any release required as a condition of transfer shall not apply to any claims you may have under the Minnesota Franchise Act and/or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

- v. Choice of forum Section 16.2

Florida unless otherwise required by another state law. Choice of an exclusive forum other than Minnesota is prohibited pursuant to Minnesota Statutes § 80C.21 and Minnesota Rule 2860.4400J.

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**Exhibit E-8**

- |    |               |              |   |
|----|---------------|--------------|---|
| w. | Choice of law | Section 16.1 | Florida unless otherwise required by another state law. This choice of law is subject to the superseding provisions of Minnesota Statutes § 80C.21 and Minnesota Rule 2860.4400J. |
|----|---------------|--------------|---|

## **NEW YORK DISCLOSURE**

UNDER NEW YORK LAW, WE MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU AT THE EARLIER OF (A) THE FIRST PERSONAL MEETING BETWEEN THE FRANCHISOR OR ITS AGENT AND THE PROSPECTIVE FRANCHISEE, (B) AT LEAST TEN (10) BUSINESS DAYS PRIOR TO THE EXECUTION OF A BINDING FRANCHISE OR OTHER AGREEMENT, OR (C) AT LEAST TEN (10) DAYS PRIOR TO THE RECEIPT OF ANY CONSIDERATION IN CONNECTION WITH THE SALE OR PROPOSED SALE OF A FRANCHISE.

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 DISCLOSURE DOCUMENT.** IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. AND THE NYS DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005.

**REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE NEW YORK STATE DEPARTMENT OF LAW.**

THE FRANCHISOR MAY, IF IT CHOOSES TO DO SO, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE 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 DISCLOSURE DOCUMENT.

**THE GENERAL BUSINESS LAW OF THE STATE OF NEW YORK, ARTICLE 33, SECTIONS 680 THROUGH 695, AND THE CODES, RULES AND REGULATIONS OF THE STATE OF NEW YORK, TITLE 13, CHAPTER VII, SECTIONS 200.1 THROUGH 200.13 AND 201.1 THROUGH 201.16 MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR. THE FOLLOWING ADDITIONAL DISCLOSURE PROVISIONS ARE REQUIRED UNDER NEW YORK LAW AND SUPERSEDE THE CORRESPONDING DISCLOSURE PROVISIONS IN THE BODY OF THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE FEDERAL TRADE COMMISSION.**

WE REPRESENT THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT.

### **ITEM 3. LITIGATION.**

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**Exhibit E-9**

On September 23, 2019, FTG voluntarily entered into an Assurance of Discontinuance with the State of Washington agreeing that it (i) will no longer include no-recruiting provisions in any of its future membership agreements, (ii) no longer enforce no-recruiting provisions in any of its existing membership agreements, (iii) will not seek to intervene or defend in any way the legality of any no-recruiting provision, and (iv) will endeavor to amend all existing membership agreements with members in the State of Washington to remove any no-recruiting provisions in those members' existing membership agreements.

No person or company identified in Items 1 or 2 of this Disclosure Document has any administrative, criminal or civil action pending against that person alleging: a felony; a violation of any franchise, antitrust or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; unfair or deceptive trade practices or comparable civil or misdemeanor allegations.

No person or company identified in Items 1 or 2 of this Disclosure Document has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the ten (10) year period immediately preceding the application for registration, has been convicted of or pleaded *nolo contendere* to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

No person or company identified in Items 1 or 2 of this Disclosure Document has been held liable or enjoined in a civil action by a final judgment if such civil action involved fraud, embezzlement, fraudulent conversion or misappropriation of property.

Other than the above action, no person or company identified in Items 1 or 2 of this Disclosure Document is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

No person or company identified in Items 1 or 2 of this Disclosure Document is subject to any currently effective order of the United States Securities and Exchange Commission or the securities administrator of any state denying the registration of or barring, revoking or suspending the registration of such person as a securities broker or dealer, or investment advisor, or securities agent or registered representative.

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**Exhibit E-9**

No person or company identified in Items 1 or 2 of this Disclosure Document is subject to a currently effective order or ruling of the Federal Trade Commission.

**ITEM 4.      BANKRUPTCY.**

No person or company previously identified in Items 1 or 2 of the Disclosure Document nor any of their current or former officers, directors or principals has, during the ten (10) year period immediately preceding the date of this Disclosure Document, been adjudged bankrupt or reorganized due to insolvency, nor was any person identified in Item 2 of the Disclosure Document a director or principal officer of any company or a general partner in any partnership that was adjudged bankrupt or reorganized due to insolvency either during or within one (1) year after the period that such person was an officer, director or partner of such company or partnership, nor have any such bankruptcy or reorganization proceedings been commenced under the U.S. Bankruptcy Code.

**ITEM 17.    RENEWAL,    TERMINATION,    TRANSFER    AND    DISPUTE  
RESOLUTION.**

**(a)    Item 17 Cross Reference and Summary Table.**

THE FOLLOWING TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AGREEMENT PERTAINING TO TERMINATION, ASSIGNMENT AND CHOICE OF LAW WHICH MAY BE SUPERSEDED BY THE GENERAL BUSINESS LAW OF THE STATE OF NEW YORK.

	<b>Provision</b>	<b>Section in Membership Agreement</b>	<b>Summary</b>
d.	Termination by you	Section 13.1	Notice, compliance with Membership Agreement, release of liability. You may terminate the Membership Agreement on any grounds available by law.
j.	Assignment of contract by us	Section 10	We are not restricted from selling or assigning the Membership Agreement.
s.	Modification of the agreement	Section 3.2; Section 5.3	Price list subject to change; improvements, additions and changes to FTG System must be adopted. However, modifications to the price list will not unreasonably affect your obligations, including economic requirements, under the Membership Agreement.
w.	Choice of law	Section 16.1	Florida, unless otherwise required by the laws of the State of New York. The foregoing Choice of Law should not be considered a waiver of

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**Exhibit E-9**

<b>Provision</b>	<b>Section in Membership Agreement</b>	<b>Summary</b>
		any right conferred upon you or us by the General Business Law of the State of New York.

**ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS.**

**REPRESENTATIONS REGARDING EARNINGS CAPABILITY**

THE FRANCHISOR DOES NOT FURNISH OR AUTHORIZE ITS SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A FTG FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND WE CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.

## **NORTH DAKOTA DISCLOSURE**

THIS ADDENDUM AND THE DISCLOSURE DOCUMENT ARE PROVIDED FOR YOUR OWN PROTECTION AND CONTAIN A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THIS ADDENDUM, THE DISCLOSURE DOCUMENT, AND ALL CONTRACTS OR AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

A FEDERAL TRADE COMMISSION RULE MAKES IT UNLAWFUL FOR YOU TO SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR THE FRANCHISOR'S AFFILIATES IN CONNECTION WITH THE PROPOSED FRANCHISE SALE IF THE FRANCHISOR HAS NOT PROVIDED YOU WITH THIS DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS BEFOREHAND. THE PROSPECTIVE FRANCHISEE MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE RECEIPT OF ANY CONSIDERATION, WHICHEVER OCCURS FIRST.

IF THIS ADDENDUM AND THE DISCLOSURE DOCUMENT ARE NOT DELIVERED ON TIME, OR IF THEY CONTAIN A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE SECURITIES COMMISSIONER, 600 EAST BOULEVARD, FIFTH FLOOR, BISMARCK, NORTH DAKOTA 58505.

**ALTHOUGH THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE SECURITIES COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, ACCURATE OR NOT MISLEADING.**

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: THE SECURITIES COMMISSIONER, 600 EAST BOULEVARD, FIFTH FLOOR, BISMARCK, NORTH DAKOTA 58505.

## **OREGON DISCLOSURE**

THIS DISCLOSURE DOCUMENT IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THIS DISCLOSURE DOCUMENT AND ALL CONTRACTS OR AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

A FEDERAL TRADE COMMISSION RULE MAKES IT UNLAWFUL FOR YOU TO SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR THE FRANCHISOR'S AFFILIATES IN CONNECTION WITH THE PROPOSED FRANCHISE SALE IF THE FRANCHISOR HAS NOT PROVIDED YOU WITH THIS DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS BEFOREHAND. THE PROSPECTIVE FRANCHISEE MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO THE SIGNING OF THE FRANCHISE AGREEMENT. DELIVERY OF THIS DISCLOSURE DOCUMENT AND PROPOSED AGREEMENTS IS ACCOMPLISHED ONLY WHEN THE PROSPECTIVE FRANCHISEE OR ITS AUTHORIZED REPRESENTATIVE ACTUALLY RECEIVES THESE DOCUMENTS.

IF THIS DISCLOSURE DOCUMENT IS NOT DELIVERED ON TIME, OR IF IT CONTAINS A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON D.C. 20580 AND THE OREGON DEPARTMENT OF CONSUMER & BUSINESS SERVICES, DIVISION OF FINANCE AND CORPORATE SECURITIES, 350 WINTER STREET NE, ROOM 410, SALEM, OREGON 97301-3881.



## **RHODE ISLAND DISCLOSURE**

THIS DISCLOSURE DOCUMENT IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THIS DISCLOSURE DOCUMENT AND ALL CONTRACTS OR AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

A FEDERAL TRADE COMMISSION RULE MAKES IT UNLAWFUL FOR YOU TO SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR THE FRANCHISOR'S AFFILIATES IN CONNECTION WITH THE PROPOSED FRANCHISE SALE IF THE FRANCHISOR HAS NOT PROVIDED YOU WITH THIS DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS BEFOREHAND. THE PROSPECTIVE FRANCHISEE MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT THE EARLIER OF: (1) THE PROSPECTIVE FRANCHISEE'S FIRST PERSONAL BUSINESS MEETING WITH THE FRANCHISOR WHICH IS HELD FOR THE PURPOSE OF DISCUSSING THE SALE OR POSSIBLE SALE OF A FRANCHISE; OR (2) TEN (10) BUSINESS DAYS PRIOR TO THE EXECUTION OF AN AGREEMENT OR PAYMENT OF ANY CONSIDERATION RELATING TO THE FRANCHISE RELATIONSHIP.

IF THIS DISCLOSURE DOCUMENT IS NOT DELIVERED ON TIME, OR IF IT CONTAINS A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON D.C. 20580 AND TO THE STATE OF RHODE ISLAND, DEPARTMENT OF BUSINESS REGULATION, SECURITIES DIVISION, 1511 PONTIAC AVENUE, BUILDING 69-1, CRANSTON, RHODE ISLAND 02920.

ALTHOUGH THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE RHODE ISLAND FRANCHISE AND DISTRIBUTORSHIP INVESTMENT REGULATIONS ACT, REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION OR A FINDING BY THE RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, ACCURATE OR NOT MISLEADING.

EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT "HOME STATE" LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO THE STATE-SPECIFIC AMENDMENTS THAT ARE ATTACHED TO THE DISCLOSURE DOCUMENT AS EXHIBIT "B" FOR DETAILS.

## **SOUTH DAKOTA DISCLOSURE**

THIS DISCLOSURE DOCUMENT IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THIS DISCLOSURE DOCUMENT AND ALL CONTRACTS OR AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

A FEDERAL TRADE COMMISSION RULE MAKES IT UNLAWFUL FOR YOU TO SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR THE FRANCHISOR'S AFFILIATES IN CONNECTION WITH THE PROPOSED FRANCHISE SALE IF THE FRANCHISOR HAS NOT PROVIDED YOU WITH THIS DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS BEFOREHAND. THE PROSPECTIVE FRANCHISEE MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO THE SIGNING OF THE FRANCHISE AGREEMENT.

IF THIS DISCLOSURE DOCUMENT IS NOT DELIVERED ON TIME, OR IF IT CONTAINS A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON D.C. 20580 AND THE DIVISION OF INSURANCE, SECURITIES REGULATION, 124 S. EUCLID, SUITE 104, PIERRE, SOUTH DAKOTA 57501.

ALTHOUGH THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE SOUTH DAKOTA FRANCHISE LAW, REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DIVISION OF SECURITIES OF THE STATE OF SOUTH DAKOTA THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, ACCURATE OR NOT MISLEADING.

FLOORS TO GO, LLC  
*Franchise Disclosure Document*

**Exhibit E-14**

**VIRGINIA DISCLOSURE**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Floors To Go, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional disclosure. The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given to him by any provision contained in the franchise agreement. If any ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

## **WASHINGTON DISCLOSURE**

THIS DISCLOSURE DOCUMENT IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THIS DISCLOSURE DOCUMENT AND ALL CONTRACTS OR AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

IF THIS DISCLOSURE DOCUMENT IS NOT DELIVERED ON TIME, OR IF IT CONTAINS A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON D.C. 20580 AND THE DEPARTMENT OF FINANCIAL INSTITUTIONS, SECURITIES DIVISION, 150 ISRAEL ROAD SW, TUMWATER, WASHINGTON 98501.

ON SEPTEMBER 23, 2019, FTG VOLUNTARILY ENTERED INTO AN ASSURANCE OF DISCONTINUANCE WITH THE STATE OF WASHINGTON AGREEING THAT IT (I) WILL NO LONGER INCLUDE NO-RECRUITING PROVISIONS IN ANY OF ITS FUTURE MEMBERSHIP AGREEMENTS, (II) NO LONGER ENFORCE NO-RECRUITING PROVISIONS IN ANY OF ITS EXISTING MEMBERSHIP AGREEMENTS, (III) WILL NOT SEEK TO INTERVENE OR DEFEND IN ANY WAY THE LEGALITY OF ANY NO-RECRUITING PROVISION, AND (IV) WILL ENDEAVOR TO AMEND ALL EXISTING MEMBERSHIP AGREEMENTS WITH MEMBERS IN THE STATE OF WASHINGTON TO REMOVE ANY NO-RECRUITING PROVISIONS IN THOSE MEMBERS' EXISTING MEMBERSHIP AGREEMENTS.

IN THE EVENT OF A CONFLICT OF LAWS, THE PROVISIONS OF THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT, CHAPTER 19.100 RCW WILL PREVAIL.

RCW 19.100.180 MAY SUPERSEDE THE 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 AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE.

IN ANY ARBITRATION OR MEDIATION INVOLVING A FRANCHISE PURCHASED IN WASHINGTON, THE ARBITRATION OR MEDIATION SITE WILL BE EITHER IN THE STATE OF WASHINGTON, OR IN A PLACE MUTUALLY AGREED UPON AT THE TIME OF THE ARBITRATION OR MEDIATION, OR AS DETERMINED BY THE ARBITRATOR OR MEDIATOR AT THE TIME OF ARBITRATION OR MEDIATION. IN ADDITION, IF LITIGATION IS NOT PRECLUDED BY THE AGREEMENT, A FRANCHISEE MAY BRING AN ACTION OR PROCEEDING ARISING

FLOORS TO GO, LLC  
*Franchise Disclosure Document*

**Exhibit E-15**

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 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 AGREEMENT OR ELSEWHERE ARE VOID AND UNENFORCEABLE IN WASHINGTON.

## **WISCONSIN DISCLOSURE**

THIS DISCLOSURE DOCUMENT IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THIS DISCLOSURE DOCUMENT AND ALL CONTRACTS OR AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

A FEDERAL TRADE COMMISSION RULE MAKES IT UNLAWFUL FOR YOU TO SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR THE FRANCHISOR'S AFFILIATES IN CONNECTION WITH THE PROPOSED FRANCHISE SALE IF THE FRANCHISOR HAS NOT PROVIDED YOU WITH THIS DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS BEFOREHAND. THE PROSPECTIVE FRANCHISEE MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO THE SIGNING OF THE FRANCHISE AGREEMENT.

REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.

IF THIS DISCLOSURE DOCUMENT IS NOT DELIVERED ON TIME, OR IF IT CONTAINS A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON D.C. 20580 AND THE WISCONSIN DEPARTMENT OF FINANCIAL INSTITUTIONS, DIVISION OF SECURITIES, FRANCHISE REGISTRATION, 201 WEST WASHINGTON AVENUE, 5TH FLOOR, MADISON, WISCONSIN 53703.

IN RECOGNITION OF THE REQUIREMENTS OF THE WISCONSIN FRANCHISE INVESTMENT LAW, WISCONSIN STATUTES §§ 553.01 TO 553.78, AND THE WISCONSIN FAIR DEALERSHIP LAW, WISCONSIN STATUTES, CHAPTER 135 (THE "WISCONSIN FAIR DEALERSHIP LAW"), THE FLOORS TO GO, LLC FRANCHISE DISCLOSURE DOCUMENT FOR THE OFFER OF FLOORS TO GO SHOWROOM FRANCHISES FOR USE IN WISCONSIN SHALL BE AMENDED TO INCLUDE THE FOLLOWING:

EACH PROVISION OF THIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT SHALL BE EFFECTIVE ONLY TO THE EXTENT, WITH RESPECT TO SUCH PROVISION, THAT THE JURISDICTIONAL REQUIREMENTS OF THE WISCONSIN FAIR DEALERSHIP LAW ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS ADDENDUM.

**EXHIBIT “F”**

**FLOORS TO GO, LLC**

**FRANCHISE DISCLOSURE DOCUMENT**

*Dated December 31, 2021*

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**AUDITED FINANCIAL STATEMENTS OF FTG FOR THE YEARS ENDED  
DECEMBER 31, 2021, DECEMBER 31, 2020, AND DECEMBER 31, 2019**

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Floors To Go,  
LLC



Years Ended  
December 31,  
2021 and 2020

Financial  
Statements

**Rehmann**



# FLOORS TO GO, LLC

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## INDEPENDENT AUDITORS' REPORT

March 16, 2022

Board of Directors and Member  
Floors To Go, LLC  
Bonita Springs, Florida

### ***Opinion***

We have audited the accompanying financial statements of **Floors To Go, LLC** (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and member's equity, and cash flows for the years then ended, and the related notes to the financial statements (the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Floors To Go, LLC** as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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



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

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

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

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

*Rehmann Lobson LLC*

# FLOORS TO GO, LLC

## Balance Sheets

	December 31	
	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,738,255	\$ 790,358
Accounts receivable, less allowance for doubtful accounts of \$23,461 (\$20,971 in 2020)	445,858	436,492
Prepays	-	2,411
<b>Total current assets</b>	<b>2,184,113</b>	<b>1,229,261</b>
Goodwill	50,000	50,000
<b>Total assets</b>	<b>\$ 2,234,113</b>	<b>\$ 1,279,261</b>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>Liabilities</b>		
Accounts payable	\$ 2,340	\$ 14,458
Due to franchisees - cashback program	610,536	274,427
Deferred revenue	29,775	29,075
Accrued expenses	294,703	233,600
<b>Total liabilities (all current)</b>	<b>937,354</b>	<b>551,560</b>
Contingency (Note 2)		
<b>Member's equity</b>	<b>1,296,759</b>	<b>727,701</b>
<b>Total liabilities and member's equity</b>	<b>\$ 2,234,113</b>	<b>\$ 1,279,261</b>

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

## FLOORS TO GO, LLC

### Statements of Income and Member's Equity

	Year Ended December 31	
	2021	2020
<b>Revenue</b>		
Operating	\$ 3,621,046	\$ 2,908,554
Sale of franchise licenses	8,000	14,424
<b>Total revenue</b>	<b>3,629,046</b>	<b>2,922,978</b>
<b>Operating expenses</b>		
Management fees - related party	800,000	800,000
Franchise related costs	471,953	420,096
Commissions	184,800	139,800
Professional services	36,645	49,652
Travel, meals and entertainment	34,513	16,116
Bad debt	20,070	44,326
General office	6,353	4,979
<b>Total operating expenses</b>	<b>1,554,334</b>	<b>1,474,969</b>
<b>Net income</b>	<b>2,074,712</b>	<b>1,448,009</b>
Member's equity, beginning of year	727,701	317,947
Member distributions	(1,505,654)	(1,038,255)
<b>Member's equity, end of year</b>	<b>\$ 1,296,759</b>	<b>\$ 727,701</b>

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

## FLOORS TO GO, LLC

### Statements of Cash Flows

	Year Ended December 31	
	2021	2020
<b>Cash flows from operating activities</b>		
Net income	\$ 2,074,712	\$ 1,448,009
Adjustments to reconcile net income to net cash provided by operating activities		
Bad debt	20,070	44,326
Changes in operating assets and liabilities which (used) provided cash		
Accounts receivable	(29,436)	(44,794)
Prepays	2,411	(2,411)
Accounts payable	(12,118)	13,198
Due to franchisees - cashback program	336,109	106,867
Deferred revenue	700	(17,657)
Accrued expenses	61,103	4,009
<b>Net cash provided by operating activities</b>	<b>2,453,551</b>	<b>1,551,547</b>
<b>Cash used in financing activities</b>		
Member distributions	(1,505,654)	(1,038,255)
<b>Net increase in cash</b>	<b>947,897</b>	<b>513,292</b>
Cash, beginning of year	790,358	277,066
<b>Cash, end of year</b>	<b>\$ 1,738,255</b>	<b>\$ 790,358</b>

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

# FLOORS TO GO, LLC

## Notes to Financial Statements

### 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Business*

**Floors To Go, LLC** (the "Company") is in the business of selling franchise licenses and providing various support services to franchisees operating in the retail floor covering industry located throughout the United States.

#### *Risks and Economic Uncertainties*

The outbreak of a novel coronavirus ("COVID-19"), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. The Company experienced a dramatic decline in year over year quarterly revenue for the second quarter 2020 attributable directly to the COVID-19 pandemic. The Company's 2020 quarterly revenue was near equal to and exceeded the prior year amounts for the third and fourth quarters respectively. This V-shaped recovery combined with cost controlling measures led the Company to finish the 2020 year with net income nominally down, but comparable to previous years. The rapid recovery of revenue was attributable to robust consumer spending in the home improvement sector during the latter half of 2020. In 2021, the Company did not experience any significant declines in revenue or supply chain issues as a result of the continued pandemic. The extent of the ultimate impact of the pandemic on the Company's operational and financial performance will depend on various developments, including the duration and spread of the outbreak, and its impact on members, employees, and vendors, all of which cannot be reasonably predicted at this time. While management reasonably expects the pandemic to impact the Company's financial condition, operating results, and timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

#### *Use of 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, 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. Significant estimates include, but are not limited to, the allowance for doubtful accounts receivable and franchisee cashback program accruals.

#### *Cash*

Cash consists of demand deposits in banks and cash on hand. The Company maintains cash balances that at times may exceed federally insured limits. Management does not believe the Company is exposed to any significant interest rate or other financial risk as a result of these deposits.

# FLOORS TO GO, LLC

## Notes to Financial Statements

### *Revenue Recognition*

Revenues are primarily derived from service fees, member advertising fees, and brokerage fees from certain floor and window covering manufacturers utilized by the franchisees. The performance obligation related to these service fees and member advertising fees is met over the terms of the franchise agreement. In certain circumstances, fees collected are deferred and recognized over time as the related performance obligations are satisfied.

We identified the following services as one performance obligation in connection with the franchise contracts:

- Intellectual Property (IP) license to the Company's programs, registered trademarks and name.
- Service fees are monthly charges for training and other support services recognized when invoiced.
- Member advertising fees consist of annual charges for advertising and marketing materials.

The Company also recognizes a portion of revenue from the sale of franchisee licenses at the time a contract between the Company and the franchisee is executed; additional license revenue is received in installments over a period of up to five years. The performance obligation related to the sale of a franchisee license is met over the terms of the franchise agreement.

Brokerage fees from certain floor and window covering manufacturers utilized by the franchisees are recognized monthly based on the total amount of purchases made by the member franchisees and the terms of the contract. The performance obligation to the franchisees and manufacturers are considered to be met over the terms of the franchise agreement.

### *Deferred Revenue*

Deferred revenue represents amounts received from both franchisees and manufacturers for participation in an annual convention, which is sponsored by the Company. These amounts will be recognized as revenue when the convention is held and the related expenses incurred. The Company also records deferred revenue for amounts received from franchisees for member advertising fees. Revenue for these services will be recognized over the terms of the franchise agreement and the related expenses are incurred.

	2021	2020
Deferred revenue, beginning of year	\$ 29,075	\$ 46,732
Deferred revenue, end of year	29,775	29,075



# FLOORS TO GO, LLC

## Notes to Financial Statements

### *Accounts Receivable*

Accounts receivable are customer obligations due under normal trade terms generally requiring payment within 30 to 60 days from the invoice date. No collateral or other security is required to support accounts receivable, which are stated at the amount management expects to collect from outstanding balances. None of the Company's contracts have a significant financing component. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

	2021	2020
Accounts receivable, beginning of year	\$ 436,492	\$ 436,024
Accounts receivable, end of year	445,858	436,492

### *Goodwill*

Goodwill represents the excess of purchase price over estimated fair value of the identifiable assets of an entity acquired in 2002. The Company evaluates goodwill for impairment on an annual basis. In completing this evaluation, the Company considers the profitability from those assets and compares its best estimate of future cash flows with the net carrying value of goodwill. Management does not believe there is any impairment of the Company's goodwill as of December 31, 2021 or 2020.

### *Cashback Program*

The Company administers a manufacturer's cashback program on behalf of its franchisees consisting of various incentives provided to purchase selected products. Each participating franchisee receives a cash rebate, ranging from .5% to 10%, based on the amount and type of products purchased. Cash rebates, which are received by the Company on behalf of each franchisee generally on a semi-annual basis, are recorded as a liability on the accompanying balance sheets until paid to the franchisees.

### *Income Taxes*

The Company is a single member limited liability company that is taxed under provisions of the Internal Revenue Code whereby taxable income, as well as tax credits, are passed directly to the member for inclusion in the personal tax returns. Therefore, income taxes are not provided in these financial statements.

# FLOORS TO GO, LLC

## Notes to Financial Statements

Management analyzes its income tax filing positions in the state jurisdictions where it is required to file income tax returns, for as all open tax years in these jurisdictions, to identify potential uncertain tax positions. As of December 31, 2021, there are no uncertain income tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. While the Company is subject to routine audits by taxing jurisdictions, there are currently no audits for any tax periods in progress. Generally, the Company is no longer subject to income tax examinations for years prior to 2018.

### *Advertising Expenses*

The costs of advertising and product promotion, recognized as franchise related costs, which are expensed as incurred, were \$216,795 in 2021 and \$220,428 in 2020.

### *Subsequent Events*

In preparing these financial statements, the Company has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2021, the most recent balance sheet presented herein, through March 16, 2022, the date these financial statements were available to be issued. No such significant events or transactions were identified.

## 2. RELATED PARTY TRANSACTIONS AND GUARANTEE

The Company receives accounting and management services from a related company wholly-owned by the Company's member. This arrangement includes the use of space and equipment at the corporate headquarters. Management fees charged to the Company by the affiliate for these services totaled \$800,000 for both 2021 and 2020.

The Company is named as a guarantor on an related company debt obligation with an outstanding balance of \$2,570,208 in 2021. Interest on the this loan is charged at 2.60%. The Company is not named as a co-borrower, but should the related party company become unable to repay the obligation, the Company would be responsible for repayment.



Floors To Go,  
LLC



Years Ended  
December 31,  
2020 and 2019

Financial  
Statements

**Rehmann**

# FLOORS TO GO, LLC

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## INDEPENDENT AUDITORS' REPORT

March 16, 2021

Board of Directors and Member  
Floors To Go, LLC  
Bonita Springs, Florida

We have audited the accompanying financial statements of **Floors To Go, LLC** (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income and member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility 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; this includes 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.

### ***Independent Auditors' Responsibility***

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

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

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

Rehmann is an independent member of Nexia International.  A member of Nexia International

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Floors To Go, LLC** as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Rehmann Robson LLC*

# FLOORS TO GO, LLC

## Balance Sheets

	December 31	
	2020	2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 790,358	\$ 277,066
Accounts receivable, net of allowance for doubtful accounts of \$20,971 (\$21,243 in 2019)	436,492	436,024
Prepays	2,411	-
<b>Total current assets</b>	<b>1,229,261</b>	<b>713,090</b>
Goodwill	50,000	50,000
<b>Total assets</b>	<b>\$ 1,279,261</b>	<b>\$ 763,090</b>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>Liabilities</b>		
Accounts payable	\$ 14,458	\$ 1,260
Due to franchisees - cashback program	274,427	167,560
Deferred revenue	29,075	46,732
Accrued expenses	233,600	229,591
<b>Total liabilities (all current)</b>	<b>551,560</b>	<b>445,143</b>
<b>Member's equity</b>	<b>727,701</b>	<b>317,947</b>
<b>Total liabilities and member's equity</b>	<b>\$ 1,279,261</b>	<b>\$ 763,090</b>

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

# FLOORS TO GO, LLC

## Statements of Income and Member's Equity

	Year Ended December 31	
	2020	2019
<b>Revenue</b>		
Operating	\$ 2,908,554	\$ 3,244,272
Sale of franchise licenses	14,424	28,131
<b>Total revenue</b>	<b>2,922,978</b>	<b>3,272,403</b>
<b>Operating expenses</b>		
Management fees - related party	800,000	800,000
Franchise related costs	420,096	453,318
Commissions	139,800	116,800
Professional services	49,652	34,080
Bad debt	44,326	51,418
Travel, meals and entertainment	16,116	32,231
General office	4,979	5,749
<b>Total operating expenses</b>	<b>1,474,969</b>	<b>1,493,596</b>
<b>Net income</b>	<b>1,448,009</b>	<b>1,778,807</b>
Member's equity, beginning of year	317,947	890,407
Member distributions	(1,038,255)	(2,351,267)
<b>Member's equity, end of year</b>	<b>\$ 727,701</b>	<b>\$ 317,947</b>

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



## FLOORS TO GO, LLC

### Statements of Cash Flows

	Year Ended December 31	
	2020	2019
<b>Cash flows from operating activities</b>		
Net income	\$ 1,448,009	\$ 1,778,807
Adjustments to reconcile net income to net cash provided by operating activities		
Bad debt	44,326	51,418
Net changes in operating assets and liabilities which (used) provided cash		
Accounts receivable	(44,794)	3,193
Prepays	(2,411)	5,449
Accounts payable	13,198	(8,587)
Due to franchisees - cashback program	106,867	(96,844)
Deferred revenue	(17,657)	(18,944)
Accrued expenses	4,009	31,591
<b>Net cash provided by operating activities</b>	<b>1,551,547</b>	<b>1,746,083</b>
<b>Cash used in financing activities</b>		
Member distributions	(1,038,255)	(2,351,267)
<b>Net increase (decrease) in cash</b>	<b>513,292</b>	<b>(605,184)</b>
Cash, beginning of year	277,066	882,250
<b>Cash, end of year</b>	<b>\$ 790,358</b>	<b>\$ 277,066</b>

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

# FLOORS TO GO, LLC

## Notes to Financial Statements

### 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Business*

**Floors To Go, LLC** (the “Company”) is in the business of selling franchise licenses and providing various support services to franchisees operating in the retail floor covering industry located throughout the United States.

#### *Risks and Economic Uncertainties*

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. Many State Governors issued temporary Executive Orders that, among other stipulations, effectively prohibit in-person work activities for most industries and businesses, having the effect of suspending or severely curtailing operations. The Company experienced a dramatic decline in year over year quarterly revenue for the second quarter 2020 attributable directly to the COVID-19 pandemic. The Company experienced a dramatic decline in year over year quarterly revenue for the second quarter 2020 attributable directly to the COVID-19 pandemic. The Company’s quarterly revenue was near equal and exceeded the prior year amounts for the third and fourth quarters respectively. This V-shaped recovery combined with cost controlling measures led the Company to finish the year with net income nominally down but comparable to 2019. The rapid recovery of revenue is attributable to robust consumer spending in the home improvement sector during the latter half of 2020. The extent of the ultimate impact of the pandemic on the Company's operational and financial performance will depend on various developments, including the duration and spread of the outbreak, and its impact on members, employees, and vendors, all of which cannot be reasonably predicted at this time. While management reasonably expects the COVID-19 outbreak to negatively impact the Company's financial condition, operating results, and timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

#### *Use of 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, 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. Significant estimates include, but are not limited to, the allowance for doubtful accounts receivable and franchisee cashback program accruals.

#### *Cash*

Cash consists of demand deposits in banks and cash on hand. The Company maintains cash balances that at times may exceed federally insured limits. Management does not believe the Company is exposed to any significant interest rate or other financial risk as a result of these deposits.

# FLOORS TO GO, LLC

## Notes to Financial Statements

### *Revenue Recognition*

Revenue is generally recognized as services are provided. Revenues are primarily derived from service fees, member advertising fees, and brokerage fees from certain floor and window covering manufacturers utilized by the franchisees. The performance obligation related to these services is met over the terms of the franchise agreement. In certain circumstances fees collected are deferred and recognized over time as the related performance obligations are satisfied.

We identified the following services as one performance obligation in connection with the franchise contracts:

- Intellectual Property (IP) license to the Company's programs, registered trademarks and name.
- Service fees are monthly charges for training and other support services recognized when invoiced.
- Member advertising fees consist of annual charges for advertising and marketing materials.

The Company also recognizes a portion of revenue from the sale of franchisee licenses at the time a contract between the Company and the franchisee is executed; additional license revenue is received in installments over a period of up to five years. The performance obligation related to the sale of a franchisee license is met over the terms of the franchise agreement.

Brokerage fees from certain floor and window covering manufacturers utilized by the franchisees are recognized monthly based on the total amount of purchases made by the member franchisees and the terms of the contract. The performance obligation for the franchisees and manufacturers are considered to be met over the terms of the franchise agreement.

### *Deferred Revenue*

Deferred revenue represents amounts received from both franchisees and manufacturers for participation in an annual convention, which is sponsored by the Company. These amounts will be recognized as revenue when the convention is held and the related expenses incurred. The Company also records deferred revenue for amounts received from franchisees for member advertising fees. Revenue for these services will be recognized over the terms of the franchise agreement and the related expenses are incurred.

	2020	2019
Deferred revenue, beginning of year	\$ 46,732	\$ 65,676
Deferred revenue, end of year	29,075	46,732

# FLOORS TO GO, LLC

## Notes to Financial Statements

### *Accounts Receivable*

Accounts receivable are customer obligations due under normal trade terms generally requiring payment within 30 to 60 days from the invoice date. No collateral or other security is required to support accounts receivable, which are stated at the amount management expects to collect from outstanding balances. None of the Company's contracts have a significant financing component. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

	2020	2019
Accounts receivable, beginning of year	\$ 436,024	\$ 490,635
Accounts receivable, end of year	436,492	436,024

### *Goodwill*

Goodwill represents the excess of purchase over estimated fair value of the identifiable assets of an entity acquired in 2002. The Company evaluates goodwill for impairment on an annual basis. In completing this evaluation, the Company considers the profitability from those assets and compares its best estimate of future cash flows with the net carrying value of goodwill. Management does not believe there is any impairment of the Company's goodwill as of December 31, 2020 or 2019.

### *Cashback Program*

The Company administers a manufacturer's cashback program on behalf of its franchisees consisting of various incentives provided to purchase selected products. Each participating franchisee receives a cash rebate, ranging from .5% to 10%, based on the amount and type of products purchased. Cash rebates, which are received by the Company on behalf of each franchisee generally on a semi-annual basis, are recorded as a liability on the accompanying balance sheets until paid to the franchisees.

### *Income Taxes*

The Company is a single member limited liability company that is taxed under provisions of the Internal Revenue Code whereby taxable income, as well as tax credits, are passed directly to the member for inclusion in the personal tax returns. Therefore, income taxes are not provided in these financial statements.

# FLOORS TO GO, LLC

## Notes to Financial Statements

Company management analyzes its income tax filing positions in the state jurisdictions where it is required to file income tax returns, for as all open tax years in these jurisdictions, to identify potential uncertain tax positions. As of December 31, 2020, there are no uncertain income tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. While the Company is subject to routine audits by taxing jurisdictions, there are currently no audits for any tax periods in progress. Generally, the Company is no longer subject to income tax examinations for years prior to 2017.

### *Advertising Expenses*

The costs of advertising and product promotion, which are expensed as incurred, were \$220,428 in 2020 and \$227,999 in 2019.

### *Subsequent Events*

In preparing these financial statements, the Company has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2020, the most recent balance sheet presented herein, through March 16, 2021, the date these financial statements were available to be issued. No such significant events or transactions were identified.

## 2. RELATED PARTY TRANSACTIONS

The Company receives accounting and management services from a related company wholly-owned by the Company's member. This arrangement includes the use of space and equipment at the corporate headquarters. Management fees charged to the Company by the affiliate for these services totaled \$800,000 for both 2020 and 2019.



**EXHIBIT "G"**

**FLOORS TO GO, LLC**

**FRANCHISE DISCLOSURE DOCUMENT**

*Dated March 16, 2022*

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**LIST OF STATE ADMINISTRATORS**

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**FLOORS TO GO, LLC**  
List of State Administrators

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We intend to register this disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in that state:

CALIFORNIA

Department of Financial Protection and  
Innovation  
THE STATE OF CALIFORNIA  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013-2344  
Telephone: (213) 576-7500  
(866) 275-2677

ILLINOIS

Franchise Bureau  
Office of the Attorney General  
THE STATE OF ILLINOIS  
500 South Second Street  
Springfield, Illinois 62706  
Telephone: (217) 782-1090

CONNECTICUT

Banking Commissioner  
STATE OF CONNECTICUT  
DEPARTMENT OF BANKING  
260 Constitution Plaza  
Hartford, Connecticut 06103-1800  
Telephone: (860) 240-8299

INDIANA

Franchise Section  
INDIANA SECURITIES DIVISION  
302 West Washington Street, Room E-111  
Indianapolis, Indiana 46204  
Telephone: (317) 232-6681

FLORIDA

Florida Department of Agriculture  
and Consumer Services  
Plaza Level 10, The Capitol  
400 S. Monroe Street  
Tallahassee, Florida 32399-0800  
Telephone: (850) 410-3800

IOWA

Regulated Industries Unit  
IOWA SECURITIES BUREAU  
601 Locust Street, 4th Floor  
Des Moines, Iowa 50309 - 3738  
Telephone: (515) 281-5705

HAWAII

Department of Commerce and Consumer  
Affairs  
Business Registration Division  
THE STATE OF HAWAII  
King Kalakaua Building  
335 Merchant Street, Room 201  
Honolulu, Hawaii 96813  
Telephone: (808) 586-2722

MARYLAND

Office of Attorney General  
SECURITIES DIVISION  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
Telephone: (410) 576-6360

**FLOORS TO GO, LLC**  
List of State Administrators

---

MICHIGAN

Franchise Administrator  
THE STATE OF MICHIGAN  
Consumer Protection Division  
525 West Ottawa Street  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
Lansing, Michigan 48913  
Telephone: (517) 335-7567

MINNESOTA

Securities Unit - Franchise Examiner  
MINNESOTA DEPARTMENT OF COMMERCE  
85 7<sup>th</sup> Place East  
Suite 280  
St. Paul, Minnesota 55101  
Telephone: (651) 539-1638

NEBRASKA

Department of Banking and Finance  
THE STATE OF NEBRASKA  
1526 "K" Street, Suite 300  
Lincoln, Nebraska 68508-2732  
Telephone: (402) 471-3445

NEW YORK

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, New York 10005  
Telephone: (212) 416-8285

NORTH DAKOTA

Franchise Examiner  
OFFICE OF SECURITIES COMMISSIONER  
600 East Boulevard Avenue  
State Capitol, Fifth Floor  
Bismarck, North Dakota 58505  
Telephone: (701) 328-4712

OREGON

Department of Consumer & Business Services  
Division of Finance and Corporate Securities  
350 Winter Street NE  
Fourth Floor  
Salem, Oregon 97301-3881  
Telephone: (503) 378-4100

RHODE ISLAND

Securities Examiner  
STATE OF RHODE ISLAND  
DEPARTMENT OF BUSINESS REGULATION  
SECURITIES DIVISION  
1511 Pontiac Avenue  
Building 68-2  
Cranston, Rhode Island 02920  
Telephone: (401) 462-9527

SOUTH DAKOTA

Division of Insurance  
Securities Regulation  
124 S. Euclid Avenue, 2<sup>nd</sup> Floor  
Pierre, South Dakota 57501  
Telephone: (605) 773-3563

TEXAS

Statutory Documents Section  
TEXAS SECRETARY OF STATE  
Registrations Unit  
The Rudder Building  
1019 Brazos Street  
Austin, Texas 78701  
Telephone: (512) 475-0775

UTAH

Division of Consumer Protection  
UTAH DEPARTMENT OF COMMERCE  
160 East Three Hundred South  
Salt Lake City, Utah 84114-6704  
Telephone: (801) 530-6601



**FLOORS TO GO, LLC**  
List of State Administrators

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VIRGINIA

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, Ninth Floor  
Richmond, Virginia 23219  
Telephone: (804) 371-9051

WASHINGTON

Department of Financial Institutions  
SECURITIES DIVISION  
150 Israel Road SW  
Tumwater, Washington 98501  
Telephone: (360) 902-8760

WISCONSIN

Franchise Registration, Division of Securities  
WISCONSIN DEPARTMENT OF FINANCIAL  
INSTITUTIONS  
4822 Madison Yards Way  
North Tower  
Madison, Wisconsin 53705  
Telephone: (608) 261-9555

FEDERAL TRADE COMMISSION

Bureau of Consumer Protection  
FEDERAL TRADE COMMISSION  
600 Pennsylvania Avenue, NW  
Washington, D.C. 20580  
Telephone: (202) 326-2222

**EXHIBIT "H"**

**FLOORS TO GO, LLC**

**FRANCHISE DISCLOSURE DOCUMENT**

*Dated March 16, 2022*

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**FTG'S REGISTERED AGENTS**

**FOR SERVICE OF PROCESS**

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## **FLOORS TO GO, LLC**

### **Floors To Go's Registered Agents for Service of Process**

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We intend to register this disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states:

#### CALIFORNIA

Commissioner of Financial Protection and  
Innovation  
THE STATE OF CALIFORNIA  
320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013-2344  
Telephone: (213) 576-7500  
(866) 275-2677

#### INDIANA

Secretary of State  
STATE OF INDIANA  
201 State House  
200 West Washington Street  
Indianapolis, Indiana 46204  
Telephone: (317) 232-6531

#### CONNECTICUT

Banking Commissioner  
STATE OF CONNECTICUT  
DEPARTMENT OF BANKING  
260 Constitution Plaza  
Hartford, Connecticut 06103-1800  
Telephone: (860) 240-8299

#### MARYLAND

Securities Commissioner  
MARYLAND DIVISION OF SECURITIES  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
Telephone: (410) 576-6360

#### HAWAII

Commissioner of Securities  
THE STATE OF HAWAII  
King Kalakaua Building  
335 Merchant Street, Room 205  
Honolulu, Hawaii 96813  
Telephone: (808) 586-2744

#### MICHIGAN

Attorney General  
THE STATE OF MICHIGAN  
Consumer Protection, Franchise Section  
525 West Ottawa  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
Lansing, Michigan 48913  
Telephone: (517) 335-7567

#### ILLINOIS

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
Telephone: (217) 782-1090

#### MINNESOTA

State of Minnesota  
Department of Commerce  
Securities Division  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101  
Telephone: (651) 539-1638

## **FLOORS TO GO, LLC**

Floors To Go's Registered Agents for Service of Process

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### NEW YORK

Secretary of State  
One Commerce Plaza  
99 Washington Avenue, 6<sup>th</sup> Floor  
Albany, New York 12231  
Telephone: (518) 473-2492

### NORTH DAKOTA

Commissioner of Securities  
OFFICE OF SECURITIES  
COMMISSIONER  
600 East Boulevard Avenue  
State Capitol, Fifth Floor  
Bismarck, North Dakota 58505  
Telephone: (701) 328-2910

### OREGON

Director  
OREGON DEPARTMENT OF CONSUMER  
& BUSINESS SERVICES  
Division of Finance and Corporate Securities  
350 Winter Street NE, Room 410  
Salem, Oregon 97301-3881  
Telephone: (503) 378-4100

### RHODE ISLAND

Director  
STATE OF RHODE ISLAND  
DEPARTMENT OF BUSINESS  
REGULATION  
SECURITIES DIVISION  
1511 Pontiac Avenue  
Building 68-2  
Cranston, Rhode Island 02920  
Telephone: (401) 462-9527

### SOUTH DAKOTA

Division of Insurance  
Securities Regulation  
124 S. Euclid Avenue, 2<sup>nd</sup> Floor  
Pierre, South Dakota 57501  
Telephone: (605) 773-3563

### VIRGINIA

The Clerk of the  
STATE CORPORATION COMMISSION  
1300 East Main Street, 1<sup>st</sup> Floor  
Richmond, Virginia 23219  
Telephone: (804) 371-9051

### WASHINGTON

Department of Financial Institutions  
SECURITIES DIVISION  
150 Israel Road SW  
Tumwater, Washington 98501  
Telephone: (360) 902-8760

### WISCONSIN

Franchise Registration, Division of Securities  
WISCONSIN DEPARTMENT OF FINANCIAL  
INSTITUTIONS  
4822 Madison Yards Way  
North Tower  
Madison, Wisconsin 53705  
Telephone: (608) 266-8557

**EXHIBIT "T"**

**FLOORS TO GO, LLC**

**FRANCHISE DISCLOSURE DOCUMENT**

*Dated December 31, 2021*

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**FTG'S CURRENTLY OPERATING MEMBERS**

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**FLOORS TO GO, LLC  
OPERATIONAL MEMBERS**

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The following is a list of members who, as of December 31, 2021, had executed membership agreements and were operating FTG Showrooms:

**Alabama**

Floors To Go  
Floors To Go of Anniston  
JTG Enterprises, Inc.  
2415 East H Street  
Anniston, AL 36207  
Ted Gregerson  
Ben Lasslett  
256-231-5600

Pfeffer Floor Covering  
Floors To Go of Bay Minette  
703 D'Olive Street  
Bay Minette, AL 36507  
Arlene Pfeffer  
251-937-2189

Floors To Go of Monroeville  
BD & S Services, Inc.  
220 E. Clairbone Street  
Monroeville, AL 36460  
Al Brewton  
251-743-3607

Nu-Floors  
Floors To Go of Tuscaloosa  
3621 Greensboro Avenue  
Tuscaloosa, AL 35401  
Jeff Clark  
205-343-2200

**Alaska**

Eastside Carpet Company LLC  
Floors To Go of Anchorage  
7240 Lake Otis Parkway  
Anchorage, AK 99507  
Corry & Sean Casagranda  
907-562-7444

**Arizona**

Castle Floors  
Floors To Go of Mesa  
4500 E. Main Street #3  
Mesa, AZ 85205  
Dean & Peggy Merrell  
480-396-6956

**Arkansas**

Carpet Barn  
Floors To Go of Conway  
1579 E. Oak Street  
Conway, AR 72032  
Shean Drewry  
501-205-4240

Carpet Barn  
Floors To Go of N. Little Rock  
9313 Maumelle Boulevard  
North Little Rock, AR 72113  
Shean Drewry  
501-771-2122

Carpet Barn  
Floors To Go of Pine Bluff  
2707 South Main Street  
Pine Bluff, AR 71601  
Shean Drewry  
870-536-2123

**California**

Floors on First  
Floors To Go  
840 First Street  
Benicia, CA 94510  
Robert Totherow  
Marilyn Stevens  
707-747-5999

**FLOORS TO GO, LLC  
OPERATIONAL MEMBERS**

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Harry's Carpets, Inc.  
Floors To Go of Burlingame  
808 Burlway Road, Suite 4  
Burlingame, CA 94010  
Harry Sellers  
650-589-5022

The Carpet Man, Inc.  
Floors To Go of Clearlake  
3511 Redwood Street  
Clearlake, CA 95422  
Adam Knerschild  
Nancy Johnson  
Robert Keyes  
707-994-5318

Floortex Design  
Floors To Go of Corte Madera  
5768 Paradise Dr.  
Corte Madera, CA 94925  
Rudy Hassid  
415-924-6545

Floors To Go of Fairfield  
3046 Rockville Road, #A  
Fairfield, CA 94534  
Thomas Eaton  
707-427-2811

Floors to Go of Davis  
425 L Street  
Davis, CA 95616  
Anthony Riley  
530-756-0106

Valley Remnants and Rolls  
Floors To Go  
1820 East McKinley  
Fresno, CA 93703  
Robert McParland  
Fo Noriego  
559-445-0227

Premier  
Floors To Go  
116 North Cabrillo Highway  
Half Moon Bay, CA 94019  
Kevin and Jill Palmer  
650-726-6386

AZ Carpet Flooring  
Floors To Go of Hayward  
1204 West Winton Ave.  
Hayward, CA 94545  
Naim Rahimi  
510-785-1000

Crenshaw Carpet  
Floors To Go of Inglewood  
4611 Crenshaw Blvd.  
Los Angeles, CA 90043  
323-295-7731

Alpine Floors  
Floors To Go  
848 East Highway 88  
Jackson, CA 95642  
Carl Schaefer  
209-223-3571

The Carpet Man  
Floors To Go of Lakeport  
339 Lakeport Boulevard  
Lakeport, CA 95453  
Adam Knerschild  
Nancy Johnson  
Robert Keyes  
707-263-8834

Flooring San Diego  
Floors To Go of San Diego  
4752 Palm Avenue  
Suite 104  
La Mesa, CA 91941  
Curtis Foster  
619-548-4481

**FLOORS TO GO, LLC  
OPERATIONAL MEMBERS**

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Flooring Solutions, Inc.  
Floors To Go of Livermore  
330 Wright Brothers Avenue  
Livermore, CA 94551  
Rick Elfman  
925-294-5200

Speer Floors  
Floors To Go of Modesto  
937 N. Emerald Way #D  
Modesto, CA 95351  
Larry Speer  
209-605-7141

Ashley Interiors  
Floors To Go of Newark  
5588 Central Avenue  
Newark, CA 94560  
Donna Ashley  
510-793-7470

Just Floor It!  
Floors To Go of Pittsburg  
981 D Garcia Ave.  
Pittsburg, CA 94565  
Ryan Gage  
925-238-7443

Pat's Carpet  
Floors To Go  
107 Placerville Drive  
Placerville, CA 95667  
Pat Pauly  
530-622-4330

Wally's Carpet and Tile  
Floors To Go of San Bernardino  
909 S. Arrowhead Ave.  
San Bernardino, CA 92408  
Chris Rogers  
909-381-0123

Sid's Carpet Barn  
Floors To Go of San Diego  
7666 Miramar Road  
San Diego, CA 92126  
Allan Ziman  
858-566-8500

Floors To Go Outlet  
Floors To Go of N. San Jose  
1762 Rogers Avenue  
San Jose, CA 95112  
Mike & Viki Rorie  
408-441-8000

Floors To Go Outlet  
Floors To Go of S. San Jose  
5807 Winfield Blvd. B-1  
San Jose, CA 95123  
Mike Rorie  
408-441-8000

Sid's Carpet Barn, Inc.  
Floors To Go of San Marcos  
205 E. Carmel Street  
San Marcos, CA 92078  
Allan Ziman  
Ginger Hadley  
760-761-1100

Floortex Design  
Floor To Go of San Rafael  
923 E. Francisco Blvd.  
San Rafael, CA 94901  
Rudy Hassid  
415-785-4614

Interior Vision Flooring & Design  
Floors To Go of Central Soquel  
2800 Daubenbiss Ave.  
Soquel, CA 95073  
Deborah Cypert  
Bobbie Frandeen  
831-476-8780



**FLOORS TO GO, LLC**  
**OPERATIONAL MEMBERS**

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Fine Floorz, Inc.  
Floors To Go of Walnut Creek  
2923 N. Main Street  
Walnut Creek, CA 94597  
Mitchell Barocio  
925-938-2222

Wally's Carpet and Tile  
Floors To Go of Yucaipa  
33328 Calimesa Blvd.  
Yucaipa, CA 92399  
Chris Rogers  
909-795-2171

**Colorado**

Gary Leimer, Inc.  
Floors To Go Denver  
4900 East Pacific Place  
Denver, CO 80222  
David Ahl  
303-297-9261

Park Flooring  
Floors To Go of Estes Park  
860 Dunraven St.  
Estes Park, CO 80517  
Michael Reimer  
970-577-9855

Floors To Go of Fowler  
Cummings Carpet Service  
Cummings Carpet  
34191 County Road 3.5  
Fowler, CO 81039  
David Cummings  
719-263-5647

Floors To Go of Gunnison  
Hi Country Carpet & Tile  
Paul L. Jacobs, Jr., Enterprises, Inc.  
111 S. 10<sup>th</sup> Street  
Gunnison, CO 81230  
Kory Platt  
970-641-3373

Carpet Masters  
Floors To Go of Longmont  
Floors To Go of Longmont  
618 S. Sunset Street  
Longmont, CO 80501  
Michael Reimer  
303-651-2407

All About Floors  
Floors To Go  
1410 E. Eisenhower Blvd.  
Loveland, CO 80537  
Thomas St. Denis  
970-612-0269

**Connecticut**

Floor Décor at the Galleria  
Floors To Go of Middletown  
234 Middle Street  
Middletown, CT 06457  
Michael Phoenix  
860-343-7000

Rock Bottom Furniture  
Floors To Go of Norwalk  
3 Lois St.  
Norwalk, CT 06851  
Walter Czarneski  
203-846-1789

Floor Décor, LLC  
Floors to Go of Orange  
555 Boston Post Rd.  
Orange, CT 06477  
Mike Phoenix  
203-298-4081

**Florida**

8 Under, Inc.  
Floors To Go of Bradenton  
3115 81 Court East, Suite 204  
Bradenton, FL 34211  
Chris Muscara  
941-746-1200

**FLOORS TO GO, LLC  
OPERATIONAL MEMBERS**

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Gearing Floors  
Floors To Go of Fort Myers  
6300 Topaz Ct.  
Fort Myers, FL 33966  
Paul Gearing  
239-415-3377

Design Center At The Avenue  
Floors To Go of Jacksonville  
8999 Western Way #108  
Jacksonville, FL 32256  
Rene Fonseca  
904-260-2729

Kitchen and Flooring Design Center  
Design Center At The Avenues  
Floors To Go of N. Jacksonville  
4508 Southside Boulevard  
Jacksonville, FL 32256  
Rene Fonseca  
904-854-9985

Sunshine Interiors  
Floors To Go of Lakeland  
2810 Drane Field Road  
Lakeland, FL 33811  
Dennis Harrison  
863-644-5500

Griffis Tile & Flooring  
Floors To Go of Ocala  
4620 E. Silver Springs Boulevard  
Ocala, FL 34470  
Doug Griffis  
352-438-0060

Matt Manning Surfaces  
Floors To Go of Orlando  
2315 Lynx Lane #17  
Orlando, FL 32804  
Matt Manning  
407-730-4897

PCL Enterprise Corp  
Floors To Go of South Florida  
1800 North Federal Highway  
Suite 1200  
Pompano Beach, FL 33062  
Philip Lelie  
954-784-0809

Carpet Studio, Inc.  
Floors To Go of E. Tallahassee  
2866 Industrial Plaza Drive  
Tallahassee, FL 32301  
Kirk Davis  
850-656-2666

Link Floors, Inc.  
Floors To Go of Tallahassee  
4826 Corlett Place  
Tallahassee, FL 32303  
Kim & Alan Link  
850-574-5465

Exclusive Flooring Center, LLC  
Floors To Go of Tampa  
4893 W. Waters Avenue, Suite A  
Tampa, FL 33634  
Chris Pettit  
813-264-5673

**Idaho**

Gundersen's Carpet and Vinyl  
Floors To Go  
2342 North 3000 West  
Rexburg, ID 83440  
Susan Gundersen  
208-356-4100

**Illinois**

Flooring Surfaces, Inc.  
Floors To Go of Champaign  
401 E. Mercury  
Champaign, IL 61822  
Kevin Applebee  
217-398-1990

**FLOORS TO GO, LLC**  
**OPERATIONAL MEMBERS**

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Flooring Resources Corporation  
Floors To Go of Elk Grove Village  
600 W Pratt Boulevard  
Elk Grove Village, IL 60007  
Keith Krueger  
Molly Carlson  
847-640-7300

Michael Kautz Carpets & Designs,  
Inc.  
Floors To Go of Mt. Prospect  
730 E. Northwest Highway  
Mt. Prospect, IL 60056  
Michael Kautz  
847-394-8200

Northern Flooring  
Floors To Go of Palatine  
261 East Helen Road  
Palatine, IL 60067  
Howard Levey  
841-934-4670

Superior Floor Covering, Inc.  
Floors To Go of Posen  
9527 Corsair Rd.  
Frankfort, IL 60423  
Jon O'Connor  
Karen O'Connor  
708-371-0515

ABM Commercial Flooring, Inc.  
Floors To Go of Roselle  
163 Covington Dr.  
Bloomington, IL 60108  
Albert Lucenti  
630-927-7766

**Indiana**

BK Flooring, Inc.  
Floors To Go of Evansville  
6825 Interchange Road  
Evansville, IN 47715  
Brian Mackey  
812-401-9300

Floors To Go  
2720 East County Line Road  
Indianapolis, IN 46227  
Randy & Kathy Arnold  
317-859-3300

Ruhl Furniture & Flooring  
Pape Enterprises, Inc.  
Floors To Go of New Haven  
511 Broadway Street  
New Haven, IN 46774  
John Pape  
260-749-4717

The Floor Store  
Floors To Go  
1003 East State Road 28  
Tipton, IN 46072  
Steve Swan  
Carolyn Swan  
765-675-3230

Ed Whitcomb Carpet & Tile, Inc.  
Floors To Go of Valparaiso  
283 North State Road 2  
Valparaiso, IN 46383  
Ed Whitcomb  
Jane Whitcomb  
219-548-3133

**Iowa**

Mel's Carpet Outlet  
Matous Enterprises, Inc.  
Floors To Go of Dubuque  
3120 Cedar Cross Court  
Dubuque, IA 52003  
Melvin & Kristin Matous  
563-582-5777

Hineline Home Furnishings  
Floors To Go of Harlan  
2205 23<sup>rd</sup> Street  
Harlan, IA 51537  
Gary Hineline  
712-755-5118

**FLOORS TO GO, LLC**  
**OPERATIONAL MEMBERS**

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Hineline Home Furnishings  
Floors To Go of Shenandoah  
1215 West Nishna Rd.  
Shenandoah, IA 51601  
Gary Hineline  
712-581-9016

Heritage Interiors  
Floors To Go of Des Moines  
4105 120th St.  
Urbandale, IA 50323  
Denny Dickinson  
Ryan Loftus  
515-266-2811

**Kansas**

Capital City Flooring  
Floors to Go of Topeka  
118 NE Lyman Rd.  
Topeka, KS 66608  
Eric Wilson  
785-232-0000

**Louisiana**

Cornerstone Commercial Flooring  
Floors To Go of Baton Rouge  
10125 Mammoth Avenue  
Baton Rouge, LA 70816  
Jim Lloyd  
225-270-0749

Cornerstone Commercial Flooring  
Floors To Go of Lafayette  
112 Row Three  
Lafayette, LA 70508  
Jim Lloyd  
337-504-4053

Floors To Go of Lutchter  
The Décor Shoppe  
The Décor Shoppe Interiors, Inc.  
1915 Highway 3125  
Lutchter, LA 70071  
Camella St. Pierre Landry  
225-869-8623

Floorworks & Blinds  
Floors To Go of Slidell  
1860 Shortcut Road  
Slidell, LA 70458  
Raymond Horvath  
985-781-7999

**Michigan**

Preferred Flooring, Inc.  
Floors To Go of Wyoming  
530 32nd St. SE  
Wyoming, MI 49548  
Kory Snyder  
616-805-4645

**Minnesota**

Huffman Flooring Design Center  
Floors To Go of Austin  
101 11<sup>th</sup> St. SE  
Austin, MN 55912  
Joe Huffman  
507-433-6440

Tieben Floors, LLC  
Floors To Go of Shakopee  
1525 Dalles Drive  
Shakopee, MN 55379  
Jason Tieben  
952-445-0520

**Missouri**

Sommers Floor Covering and Interior  
Floors To Go of Jefferson City  
1215 Creek Trail Drive  
Jefferson City, MO 65109  
Edward & Rosetta Sommers  
573-635-4131

**FLOORS TO GO, LLC**  
**OPERATIONAL MEMBERS**

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Hineline Home Furnishings  
Floors To Go of Maryville  
1411 South Main  
Maryville, MO 64468  
Gary Hineline  
660-562-0003

Wholesale Flooring USA  
Floors To Go  
823 West Terra Lane  
O'Fallon, MO 63366  
J.D. Dickherber  
Mike Plackemeier  
636-379-5859

**Montana**

Harbor Light Furniture & Flooring,  
Inc.  
Floors To Go  
415 Main Street  
Polson, MT 59860  
Rocky & Tammy Whisman  
406-883-4177

**Nebraska**

The Floor Club Omaha  
Floors To Go of Omaha  
3604 S. 138<sup>th</sup> Street  
Omaha, NE 68144  
Tommy Hughes  
402-697-3876

**Nevada**

TLC The Flooring Boutique  
Floors To Go of Las Vegas  
4505 W. Hacienda, Ste A  
Las Vegas, NV 89118  
Ramin RostamzedeH  
702-248-7777

TLC The Flooring Boutique  
Floors To Go of SW Las Vegas  
7955 Blue Diamond Rd. #101  
Las Vegas, NV 89178  
Ramin Rostamzadeh  
702-248-7777

**New Jersey**

Harty Bros Carpet & Vinyl, Inc.  
Floors To Go of Chester  
221 Route 206  
Chester, NJ 07930  
Dean Boylan  
908-879-9903

Premier Floor Covering  
Floors To Go of Lawrenceville  
2801 Brunswick Pike/Hwy. US 1  
Lawrenceville, NJ 08648  
Bryan Ecochardt  
609-403-8535

Harty Bros Carpet & Vinyl, Inc.  
Floors To Go of North Plainfield  
392 Somerset Street  
North Plainfield, NJ 07060  
Cliff Vail  
Jim Harty  
908-753-0044

West Carpets, Inc.  
Floors To Go of Rahway  
385 St. George Avenue  
Rahway, NJ 07065  
Adelle & Peter Westerlund  
732-499-8221

**New Mexico**

Callaway's Floors To Go  
Floors To Go of Hobbs  
2704 North Dal Paso  
Hobbs, NM 88240  
Larry Callaway  
575-392-7705

**FLOORS TO GO, LLC  
OPERATIONAL MEMBERS**

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**New York**

Long Island Paneling Centers, Inc.  
Floors To Go of Bohemia  
4769 Sunrise Hwy.  
Bohemia, NY 11716  
Joe Bair  
631-567-6030

COU Carpets Corp  
Floors To Go of SE Brooklyn  
2612 Avenue U  
Brooklyn, NY 11229  
Steve Fleissig  
718-769-8083

Decorative Touch Interiors, Inc.  
Floors To Go of S. Brooklyn  
1622 Coney Island Ave.  
Brooklyn, NY 11230  
Raquel Elbaz Fleissig  
718-376-6065

M&M Floor Covering  
Floors to Go of S. Central Brooklyn  
3007 Avenue K  
Brooklyn, NY 11210  
Steve Fleissig  
718-258-9784

Sino Carpet & Tile  
Floors To Go of Brooklyn  
6002 3<sup>rd</sup> Avenue  
Brooklyn, NY 11220  
Mary & Peter Lo  
212-334-5046

Long Island Paneling Centers, Inc.  
Floors To Go of Centereach  
2410 Middle Country Rd.  
Centereach, NY 11720  
Joe Bair  
631-588-8535

Long Island Paneling Centers, Inc.  
Floors to Go of Commack  
6225 Jericho Turnpike  
Commack, NY 11725  
Joe Bair  
631-499-8595

Floral Park Design Center  
Floors To Go of Floral Park  
263 Jericho Turnpike  
Floral Park, NY 11001  
Burt Leeds  
516-352-1323

Apple Floor Covering & Window  
Treatments, Inc.  
Floors To Go of Huntington Station  
30 West Hills Rd.  
Huntington Station, NY 11746  
Joe Barton  
631-423-1717

Carpets and Us  
Floors To Go of Levittown  
66 Gardiners Ave.  
Levittown, NY 11756  
Nancy Skolnik  
516-731-5034

Long Island Paneling Centers, Inc.  
Floors To Go of Lindenhurst  
69 East Sunrise Hwy.  
Lindenhurst, NY 11757  
Joe Bair  
631-888-7668

Long Island Paneling Centers, Inc.  
Floors To Go of New Hyde Park  
2060 Jericho Turnpike  
New Hyde Park, NY 11040  
Joe Bair  
516-352-7374

**FLOORS TO GO, LLC  
OPERATIONAL MEMBERS**

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Fenway Floor, Inc.  
Floors To Go of New Rochelle  
346 North Avenue  
New Rochelle, NY 10801  
Gary Klotzko  
John Reggio  
914-235-0400

Esse Floor Covering  
Floors To Go of New York  
3531 Broadway  
New York, NY 10031  
Jack Egenhauser  
212-234-8699

Sino Carpet & Tile  
Floors To Go of Manhattan  
167 Bowery  
New York, NY 10002  
Mary & Peter Lo  
212-334-5046

Westchester Wood Flooring Supply,  
Inc.  
Westwood Floors To Go  
3 Nelson Avenue  
Ossining, NY 10562  
Pat McCarney  
914-736-9100

Redi-Cut Carpets  
Mide, Inc.  
Floors To Go of Port Chester  
173 North Main Street  
Port Chester, NY 10573  
Michael Feldman  
914-937-5885

Long Island Paneling Centers, Inc.  
Floors To Go of Westbury  
669 Old Country Rd.  
Westbury, NY 11590  
Joe Bair  
516-997-3698

**North Carolina**

Raeford Floor & Wall Covering, Inc.  
Floors To Go  
7072 Fayetteville Road  
Raeford, NC 28376  
Deirdre & Michael Inman  
910-875-1050

**Oklahoma**

Cliff's Flooring and Windows  
Floors To Go of Bartlesville  
308 S. Johnstone Ave.  
Bartlesville, OK 74003  
Cliff Morgan  
918-336-7270

Floorco Design Center  
Floors To Go of Oklahoma City  
11716 S. Western Ave.  
Oklahoma City, OK 73170  
Shelley Schnoor  
405-790-0309

Reece Flooring  
Floors To Go of Shawnee  
9587 N. Harrison  
Shawnee, OK 74804  
Roy & Emily Reece  
405-273-2317

**Oregon**

Nu-Way Carpet  
Floors To Go  
3925 Abbey Lane  
Astoria, OR 97103  
Burt & Cindy Young  
503-338-5592

**FLOORS TO GO, LLC  
OPERATIONAL MEMBERS**

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Trent's Carpet Service  
Floors To Go  
458 North Broadway  
Burns, OR 97720  
Trent Tiller  
541-573-6107

Rimport, LLC  
Floors To Go of Grant Pass  
870 Redwood Highway  
Grant Pass, OR 97527  
Randy Nicholson  
541-479-8000

Petris Interiors  
Floors To Go  
125 North 9<sup>th</sup>  
Klamath Falls, OR 97601  
Terry Bennett  
Lisa Sherrill  
541-882-8543

Oliver's Floor Covering  
Floors To Go of The Dalles  
414 Federal Street  
The Dalles, OR 97058  
June & Don Oliver  
541-296-5616

**South Carolina**

Floors To Go by Hightide  
High Tide Floorcoverings, LLC  
Floors To Go of Hilton Head  
123 Matthews Drive  
Hilton Head Island, SC 29926  
Bonnie & Steve Fisher  
843-681-4925

**Tennessee**

Floorz  
KMZ Investments  
Floors To Go of Franklin  
1731 Mallory Lane, Suite 103  
Brentwood, TN 37027  
Russ Jordan  
615-771-7669

Floors To Go of Goodlettsville  
CSSI  
766 Rivergate Parkway  
Goodlettsville, TN 37072  
Mark Cain  
615-860-5600

Jaynes Flooring  
Floors To Go of Greeneville  
3245 E. Andrew Johnson Hwy  
Greeneville, TN 37745  
Scott Jaynes  
423-639-1901

**Texas**

Floors To Go of Abilene  
Knight Carpet & Flooring Floors To Go  
Knight Carpet Co., Inc.  
3012 North 1<sup>st</sup> Street  
Abilene, TX 79603  
Paige Watts  
325-437-6436

Viking Floor  
Floors To Go of College Station  
17801 Hwy 6 So.  
College Station, TX 77845  
Gina Hoffman  
979-690-3322



**FLOORS TO GO, LLC  
OPERATIONAL MEMBERS**

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Floors To Go of Corpus Christi  
Discount Carpet & More  
5218 Kostoryz Road  
Corpus Christi, TX 78415  
Sergio Sumrez  
361-814-3030

All Surfaces Wholesale Flooring  
NW Houston Floors To Go  
4240 Lockfield  
Houston, TX 77091  
Patricia Wedgeworth  
832-203-7600

Business Flooring Specialists  
Floors To Go of Dallas  
1304 Dragon Street  
Dallas, TX 75207  
Jeff Bennett  
214-272-6999

Business Flooring Specialists  
Floors To Go of Houston  
1234 North Post Oak Road  
Houston, TX 77055  
Jeff Bennett  
713-934-9000

Floors To Go of Del Rio  
Quality Carpet & Tile  
Quality CT Investments, LLC  
2900 Veterans Blvd.  
Del Rio, TX 78840  
Laura Rodriguez  
830-768-1667

Lakeside Floors  
Lakeside Floors To Go  
11335 FM 1960 E  
Suite 100  
Huffman, TX 77336  
Ken Hoyt  
Colleen Hoyt  
281-324-9032

Business Flooring Specialists  
Floors To Go of Fort Worth  
7337 Dogwood Park  
Fort Worth, TX 76118  
David Lockhart  
817-909-6832

Floors To Go of League City  
Flagship Floors, Inc.  
1246 E. Main  
League City, TX 77573  
Dan Dorman  
281-332-2272

Business Flooring Specialists  
Floors To Go of Ft. Worth  
7341 Dogwood Park  
Ft. Worth, TX 76118  
Jeff Bennett  
David Lockhart  
817-282-1600

Paul Evans Flooring & Design Gallery  
Floors To Go of Odessa  
4425 West Wadley  
Midland, TX 79707  
Jeff Russell  
432-231-0809

Floors To Go of Ft. Worth  
Floor Partners in Design, Inc.  
Floors To Go of E Ft. Worth  
5212 Airport Freeway  
Ft. Worth, TX 76117  
Theril Williams  
817-710-7030

Floors To Go of Odessa  
Paul Evan's Carpet & Flooring  
CHC Family Ventures, Inc.  
301 North Grant Avenue  
Odessa, TX 79761  
Jeff Russell  
432-334-0418

**FLOORS TO GO, LLC  
OPERATIONAL MEMBERS**

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Quality Carpet & Tile  
Floors To Go of San Angelo  
4605 S. Jackson St.  
San Angelo, TX 76903  
Laura Rodriguez  
830-768-1667

Floors To Go of Breegle  
Breegle Building Products  
Floors To Go of Wichita Falls  
2301 Grant Street  
Wichita Falls, TX 76309  
Bobby Diltz  
940-322-3129

**Utah**

Eagle Ridge Floors To Go  
Ray & Kevin's Flooring, LLC  
Floors To Go of Cedar City  
2086 N. Main Street  
Cedar City, UT 84721  
Ray Conger  
Kevin McClellan  
435-867-5807

Wilson's Quality Paint & Décor  
Floors To Go  
612 North Main #3  
Kaysville, UT 84037  
Matthew Wilson  
801-544-1779

**Virginia**

RAB Services, Inc.  
Floors To Go of Virginia Beach  
1612 Centerville Turnpike, Suite 303  
Virginia Beach, VA 23464  
Rebecca & Ryan Beasley  
757-389-9999

Mida, Inc.  
Floors To Go of Sterling  
21465 Price Cascades Plaza, Ste. 100  
Sterling, VA 20164  
Shiva Etessam  
703-450-8181

**Washington**

Apple Valley Floors To Go  
Floors To go of East Wenatchee  
640 A Valley Mall Parkway  
East Wenatchee, WA 98802  
KC Hougan  
Carlie Hougan  
509-886-5076

McDonald's Creative Floors, Inc.  
Floors To Go  
413 South 4<sup>th</sup> Avenue  
Kelso, WA 98626  
William & Dolores McDonald  
360-577-5714

Hatkatosh Inc.  
Floors To Go of Shelton  
1069 S.E. State Route 3  
Shelton, WA 98584  
Bruce E. Brown  
360-426-2499

Gary's Paint & Decorating  
Floors To Go  
114 S. 2<sup>nd</sup> Avenue  
Walla Walla, WA 99362  
Gary Wasemiller  
509-525-1553

**Wisconsin**

Neve's Furniture & Flooring, Inc.  
Floors To Go of Antigo  
710 5<sup>th</sup> Avenue  
Antigo, WI 54409  
Gordon & Lisa Neve  
715-623-5203

**FLOORS TO GO, LLC  
OPERATIONAL MEMBERS**

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Floors To Go of Brookfield  
The Floor Mart  
The Floor Mart of Brookfield, Inc.  
3145 N. 124 Street  
Brookfield, WI 53005  
Jim Goetter  
262-781-0261

Floors To Go of Coon Valley  
Seldands Karpetland  
Seldands, Inc.  
210 Central Avenue  
Coon Valley, WI 54623  
Tim Seland  
608-452-3129

Floorcrafters, Inc.  
Floors To Go of Onalaska  
N5570 Frontage Rd.  
Onalaska, WI 54650  
Daryl Ciokiewicz  
608-783-1088

**EXHIBIT "J"**

**FLOORS TO GO, LLC**

**FRANCHISE DISCLOSURE DOCUMENT**

*Dated December 31, 2021*

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**FTG'S NOT YET OPERATIONAL MEMBERS**

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**FLOORS TO GO, LLC NOT YET OPERATIONAL MEMBERS**

There were no members that had signed membership agreements for FTG Showrooms that were not yet operational as of December 31, 2021.

**EXHIBIT "K"**

**FLOORS TO GO, LLC**

**FRANCHISE DISCLOSURE DOCUMENT**

*Dated December 31, 2021*

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**FTG'S TERMINATED OR CANCELLED MEMBERS**

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## FLOORS TO GO, LLC TERMINATED OR CANCELLED MEMBERS

The following is a list of members whose franchises were terminated, cancelled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business during the one-year period immediately preceding December 31, 2021 or who have not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

### California

Floortex Design  
Floors To Go of Santa Rosa  
1022 Santa Rosa Ave.  
Santa Rosa, CA 95404  
Rudy Hassid  
415-924-6545  
Closed: 04/09/21

Champion Carpet Service  
Floors To Go  
2701 Lake Tahoe Boulevard  
South Lake Tahoe, CA 96150  
Joseph E. Roberto  
Danielle Erickson  
530-544-4018  
Closed: 03/31/21

Fine Floorz, Inc.  
Floors To Go of NW Walnut Creek  
1564 Palos Verdes Mall  
Walnut Creek, CA 94597  
Mitchell Barocio  
925-494-2272  
Closed: 09/03/21

### Colorado

Carpet Masters of Longmont  
Floors To Go of Longmont  
618 S. Sunset Street  
Longmont, CO 80501  
Ed Monroe  
Mishelle Nauman  
303-651-2407  
Transfer of Ownership: 03/29/21

### Florida

Galloway's Flooring Warehouse  
Floors To Go of W. Lakeland  
2145 E. Edgewood Drive  
Lakeland, FL 33803  
Darren Harrison  
863-665-5900  
Member Terminated: 06/02/21

### Virginia

Chester Floors  
Floors To Go of Colonial Heights  
860 West Roslyn Road  
Colonial Heights, VA 23834  
Lee Robertson  
804-748-4990  
Closed: 03/08/21

**EXHIBIT "L"**

**FLOORS TO GO, LLC**

**FRANCHISE DISCLOSURE DOCUMENT**

*Dated March 16, 2022*

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**STATE EFFECTIVE DATES**

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## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	Pending
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

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT "M"**

**FLOORS TO GO, LLC**

**FRANCHISE DISCLOSURE DOCUMENT**

*Dated March 16, 2022*

---

**RECEIPT**

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**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 we offer you a franchise, we must provide this disclosure document to you fourteen (14) calendar days (or sooner, if required by applicable state law) before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

New York requires that we provide you this disclosure document at the earlier of your first personal meeting to discuss the franchise or ten (10) business days before the execution of the membership or other agreement, or the payment of any consideration that relates to the franchise relationship. Michigan requires that we provide you this disclosure document at least ten (10) business days before the execution of the membership or other agreement, or the payment of any consideration that relates to the franchise relationship. Iowa requires that we provide you this disclosure document at the earlier of your first personal meeting to discuss the franchise or fourteen (14) calendar days before the execution of the membership or other agreement, or the payment of any consideration that relates to the franchise relationship.

If we do not deliver this disclosure document on time, or if it contains a false or misleading statement or a 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 and the appropriate state agency identified on Exhibit "G."

The franchise seller(s) involved with the sale of this franchise is/are the individual(s) indicated below. All of the below-listed franchise sellers share the same business address, which is Floors To Go, LLC, 3471 Bonita Bay Boulevard, Bonita Springs, Florida 34134, and the same business phone number, which is (866) 357-7246.

(franchisee or franchise seller must indicate "X" next to individual(s) involved in sales process)

- |   |  |
|---|--|
| <input type="checkbox"/> Philip Gutierrez | <input type="checkbox"/> Harold Traister |
| <input type="checkbox"/> Steven Mintz     | <input type="checkbox"/> Ken Sherwood    |
| <input type="checkbox"/> Gary Phelps      | <input type="checkbox"/> Raymond Fuller  |

Issuance Date: March 16, 2022

See Exhibit "H" for registered agents authorized to receive service of process.

I have received a disclosure document, dated March 16, 2022, that included the following Exhibits:

- |  |   |
|--|---|
| A. Membership Agreement  | G. List of State Administrators                   |
| B. State Specific Amendments to the Membership Agreement       | H. FTG's Registered Agents for Service of Process |
| C. Purchase Affidavit  | I. FTG's Currently Operating Members              |
| D. Principal Owner's Statement                                 | J. FTG's Not Yet Operational Members              |
| E. State Specific Addenda to the Franchise Disclosure Document | K. FTG's Terminated or Cancelled Members          |
| F. Audited Financial Statements                                | L. State Effective Dates                          |
|  | M. Receipt  |

\_\_\_\_\_  
(Signature of Prospective Franchisee)

\_\_\_\_\_  
(Date of Receipt)

\_\_\_\_\_  
(Name of Prospective Franchisee)

**YOUR COPY**

KEEP THIS COPY FOR YOUR RECORDS.

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you fourteen (14) calendar days (or sooner, if required by applicable state law) before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

New York requires that we provide you this disclosure document at the earlier of your first personal meeting to discuss the franchise or ten (10) business days before the execution of the membership or other agreement, or the payment of any consideration that relates to the franchise relationship. Michigan requires that we provide you this disclosure document at least ten (10) business days before the execution of the membership or other agreement, or the payment of any consideration that relates to the franchise relationship. Iowa requires that we provide you this disclosure document at the earlier of your first personal meeting to discuss the franchise or fourteen (14) calendar days before the execution of the membership or other agreement, or the payment of any consideration that relates to the franchise relationship.

If we do not deliver this disclosure document on time, or if it contains a false or misleading statement or a 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 and the appropriate state agency identified on Exhibit "G."

The franchise seller(s) involved with the sale of this franchise is/are the individual(s) indicated below. All of the below-listed franchise sellers share the same business address, which is Floors To Go, LLC, 3471 Bonita Bay Boulevard, Bonita Springs, Florida 34134, and the same business phone number, which is (866) 357-7246.

(franchisee or franchise seller must indicate "X" next to individual(s) involved in sales process)

<input type="checkbox"/> Philip Gutierrez	<input type="checkbox"/> Harold Traister
<input type="checkbox"/> Steven Mintz	<input type="checkbox"/> Ken Sherwood
<input type="checkbox"/> Gary Phelps	<input type="checkbox"/> Raymond Fuller

Issuance Date: March 16, 2022

See Exhibit "H" for registered agents authorized to receive service of process.

I have received a disclosure document, dated March 16, 2022, that included the following Exhibits:

- |  |   |
|--|---|
| A. Membership Agreement  | G. List of State Administrators                   |
| B. State Specific Amendments to the Membership Agreement       | H. FTG's Registered Agents for Service of Process |
| C. Purchase Affidavit  | I. FTG's Currently Operating Members              |
| D. Principal Owner's Statement                                 | J. FTG's Not Yet Operational Members              |
| E. State Specific Addenda to the Franchise Disclosure Document | K. FTG's Terminated or Cancelled Members          |
| F. Audited Financial Statements                                | L. State Effective Dates                          |
|  | M. Receipt  |

\_\_\_\_\_  
(Signature of Prospective Franchisee)

\_\_\_\_\_  
(Date of Receipt)

\_\_\_\_\_  
(Name of Prospective Franchisee)

**OUR COPY**

RETURN THIS COPY TO US FOR OUR RECORDS.