



FRANCHISE DISCLOSURE DOCUMENT

THE GLASS GURU FRANCHISE SYSTEMS, INC.

a California corporation
198 Cirby Way, Suite 120
Roseville, California 95678
(916) 786-4878
www.theglassguru.com
info@theglassguru.com

As a franchisee, you will operate a business offering glass, window and door restoration and replacement services for residential and commercial customers.

The initial Franchise Fee ranges between \$15,000 and \$65,000, and is based on the size of the territory you select. The estimated required investment necessary to begin operation of a Glass Guru Franchise ranges from \$30,190 to \$119,990 as discussed in Item 7.

The total investment necessary to begin operation of a Glass Guru franchise ranges from \$30,190 to \$119,990. This includes the total amount in Item 5, which ranges between \$15,000 and \$65,000 that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **NOTE, HOWEVER, THAT NO GOVERNMENTAL AGENCY HAS VERIFIED THE INFORMATION CONTAINED IN THIS DOCUMENT.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Dan Frey, President or Glen Greenfelder, VP of Corporate Development, 198 Cirby Way, Suite 120 Roseville, California 95678 Telephone: (916) 786-4878 and (916) 865-4417, respectfully.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the **Federal Trade Commission**. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov 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 specific to your state. ask your state agencies about them. **The issuance date:** March 28, 2014

STATE COVER PAGE

1. Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit B for information about the franchisor, or about franchising in your state.

2. MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

3. Please consider the following RISK FACTORS before you buy this franchise:

- A. THE FRANCHISE AGREEMENT REQUIRES THAT CERTAIN DISAGREEMENTS BE ARBITRATED (OR LITIGATED, IN CERTAIN INSTANCES) IN SACRAMENTO COUNTY, CALIFORNIA. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.
- B. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT; HOWEVER, CALIFORNIA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW. YOU MAY WANT TO COMPARE THESE LAWS. SOME STATE FRANCHISE LAWS PROVIDE THAT CHOICE OF LAW PROVISIONS ARE VOID OR SUPERSEDED. YOU MIGHT WANT TO INVESTIGATE WHETHER YOUR STATE HAS FRANCHISE LAWS THAT PROTECT YOU. YOU SHOULD REVIEW THE ADDENDA ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT AND THE FRANCHISE AGREEMENT FOR STATE-SPECIFIC PROVISIONS.
- C. THERE IS A RISK OF INJURY IN THE GLASS BUSINESS GENERALLY ASSOCIATED WITH THE RESTORATION OR INSTALLATION OF GLASS WINDOWS INCLUDING PHYSICAL HANDLING OF GLASS PRODUCTS, PERFORMING WORK FROM LADDERS, OPERATING ELECTRIC DRILLS AND OTHER POWER TOOLS, AND MISHANDLING OF ALCOHOL BASED SOLUTIONS AND OTHER PRODUCTS.
- D. THE GLASS INSTALLATION AND RESTORATION BUSINESS IS VERY COMPETITIVE AND THERE IS A RISK THAT THE GLASS GURU SYSTEM OR PORTIONS OF THE GLASS GURU BUSINESS MAY BECOME OBSOLETE DUE TO TECHNICAL ADVANCES IN THE GLASS INDUSTRY OR THE WIDESPREAD ADOPTION OF ALTERNATIVE PRODUCTS THAT MAY NOT BE OFFERED BY THE GLASS GURU BUSINESS.
- E. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

EFFECTIVE DATES:

California:

Hawaii:

Illinois:

Indiana:

Maryland:

Michigan:

Minnesota:

New York:

North Dakota:

Rhode Island:

South Dakota:

Virginia:

Washington:

Wisconsin:

FOR THE STATE OF MICHIGAN

1. 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 prohibition of the right of a Franchisee to join an association of Franchisees.
- A requirement that a Franchisee assent to a release, assignment, novation, waiver or estoppel that deprives a Franchisee of rights and protections provided in this act. This must not preclude a Franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- A provision that permits a Franchisor to terminate a franchise prior to the expiration of this term except for good cause. Good cause must include the failure of the Franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- A provision that permits a Franchisor to refuse to renew a franchise without fairly compensating the Franchisee by repurchase or other means for the fair market value at the time of expiration of the Franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials that have no value to the Franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (a) the term of the franchise is less than 5 years, and (b) 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.
- 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.
- A provision requiring that arbitration or litigation be conducted outside this state. This must not preclude the franchisee from entering into an agreement, at the time of arbitration or litigation, to conduct arbitration or litigation at a location outside this state.
- A provision that permits a Franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent a Franchisor from exercising a right of first refusal to purchase the franchise. Good cause must include, but is not limited to
 - The failure of the proposed transferee to meet the Franchisor's then-current reasonable qualifications or standards.

- The fact that the proposed transferee is a competitor of the Franchisor or Subfranchisor.
- The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- 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.
- 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 and has failed to cure the breach in the manner provided in subdivision (C).
- A provision that permits the Franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the Franchisee unless a provision has been made for providing the required contractual services.

2. If the Franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00 the Franchisee may request the Franchisor to arrange for the escrow of initial investment and other funds paid by the Franchisee until the obligations, if any, of the Franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the Franchisor, a surety bond may be provided in place of escrow.

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

4. Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attention: Franchise Bureau
670 Law Building
Lansing, MI 48913
(517) 373-3800

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

To simplify the language in this Disclosure Document, the words “we,” “our” and “us” refer to The Glass Guru Franchise Systems, Inc., a California corporation, the franchisor of this business. “You” and “your” refer to the person who buys the franchise, whether you are a sole proprietor, corporation, limited liability company or other business entity. If you are a corporation, limited liability company or other business entity, certain provisions of this Disclosure Document also apply to your owners and will be noted.

The Franchisor

We were formed in California on February 14, 2006, to offer The Glass Guru franchises. We are independently owned and we do not have a predecessor or parent company. Our principal business address is 198 Cirby Way, Suite 120, Roseville, California 95678. We do business under our corporate name and the name “The Glass Guru.” We have offered franchises since January 9, 2007. Prior to this date, we had not previously offered franchises in this or in any other line of business. The agent for service of process is Glen E. Greenfelder, VP of Corporate Development, 198 Cirby Way, Suite 120, Roseville, CA 95678. Please refer to **Exhibit C** for a list of agents for service of process in states other than California.

Our Business Activities

We grant franchises to qualified persons or business entities in connection with the service mark “THE GLASS GURU” and other related trademarks and logos (collectively referred to as the “Marks”).* We refer to these businesses as “The Glass Guru Businesses.” We refer to The Glass Guru Business you will operate as the “Franchised Business.”

The Glass Guru Businesses provide glass, window and door repair and replacement services for residential and commercial customers. You must operate the Franchised Business in accordance with our standards, methods, procedures and specifications, which we refer to as our “System” and which is more particularly described in our Franchise Agreement attached as **Exhibit A** to this Disclosure Document. We (and our Affiliate) have custom designed, developed and/or acquired lines of products, such as certain window restoration tools and equipment, glass cutting tools, micro-vents and other tools and equipment items specially suited for use in connection with the Franchised Business (“The Glass Guru Tools”). Either we, or our Affiliate, may be a supplier of The Glass Guru Tools to our franchisees. For more information about our line of The Glass Guru Tools.

Our Affiliate

Roseville Glass Partners, Inc. (formally, The Glass Guru, Inc.) (our “Affiliate”) began business in September 2004 as a limited liability company formed under the laws of Nevada. On July 28, 2005, our Affiliate was registered as a limited liability company in California. Our Affiliate was converted into a California corporation on July 28, 2006 and operates as a corporation today and is located at the same principal business address as ours: 198 Cirby Way, Suite 120, Roseville, California 95678. Our Affiliate changed its name in March 2011. Our Affiliate has owned and operated one The Glass Guru Business in California since 2004. Our Affiliate does not and has not previously offered franchises in this or in any other line of business. Roseville Glass Partners, Inc. has no parent or predecessor company.

* Capitalized terms not otherwise defined have the same meaning as in our Franchise Agreement attached as Exhibit A to this Disclosure Document.

General Description of the Market and Competition

Our concept is targeted to residential and commercial customers. As a franchisee, you will compete with a variety of other businesses providing glass, window and door repair and replacement services. Your competition may be local independently owned businesses, or may be part of a regional or national dealership chain or franchise including companies such as the Glass Doctor, Speedy Auto Glass, Window World or Window Medics. You may also compete with other The Glass Guru businesses operated by us or other franchisees.

Regulations Specific to the Industry

You must comply with all laws, rules and regulations governing the operation of the Franchised Business and obtain all permits and licenses necessary to operate the Franchised Business. Some states require licensing to provide window replacement or similar services. You should contact your state to determine if you must obtain a license. California and other states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Franchised Business, including those which: (a) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements, restrictions on smoking, availability of and requirements for public accommodations, including restroom facilities and public access; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting requirements for accommodations for disabled persons; (d) set standards and requirements for fire safety and general emergency preparedness; and (e) regulate the proper use, storage and disposal of waste or other hazardous materials. You should investigate the federal, state or local laws, rules or regulations that apply in the geographic area in which you are interested in locating your Franchised Business and should consider both their effect and cost of compliance. Under the Franchise Agreement, you alone are responsible for complying with all applicable laws and regulations despite any advice or information that we may give you.

ITEM 2. BUSINESS EXPERIENCE

Director and President/CEO: Daniel Frey

Mr. Frey is our Co-Founder and Director and President/CEO and has been since our incorporation. In addition, Mr. Frey is Co-Founder and Director and President/CEO of our Affiliate and has been since September 2004.

Director: December Joy Frey

Mrs. Frey is our Co-Founder and Director and has been since our incorporation.

Director and VP Corporate Development: Glen Greenfelder

Mr. Greenfelder was hired as Director of Franchise Sales in August 2010, and was promoted to VP of Corporate Development, and appointed as a Director, in January 2011. In 2013, Mr. Greenfelder, was elected as the Company's CFO. From September 2004 to the present, he was Vice President and Director of Golden Citrus Corp., Dade City FL. From June 2007 to December 2010, he was Managing Member of Rain Forest Springs, Las Vegas, NV. From November 2003 to December 2006, he was President of Greenfelder Consulting Corp., Las Vegas, NV.

Director and VP Franchise Development: Dave Hull

Mr. Hull was hired as VP of Franchise Development and appointed a Director in January 2011. Mr. Hull was General Manager of our Affiliate from October 2009 to March 2011. In March 2011, he was promoted to Vice President and appointed a Director of our Affiliate. Mr. Hull was retired from July 2006 to September 2009. From 1997 to July 2006, he was the owner of North Valley Window in Loomis, California.

ITEM 3. LITIGATION

There is no litigation that must be disclosed in this Item.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

You must pay us an initial Franchise Fee of \$15,000 to \$65,000, based on the population of the chosen territory, less applicable discounts when you sign the Franchise Agreement. The Franchise Fee may be paid either in a lump sum or if you meet our credit standards, by payment of a down payment plus the signing of a promissory note. We may finance up to 25% of the initial Franchise Fee. The Franchise Fee is non-refundable. The Franchise Fee is payment, in part, for expenses incurred by us in furnishing assistance and services to you as described in the Franchise Agreement and for costs incurred by us, including general sales and marketing expenses, training, legal, accounting and other professional fees.

Population

The initial Franchise Fee is determined by the population of the territory you choose to purchase as described below:

<u>Franchise Fee</u>	<u>Population</u>
–	
\$15,000 (Minimum Franchise Fee)	01 – 142,999 persons
\$105 per 1,000 persons	143,000 – 249,999 persons
\$100 per 1,000 persons	250,000 – 374,999 persons
\$95 per 1,000 persons	375,000 – 499,999 persons
\$85 per 1,000 persons	500,000 – 624,999 persons
\$75 per 1,000 persons	625,000 – 749,999 persons
\$65* per 1,000 persons	750,000- 1,000,000+ persons
*\$65,0000 (Maximum Franchise Fee)	

The Glass Guru Tool Kit

Before beginning operations, we will furnish you with an initial inventory of some (but not all) of The Glass Guru Tools (“The Glass Guru Tool Kit”) necessary for the establishment and operation of your Franchised Business. The initial inventory items of some of the Glass Guru Tool Kit provided are **not** refundable. They are provided to you at no additional cost and, as such, are not refundable. The contents of The Glass Guru Tool Kit will vary depending on certain factors such as: a) the time of year in which the Franchised Business is expected to begin operations, b)

the size of the Area of Primary Responsibility surrounding the Franchised Business, c) tools and equipment which you may already own and d) other like factors.

Refunds

The Franchise Fee is fully earned and nonrefundable if the Franchise Agreement is terminated for any reason other than our breach. We will **not** refund the Franchise Fee if we terminate the Franchise Agreement before you begin operations of the Franchised Business based on one of the following reasons: (a) you fail to timely select a location for your Franchised Business meeting our approval (“Approved Location”); (b) you fail to timely develop and open your Approved Location for business; or (c) we, in our discretion, have determined that you are unable to satisfactorily complete the training program described in ITEM 11 of this Disclosure Document.

The nonrefundable Franchise Fee is compensation to us for our efforts in offering and selling a franchise to you, for our franchise sales and marketing activities to promote the sale of a franchise to qualified franchisees, our participation in the franchise sale, our legal compliance with franchise laws and regulations, site selection assistance and guidelines, the development and hosting of initial training programs and our participation in terminating the franchise.

If the Franchise Agreement is terminated before you begin operations of the Franchised Business, you may return any tools or supplies purchased from us for a refund, provided that the items are unopened, unused or remain in a saleable condition. The initial inventory items furnished (for free) in The Glass Guru Tool Kit are **not** refundable; for they are provided to you, by us, at no additional cost to you. You will be responsible for shipping costs to return these items to us plus a 10% restocking fee charged by us.

ITEM 6. OTHER FEES

OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty Fee	7% of Gross Sales for Restoration Services; 4 to 5% of Gross Sales for Replacement Services	Monthly by the 20 th day of the calendar month	See definition of Gross Sales. ¹ (Section 1) [*]
Marketing Fund Contribution	1% of Gross Sales	Monthly by the 20 th day of the calendar month	We require Marketing Fund Contributions.
Local Advertising	Greater of 5% or minimum monthly local advertising expenditure based on size of your Area of Primary Responsibility: \$500 for population of up to	Monthly	You pay directly subject to our approval. (Section 11.2) We may require Local Advertising expenditures to be used in cooperative advertising. (Section 11.4) Your expenditures for Local Advertising are in addition to required Marketing Fund Contributions and required Grand Opening Advertising expenditures (described in ITEM

^{*} All citations of Section numbers throughout this Disclosure Document refer to the Franchise Agreement attached as Exhibit A.

Name of Fee	Amount	Due Date	Remarks
	250,000; \$750 for population of 250,001 to 500,000; \$1,000 for population of 500,001 to 750,000; and \$1,250 for population of 750,001 up to 1,000,000; and \$1,500 for population of 1,000,000 or greater		7). Further information about all of our advertising programs is also included in ITEM 11 of this Disclosure Document.
Pay Per Click	Minimum of ten (10%) percent of the Local Advertising budget	Monthly	You pay directly, subject to our approval. (Section 11.2) Further information about all of our advertising programs is also included in ITEM 11 of this Disclosure Document.
Cooperative Advertising	Any or all of required Local Advertising may be re-designated for Cooperative Advertising	As directed	We may establish and administer a Cooperative Advertising program within your regional marketing area. Payable as directed to us or an advertising cooperative. (Section 11.4) At our option, our company-owned outlets may participate in the Cooperative. If so, each company-owned outlet will have one vote per outlet.
Telephone Directory Advertising	Varies according to area and type of listing	As arranged	You are required to list and advertise in the “white pages” and “yellow pages of each local telephone directory in your Area of Primary Responsibility. (Section 11.6) Local Advertising expenditures are to be used to pay all telephone directory advertising expenses. (Section 11.2)
FranConnect Software or other equipment software as authorized	Currently \$80 per month for FranConnect	Monthly	For FranConnect Software, paid monthly to us. (Includes one user license; additional licenses available). Other equivalent software used in the future, may be paid to third party or us.
Late Entry Fee	\$75	Upon demand	Failure to enter customer data within 48 hrs. of initial customer contact during the month will result in a Late Entry Fee. Non-compliance for three or more months during a calendar year will require an audit at franchisees expense (Section 12.5)
Audit Expenses ²	All costs and expenses associated with audit	Upon demand	Audit costs payable only if the audit shows an understatement in amounts due of at least 3% or if audit is conducted due to your failure to report. (Section 12.6)
Late Fees	1.5% per month or the highest rate allowed by the law of the state where you are located, whichever is less	Upon demand	Applies to all overdue Royalty Fees, Marketing Fund Contributions and other amounts due to us. (Section 3.8) Also applies to any understatement in amounts due revealed by an audit. (Section 12.6)

Name of Fee	Amount	Due Date	Remarks
Insurance Policies	Amount of unpaid premiums plus our reasonable expenses in obtaining the policies	Upon demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you. (Section 15.5)
Transfer Fee	\$5,000	Time of transfer	Does not apply to an assignment under Section 18.3 of the Franchise Agreement. (see Section 18.2.8)
System Modifications	An amount not unreasonably disproportionate to your original investment	As required	If we decide to modify the System by requiring new equipment, fixtures, software, trademarks, etc., you must make the modifications at your expense. (Section 10.2)
Customer Service ³	All costs incurred in assisting your customers	Upon demand	You must reimburse us if we determine it is necessary for us to provide service directly your customers. (Section 11.9)
Substitute or New Manager Training	Rates as published in the Manual; currently, \$100 per day, plus your expenses as well as your employees' expenses in attending	Prior to opening of Franchised Business	If your Designated Manager does not satisfactorily complete our initial training program (or if you replace your Designated Manager), a substitute (or your replacement manager) must complete our initial training program. We may charge you for additional training. (Sections 8.4 and 8.5) (See "Additional Training" in this table.)
Temporary Management Assistance	Market rates, currently \$250 per day, plus expenses or 25% of the Gross Sales during that period	Each month that it applies	Following the delivery of a notice of termination of the Franchise Agreement, we may assume operation of the Franchised Business until such time as you correct the breach resulting in the notice of termination. Additionally, following the death or incapacity of an owner of the Franchised Business, if necessary in our discretion, we may assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by us. We may charge a management fee during the time we are operating your Franchised Business and we will also be entitled to reimbursement of any expenses we incur that are not paid out of the operating cash flow of the Franchised Business. (Sections 16.5 and 18.6.2)
Ongoing Training Programs ⁴	Fees as determined by us.	Time of program	You must pay your expenses as well as your employees' expenses in attending. Attendance will not be required more than 2 times per year and collectively will not exceed 6 days in any year, including attendance at an Annual Convention. (Section 8.6)
Additional Training	Rates as published in the Manual; currently,	Time of training	We provide training for you and one office assistant. Up to 2 additional field or office

Name of Fee	Amount	Due Date	Remarks
	\$100 per day per person, plus your expenses as well as your employees' expenses in attending		assistants will be provided training with our prior authorization. You may pay for additional training if you request it. (Section 8.1)
Additional Operations Assistance	Rates as published in the Manual; currently, \$250 per day per staff member plus our expenses	Time of assistance	We provide assistance around the beginning of operations. You may pay for additional assistance if you request it. (Section 8.1)
New Technician Training	You are required to pay our then-current standard rates for technician training and certification programs, currently \$100 per day. In addition, all expenses incurred by your technicians in attending these programs, including travel costs, room and board expenses and employees' salaries will be your sole responsibility	Time of program	Optional for new trainees. Does not apply to any technicians attending the initial training we provide to you and your assistants. (Sections 8.1 and 8.2)
Annual Convention	The then current registration fee based on our costs, currently estimated at \$225	Before date of convention	Payable if we hold an Annual Convention for franchisees. You must pay the fee even if you fail to attend the Annual Convention. You must pay your expenses as well as your employees' expenses in attending. (Section 8.7)
Cost of Enforcement	All costs including attorneys' fees	Upon demand	You must reimburse us for all legal costs in enforcing obligations if we prevail. (Section 22.4)
Indemnification	All costs including attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the Franchised Business. (Section 21.3)
Pay Per Click Management Fee	Currently \$75 per month	Monthly	Payable only if you choose to hire us to manage your Pay Per Click advertising.
Administrative Fee for Improper Reporting	\$75 each occurrence	Upon demand	Payable if you submit monthly Gross Sales Report in an improper or unapproved format or fail to submit the Gross Sales Reports when due.
Charge for insufficient funds	Currently \$25 each occurrence	Upon demand	Payable if there are insufficient funds in your account at the time we attempt to transfer funds.

No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any other third party. Unless otherwise noted, all fees are payable to the Franchisor. All fees are non-refundable. Any fees refunded by Franchisor, will be at Franchisor's sole and exclusive discretion.

NOTES

¹ "Gross Sales" means the aggregate of all revenue from the sale of products and services from all sources in connection with the Franchised Business whether for check, cash, credit or otherwise, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that you collect for or on behalf of and pay to any governmental taxing authority, (c) the value of any allowance issued or granted to any customer of the Franchised Business that you credit in full or partial satisfaction of the price of any products and services offered in connection with the Franchised Business, and (d) any rebate you receive from a manufacturer or supplier. (Section 1)

² Currently, we do not have sufficient information to provide you an estimate of your costs to reimburse us after an audit that shows an understatement in amounts due us. We assume the cost of auditing a Franchised Business varies depending on various factors, such as, prevailing auditor's rates in the geographic area where the Franchised Business is located, the extent of business activity which is being audited, the condition of the books and records of the Franchised Business and the period of time that is being reviewed. If you are required to reimburse us the costs of an audit, the reimbursement will not exceed our actual costs.

³ The cost to reimburse us our expenses if we have to satisfy a complaint of your customer varies depending on the nature of the customer complaint, the expertise required to handle the complaint, how much time is involved in satisfying the complaint, whether any products must be replaced or services provided by us to satisfy the complaint, and if so, the value of such products or services. If you must reimburse us our expenses to satisfy a complaint of your customer, the reimbursement costs will not exceed our actual costs.

⁴ Attendance at our ongoing training programs, seminars or conferences is mandatory for your Designated Manager. We may charge an attendance fee for mandatory ongoing training programs, seminars and conferences, and you are responsible for transportation and expenses for meals and lodging while attending ongoing training programs. The total cost may vary depending on the number of people attending, how far you travel and the type of accommodations you choose. Further information about ongoing training programs is included in ITEM 11 of this Disclosure Document. Currently, we do not have sufficient information from which to provide an estimated cost or range of costs of your expenses to attend our ongoing training programs. For further reference, you may wish to review the estimated range of costs to attend our initial training program included in the Initial Investment Chart in ITEM 7 of this Disclosure Document.

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ITEM 7. ESTIMATED INITIAL INVESTMENT**YOUR ESTIMATED TOTAL INVESTMENT**

Names of Expenditures	Actual or Estimated Amounts For You	Method of Payment	When Due	To Whom Payment Is To Be Made
Franchise Fee ¹	\$ 15,000 - 65,000	Cashier's Check and Installment Payments	Upon Signing Franchise Agreement	Us
Real Estate/Rent ²	0 - 3,000	As Arranged	Before Beginning Operations	Lessor
Utility Deposits ³	0 - 500	As Arranged	Before Beginning Operations	Utilities
Leasehold Improvements ⁴	0 - 2,000	As Arranged	Before Beginning Operations	Third Parties
Insurance ⁵	500 - 1,500	As Arranged	Before Beginning Operations	Third Parties
Office Equipment and Supplies ⁶	300 - 1,000	As Arranged	Before Beginning Operations	Third Parties
Training ⁷	1,500 - 2,500	As Arranged	Before Beginning Operations	Third Parties
Signage ⁸	500 - 2,000	As Arranged	Before Beginning Operations	Third Parties
Furniture, Fixtures & Equipment ⁹	500 - 3,500	As Arranged	Before Beginning Operations	Third Parties
The Glass Guru Tool Kit Supplies ¹⁰	500 - 5,000	As Arranged	As Necessary	Us & Third Parties
Computer Equipment ¹¹	0 - 2,500	As Arranged	Before Beginning Operations	Third Parties
FranConnect Software or equivalent ¹²	240	As Arranged	First 3 months of Operation	Us
Phone System ¹³	300 - 1,000	As Arranged	Before Beginning Operations	Third Parties

Names of Expenditures	Actual or Estimated Amounts For You	Method of Payment	When Due	To Whom Payment Is To Be Made
Vehicle ¹⁴	0 - 2,000	As Arranged	Before Beginning Operations	Third Parties
Grand Opening/Direct Advertising ¹⁵	3,000 - 5,000	As Arranged	First 3 Months of Operation	Third Parties
Licenses & Permits ¹⁶	350 - 750	As Arranged	Before Beginning Operations	Licensing Authority
Legal & Accounting ¹⁷	2,500 - 5,000	As Arranged	As Necessary	Attorney, Accountant
Additional Funds/ Working Capital ¹⁸ (3 months)	5,000 - 15,000	As Arranged	As Necessary	You Determine
TOTAL¹⁹	\$30,190 - \$119,990			

NOTES

We anticipate that you will incur the initial expenditures estimated above in the establishment of a franchised business. Financing for the initial expenditures is offered by franchisor under the terms described in Item 10 below.

¹ Franchise Fee. The initial Franchise Fee is described in greater detail in ITEM 5 of this Disclosure Document. The terms for payment of a portion of the Franchise Fee in installments are described in greater detail in ITEM 10 of this Disclosure Document.

² Real Estate/Rent. You must lease or otherwise provide a suitable facility for the operation of the Franchised Business. You may operate the Franchised Business from your home if we agree that your home is suitable. If you must lease a space, your lease costs can vary based upon variance in square footage, cost per square foot and required maintenance costs. We assume that you will have to pay the first month's rent and a security deposit equal to one month's rent in advance. The rent you pay is typically not refundable, but your security deposit may be under certain circumstances.

³ Utility Deposits. If you are a new customer of your local utilities, you will generally have to pay deposits in connection with services such as electric, telephone, gas and water. The amount of the deposit and whether the deposit is refundable will vary depending upon the policies of the local utilities. You should contact your local utilities for more information.

⁴ Leasehold Improvements. If you rent space, you may need or choose to make minimal renovations. The cost of leasehold improvements will vary based upon size, condition and location of the premises, local wage rates and material costs. The amounts you pay for leasehold improvements are typically not refundable.

⁵ Insurance. You must purchase the type and amount of insurance specified in Section 15 of the Franchise Agreement in addition to any other insurance that may be required by applicable law, any lender or lessor. Factors that may affect your cost of insurance include the location of the Franchised Business, value of the leasehold improvements, number of employees and other factors. The amounts you pay for insurance are typically not refundable.

⁶ Office Equipment and Supplies. You must purchase general office supplies including printers, stationery, business cards and other typical office equipment. We do not know if the amounts you pay for office equipment and supplies are refundable. You should inquire about the return and refund policy of the supplier at or before the time of purchase. Factors that may affect your cost of office equipment and supplies include local market conditions, competition among suppliers and other factors.

⁷ Training. The cost of initial training is included in the Franchise Fee, but you are responsible for transportation and expenses for meals and lodging while attending training. The initial training program is available to the Designated Manager and one office assistant. Up to two additional field or office assistants will be allowed to attend the initial training program with our prior consent. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose. Your expenses to attend are typically not refundable.

⁸ Signage. This range includes the cost of all signage used in the Franchised Business. The signage requirements and costs will vary based upon the location of the Franchised Business, local zoning requirements and local wage rates for installation, among other things. The amounts you pay for signage are typically not refundable.

⁹ Furniture, Fixtures & Equipment. You will be required to purchase and/or lease and install furniture, fixtures and equipment such as desks, chairs, lamps, filing cabinets and other basic office items necessary to operate your Franchised Business. The cost of the furniture, fixtures and equipment will vary according to local market conditions, suppliers and other related factors. We do not know if the amounts you pay for furniture, fixtures or equipment may be refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing or leasing.

¹⁰ The Glass Guru Tool Kit. We will provide you with an initial inventory of The Glass Guru Tools. The initial inventory- provided to you for free- will be determined solely at our discretion. You may want to purchase additional tools and supplies to operate the business. Some of these will be purchased from The Glass Guru Franchise Systems, Inc. and others will be from 3rd party vendors. These costs will vary depending on certain factors such as: a) the time of year in which the Franchised Business is expected to begin operations, b) the size of the Area of Primary Responsibility surrounding the Franchised Business, c) the tools and equipment which You may already own, and d) other like factors. As described in ITEM 5 of this Disclosure Document, under the section entitled "Refunds", the amounts you pay for equipment or inventory from us may be refundable. This refund does not include items from the initial inventory provided to you, by us, at no charge (free). We do not know if the amounts you pay for other inventory items may be refundable. You should inquire about the return and refund policy of the third party suppliers at or before the time of purchasing.

¹¹ Computer Equipment. You will be required to have one computer workstation with Microsoft Office Suite and QuickBooks and other software as outlined in the Operations Manual.

These will need to be purchased if you don't have them already. The amounts you pay for computer equipment are typically not refundable.

¹² Franconnect. You will be required to use the Franconnect business and customer manager software or an equivalent software approved by us. You will be required to pay a monthly fee (currently \$80/month) for the use of the manger software system. The amounts you pay for the Franconnect system are typically not refundable.

¹³ Phone System. You will be required to purchase a cell phone and a dedicated phone line to an at-home or commercial office. The number must be one with an area code and prefix that is local to the Area of Primary Responsibility. The amount you pay for a phone system are typically not refundable.

¹⁴ Vehicle. You may be required to lease or purchase a utility vehicle, van or truck for use in the operation of the Franchised Business. The high estimate represents lease costs, which may vary based on such factors as the location of the Franchised Business, competition among local dealers and the time of year. The low estimate assumes you already have an acceptable utility vehicle, van or truck for use in the operation of the Franchised Business. These expenses are typically not refundable.

¹⁵ Grand Opening/Direct Advertising. You must spend a minimum of \$3,000 on Grand Opening Advertising during the first 3 months of operation. You may choose to spend more. Factors that may affect the actual amount you spend include the type of media used, the size of the area you advertise to, local media cost, location of the Franchised Business, time of year and customer demographics in the surrounding area. The amounts you spend for Grand Opening Advertising are typically not refundable.

¹⁶ Licenses & Permits. Local government agencies typically charge fees for such things as contractors' licenses, business and other operating licenses. Your actual costs may vary from the estimates based on the requirements of local government agencies. These fees are typically not refundable.

¹⁷ Legal & Accounting. We strongly suggest that you employ an attorney, an accountant and/or other consultants to assist you in establishing your Franchised Business. These fees may vary from location to location depending upon the prevailing rates of local attorneys, accountants and consultants. These fees are typically not refundable.

¹⁸ Additional Funds/Working Capital. We recommend that you have a minimum amount of money available to cover operating expenses, including employees' salaries, for the first 3 months that the Franchised Business is open. However, we cannot guarantee that our recommendation will be sufficient. Additional working capital may be required if sales are low or operating costs are high. These expenses are typically not refundable.

¹⁹ Total. In compiling this chart, we relied on our and our Affiliate's combined industry experience in operating a The Glass Guru Business since 2004. The amounts shown are estimates only and may vary for many reasons including the capabilities of your management team, where you locate your Franchised Business and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only and we cannot guarantee that you will not have additional expenses in starting the Franchised Business.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as indicated below, you are not required to purchase or lease products or services from us or our Affiliate or from suppliers approved by us or under our specifications.

Approved Suppliers/Standards and Specifications

All products, supplies, signs, equipment, components, insurance and other products or materials for use or sale in your Franchised Business must meet our specifications and quality standards and, if required by us, must be purchased only from an Approved Supplier, which may be us or our Affiliate. Currently, we are the Approved Supplier for The Glass Guru Tools. Certain of the items in the Glass Guru Tools are proprietary equipment and supplies that you can only purchase from us. Currently proprietary equipment and supplies include micro vents, tip adapters for moisture removal, and the Glasstastic[®] product line. We will provide, in the Manual or by other written or electronic form, a list of The Glass Guru Tools as well as additional items you will need to purchase for resale or to operate your Franchised Business and, if required, a list of Approved Suppliers for some or all of these items, and from time to time we may revise this list. Our specifications may include minimum standards for performance, design, appearance and quality. We formulate and modify our specifications and standards for products and services based upon our and our Affiliate's industry knowledge and our operational experience in operating The Glass Guru Business since 2004. Neither the Franchisor, nor any officer of the Franchisor, owns any interest in any Approved Supplier (except for us).

If you would like to use any item, service or supplier in establishing or operating the Franchised Business that we have not approved (for items or services that require supplier approval), you must first send us sufficient information, specifications and/or samples for us to determine whether the item, service or supplier complies with our standards and specifications or the supplier meets our Approved Supplier criteria. We will decide within a reasonable time (usually, 30 days) after receiving the required information whether you may purchase or lease such items or services or from such supplier. We apply the following and other general criteria in approving a proposed supplier: the ability to provide sufficient quantity of product; quality of products and/or services at competitive prices; production and delivery capability; and dependability and general reputation of the supplier.

Periodically, we may review our approval of any item, service or supplier. We will notify you if we revoke our approval of an item, service or supplier, and you must immediately stop purchasing disapproved items or services, or must immediately stop purchasing from a disapproved supplier.

The Glass Guru Tools

We and our Affiliate have designed, developed and/or acquired and continue to design and develop certain window restoration tools and equipment and other items specially suited for use in the operation of The Glass Guru Businesses ("The Glass Guru Tools"). In order to maintain the consistency, quality and uniformity of the System, we will make The Glass Guru Tools available to you in reasonable quantities in accordance with the procedures for ordering, handling and shipping that we may determine periodically, provided that you are in compliance with the Franchise Agreement and all other agreements with us and any Affiliate. We will provide The Glass Guru Tools supplied by us or an Affiliate at competitive prices; however, you acknowledge that we and our Affiliate have the right to earn a reasonable profit on the sale of The Glass Guru Tools. We or our Affiliate will derive revenue from the sale of The Glass Guru Tools

to our franchisees. During the fiscal year ended December 31, 2013, we had revenue of \$143.146 or 11.51% of our total revenue of \$1,242,785 from purchases of The Glass Guru Tools by franchisees. We currently do not derive revenue from any other purchases by franchisees.

Computer/Point of Sale System

You are required to purchase and use the computer and point of sale system described in ITEM 11 of this Disclosure Document.

Insurance

You must purchase and maintain in effect during the term of the Franchise Agreement the type and amount of insurance specified in Section 15 of the Franchise Agreement in addition to any other insurance that may be required by applicable law, any lender or lessor. Your insurance policies must name us as an additional insured and/or loss payee.

Miscellaneous

We may negotiate purchase agreements, including group rates and price terms with suppliers, for purchases of equipment and supplies necessary for the operation of the Franchised Business. Presently, there are no such purchase or supply agreements in effect and no purchasing or distribution cooperatives that you must join. During our most recent fiscal year, we did not receive any rebates from suppliers due to franchisee purchases. However, in the future we may receive volume rebates, discounts or other benefits from suppliers.

We estimate that approximately 80% to 90% of your expenditures for purchases in establishing your Franchised Business will be for goods and services that must be purchased either from us, our Affiliate or an Approved Supplier, in accordance with our standards and specifications. We estimate that approximately 65% to 90% of your expenditures on an ongoing basis will be for goods and services that must be purchased from either us, our Affiliate, an Approved Supplier in accordance with our standards and specifications.

We do not provide material benefits to you (such as renewal rights or the right to open additional The Glass Guru Businesses) based on whether you purchase through the sources we designate or approve; however, purchases of unapproved products or purchases from unapproved suppliers in violation of the Franchise Agreement will entitle us, among other things, to terminate the Franchise Agreement.

ITEM 9. FRANCHISEE’S OBLIGATIONS

FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other ITEMS of this Disclosure Document.

	Obligation	Section in the Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Section 5	ITEMS 11 and 12

Obligation		Section in the Franchise Agreement	Disclosure Document Item
b.	Pre-opening purchases/leases	Sections 5, 12 and 15	ITEMS 7 and 8
c.	Site development and other pre-opening requirements	Sections 5 and 8	ITEMS 7, 8 and 11
d.	Initial and ongoing training	Section 8	ITEMS 6, 7 and 11
e.	Opening	Sections 5 and 8	ITEM 11
f.	Fees	Sections 5, 8, 10, 11, 13, 15, 18, and 21.	ITEMS 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	Sections 6, 7, 9, 10, and 13	ITEMS 8 and 16
h.	Trademarks and proprietary information	Sections 6, 7, and 9	ITEMS 13 and 14
i.	Restrictions on products/services offered	Sections 5, 6, and 13	ITEMS 8 and 16
j.	Warranty and customer service requirements	Section 13	ITEM 16
k.	Territorial development and sales quotas	Not Applicable	ITEM 12
l.	Ongoing product/service purchases	Section 13	ITEMS 8 and 11
m.	Maintenance, appearance and remodeling requirements	Sections 5, 10, and 13	ITEM 6
n.	Insurance	Section 15	ITEMS 6, 7 and 8
o.	Advertising	Section 11	ITEMS 6 and 11
p.	Indemnification	Section 21	ITEM 6
q.	Owner's participation/management/staffing	Section 13	ITEM 15
r.	Records and reports	Section 12	ITEM 11
s.	Inspections and audits	Sections 6 and 12	ITEMS 6, 11 and 13
t.	Transfer	Section 18 and Exhibit 1 and 5	ITEM 17
u.	Renewal	Section 4 and Exhibit 1 and 5	ITEM 17
v.	Post-termination obligations	Section 17 and Exhibit 2 and 5	ITEM 17

Obligation		Section in the Franchise Agreement	Disclosure Document Item
w.	Non-competition covenants	Sections 7 and 17 and Exhibit 2 and 5	ITEM 17
x.	Dispute resolution	Section 23 and Exhibit 5	ITEM 17
y.	Other	Not Applicable	Not Applicable

ITEM 10. FINANCING

We do not guarantee your lease or other obligations.

If you meet Franchisor’s credit standards, we may finance a portion of the initial franchise fee. The portion financed must not exceed 25% of the total initial franchise fee. The availability of this installment payment option will be subject to the sole discretion of the Franchisor. If Franchisor offers financing it will be over a maximum term of 60 months at an APR of 7%, in a loan (the “Loan”) using a standard form promissory note (the “Note”) and security agreement (the “Security Agreement”) , copies of which are attached to the Franchise Disclosure Document and marked as *Exhibit “T”*. The Note may be prepaid without penalty during the 60 month term. Security for the Note must be any and all assets of franchisee’s business and must be personally guaranteed by you and your spouse or all shareholders of your corporation. If you do not pay on time, we can call the loan and demand immediate payment of the full outstanding balance of the loan and obtain court costs and attorney’s fees if a collection action is necessary.

We also have the right to terminate your franchise if you do not make your payments on time more than three times during the term of the Note. (see Security Agreement, section 5.2.5) We may assign the Note to a third party lender who may be immune under the law to any defenses to payment you may have against Us. (Security Agreement, section 7.1)

Any financing undertaken by the Franchisor will comply with the ‘California Finance Lenders Law’.

SUMMARY OF FINANCING

Item Financed	Amount Financed	Down Payment	Term (Years)	APR	Monthly Payment	Prepay Penalty	Security Required	Liability on Default	Loss of Rights on Default
Initial Fee	25% or less	67% or more	5	7%	\$74.25 to \$321.77 depending on amount financed	None	Assets & Personal Guarantee	Loss of Franchise and payment of loan balance	Collection of your accounts receivable. You must pay collection costs and attorneys’ fees

SUPPLEMENTAL INFORMATION FOR FINANCING

1. The financing provided by Franchisor includes only the Initial Franchise Fee as described in this Item 10. We do not provide financing or guarantee your lease or any other obligations.
2. We currently do not plan to assign the Notes to third party lenders.
3. We plan to offer installment payment terms for up to 25% of the Initial Franchise Fee, which in view of the stated maximum amount of Initial Franchise Fee is not likely to exceed \$16,250.
4. APR. We will offer fixed rate financing at 7% annual percentage rate or “APR” at a time when the prime lending rate is approximately 3.25% APR as of the date of this document. Franchisor reserves the right to adjust the interest rate in the event the prime lending rate increases.
5. The term for repayment of the Note must not exceed sixty (60) months and payment must be made monthly unless otherwise agreed.
6. The security interest for the Note must be in the assets of the franchise business, the franchise agreement, and the personal guarantees of the franchisees. The security interest must not be in the personal residence and the Note and the related security agreement must comply with the ‘California Finance Lenders Law’.
7. There will be no pre-payment penalty in connection with the Note.
8. Upon default the franchisee will be liable for the balance due on the Note, court costs and attorneys’ fees and other costs of collection, loss of franchise rights and all assets of the Franchise.
9. Among other things the Note and Security Agreement permit the Franchisor to exercise all rights and remedies permitted under the Uniform Commercial Code, including without limitation, collection of payments due to you from your customers, recovery of legal costs and expenses including attorneys’ fees. If we exercise the right to assign the Loan You may also lose your right to assert certain defenses against Our assignee. You should read all applicable documents carefully and consult your own legal counsel for a detailed explanation of your rights and your obligations.

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

Except as listed below, The Glass Guru Franchise Systems, Inc. is not required to provide you with any assistance.

A. Before you open your Franchised Business, we will:

1. designate the Area of Primary Responsibility within which you will operate the Franchised Business. (Section 2.5.2) Additionally,

A) The Franchisor does not own or will not lease any real property to you.

B) You and Franchisor will agree on your Area of Primary Responsibility before you sign the Franchise Agreement. You must run your Franchised Business from an office located inside of your Area of Primary Responsibility unless otherwise approved by us. You may use a home office if suitable. (see Section 5 of the Franchise Agreement for a detailed discussion of various requirements for establishing a franchised business).

C) You must select an approved location for the franchised business within 60 days of signing the franchise agreement. If you do not select a site within 60 days, We may terminate the Franchise Agreement. (Sections 5.1 and 5.2)

D) The main factors the franchisor considers in approving sites is suitability for a glass shop, size, cost and visibility.

2. furnish you with an initial partial inventory of The Glass Guru Tools upon receipt of payment. Further information about the Glass Guru Tools we supply to you and other franchisees is included in ITEMS 5, 7 and 8 of this Disclosure Document. (Sections 3.2, 5.4.1.3, 13.2)

3. provide you with our criteria for a vehicle and other equipment necessary for the operation of the Franchised Business. (Sections 5.1 and 5.4)

4. provide an initial training program for your Designated Manager, one office assistant and up to 2 additional field or office assistants with our prior written approval. This training is described in detail later in this ITEM. (Section 8.1)

5. provide to you on-site training and guidance to assist you with the opening of the Franchised Business. (Section 8.3)

6. provide to you, on loan, within 15 days of signing the Franchise Agreement, one copy of The Glass Guru Operations Manual or access to an electronic copy of the Manual. The Table of Contents of the Operations Manual, along with number of pages devoted to each section, is included as Exhibit D to this Disclosure Document. (Section 9.1)

B. After the opening of the Franchised Business, we will:

1. periodically, advise and offer general guidance to you by telephone, e-mail, facsimile, newsletters and other methods; however, you will use your own judgment to make all business decisions and should not rely solely upon any advice given or statements made by us. Our guidance is based on our and our franchisees' experience in operating The Glass Guru Businesses. Such advice and guidance may consist of knowledge and experience relating to the authorized services or products, as well as operational methods, accounting procedures, and marketing and sales strategies. (Section 14.1)

2. at our discretion, make periodic visits to the Franchised Business to give you assistance with or guidance on various aspects of the operation and management of a The Glass Guru Business. We may prepare written reports outlining any suggested changes or improvements in the operations of the Franchised Business and detail any deficiencies that become evident as a result of any such visit. If we prepare a report, you may request a copy from us. (Section 14.2)

3. make available to you operations assistance and ongoing training and hold Annual Conventions for franchisees as we deem necessary. (Sections 8.1, 8.6 and 8.7)

4. provide training to your employees who do not attend and successfully complete the initial training program in accordance with Section 8.1. (Section 8.2)

5. make available to you changes and additions to the System as generally made available to all franchisees. (Section 14.3)

6. provide advertising and promotional templates including ad-slicks, brochures, fliers and other materials for your use. (Section 14.4)

7. approve forms of advertising materials you will use for Local Advertising, Grand Opening Advertising and Cooperative Advertising. (Section 11.2)

8. provide you with modifications to the Manual and other handouts as they are made available to franchisees. (Section 9.2)

C. Advertising and Promotion

1. During the first 3 months of operation of the Franchised Business, you must spend at least \$3,000 on advertising, promotions and public relations in the local area surrounding the Franchised Business. You will pay for your ads and promotions directly, but we will provide you with general marketing guidelines and templates and we will review and approve your advertisements. (Section 11.1)

2. Each month, you must spend the greater of 5% of Gross Sales or minimum monthly local advertising expenditure based on size of your Area of Primary Responsibility: \$500 for population of up to 250,000; \$750 for population of 250,001 to 500,000; \$1,000 for population of 500,001 to 750,000; and \$1,250 for population of 750,001 up to 1,000,000; and \$1,500 for population of 1,000,000 or greater, on advertising, promotions and public relations in the Area of Primary Responsibility. A minimum of ten (10%) percent of the minimum local advertising expenditure is required to be used for a third-party, professionally managed “pay-per-click” internet-based campaign. You will pay for your ads and promotions directly, but we will provide you with general marketing guidelines and templates and we will review and approve your advertisements. (Section 11.2) All advertising and marketing expenses must be recorded in the required Quickbooks accounting software, and such expense reports made available to franchisor upon request.

3. We collect for a System-wide Marketing Fund in which all franchisees will be required to contribute 1% of Gross Sales on a monthly basis. (Section 11.3) If any outlets are owned and operated in the future by us or an affiliate, each outlet will be required to contribute to the fund on the same basis as the franchisees. We will administer the Marketing Fund as follows:

(a) We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet, signs or other media for advertisements and promotions. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the Marketing Fund. Currently the media coverage of the Marketing Fund is national in scope.

(b) We may use your contributions to meet or reimburse us for any cost of producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page of similar activities; employing advertising agencies to assist; providing promotional brochures; conducting market research; and providing other marketing materials to franchisees). Currently the source of the advertising is an outside advertising agency. We will maintain your contributions in a separate account from our funds and we will not use them for any of our general operating expenses, except for our reasonable administrative costs and overhead related to the administration of the Marketing Fund. We will not use Marketing Fund Contributions for the direct solicitation of franchise sales.

(c) We expect to use all contributions in the fiscal year they are made. We will use any interest or other earnings of the Marketing Fund before we use current contributions. We intend for the Marketing Fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the Marketing Fund until all contributions and earnings have been used for advertising and promotional purposes or have been returned to our franchisees on a *pro rata* basis.

(d) We will have an accounting of the Marketing Fund prepared each year and we will provide you with a copy if you request it. We may require that the annual accounting be reviewed or audited and reported on by an independent certified public accountant at the expense of the Marketing Fund.

(e) The Marketing Fund is not a trust and we assume no fiduciary duty in administering the Marketing Fund.

In the fiscal year ended December 31, 2013, the advertising contributions collected by the Marketing Fund were spent as follows: 79% on website design and maintenance, 15% on media placement (internet) and 6% on other expenses (i.e., portal fees). In 2013, we received compensation out of advertising contributions collected for creative, management and administrative services provided to the advertising program.

4. Although we are not obligated to do so, and do not presently require a local or regional advertising cooperative, we may create a Cooperative Advertising program for the benefit of all The Glass Guru Businesses located within a particular region. We reserve the right to collect and/or designate that all or a portion of the Local Advertising requirement of 5% of Gross Sales be paid into a Cooperative Advertising program. We will determine and define the geographic territory and market areas for each Cooperative Advertising program based on advertising coverage areas. You must participate in any Cooperative Advertising program established in your region. If a Cooperative Advertising program is implemented in a particular region, we may require that the franchisees in the region self-administer the program and operate under written governing documents which are approved by us and available for review by franchisees. Cooperatives must prepare annual financial statements that will be available for review by the participating franchisees. Company-owned or affiliate-owned units may, but are not obligated to, participate in any Cooperative Advertising program. If they elect to participate, they will pay the same percentage of Gross Sales as is contributed by the participating franchisees. If we establish a Cooperative Advertising program or programs, there are no limits on our right to change, dissolve or merge the Cooperative Advertising program(s) at any time. (Section 11.4)

5. You must list the telephone number for the Franchised Business in each of the local telephone directories within the Area of Primary Responsibility and advertise your

Franchised Business in the “yellow pages” category (or categories) that we specify. You must place the listings together with other The Glass Guru Businesses operating within the distribution area of the directories. (Section 11.6)

6. Under the Franchise Agreement, you are restricted from establishing a presence on, or marketing using, the Internet in connection with the Franchised Business without our prior written consent. We have established and maintain an Internet website at the uniform resource locator www.theglassguru.com that provides information about the System and about The Glass Guru Businesses. We may (but we are not required to) include at The Glass Guru website an interior page containing information about your Franchised Business and a dedicated website for your Franchised Business. If we include such information on The Glass Guru website, or your Franchised Business website, we have the right to require you to prepare all or a portion of the page(s), at your expense, using a template that we provide. All such information must be subject to our approval prior to posting. We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locator’s, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You may be requested to provide content for our Internet marketing and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. We retain the sole right to approve any linking to, or other use of, The Glass Guru website. (Section 11.5)

D. Computer/Point-of Sale System

We have the right, under the Franchise Agreement, to require you to purchase and use, maintain, (and replace or upgrade as necessary) the computer hardware and software programs and point of sale equipment that we designate. (Section 12.5) Presently, we require you to have at least one computer workstation loaded with Microsoft Office Suite and QuickBooks accounting software and Franconnect business and customer manager software or an equivalent software approved by us. Through our Franconnect customer manager software system, your customer information will be reviewed by us on a monthly basis. You are required to enter customer contact information - full name, address, phone number, and e-mail address (whenever available) with-in forty-eight (48) hours of initial customer contact. Failure to enter customer information with-in forty-eight (48) hours of initial customer contact will result first in a written warning. Each subsequent monthly written notice of failure to comply will also result in a \$75 fine to be paid to us-. Should you fail to enter customer information one or more times during a calendar month, in three (3) or more calendar months during a calendar year, you may be required to obtain, and present to us, on or before on or before 90 days post year-end, year-end audited financial statements, prepared by and independent accounting firm, at your expense. We do not currently sell or lease equipment or software. You may use currently owned equipment and software provided it is suitable for the requirements described in this section. We do not offer a minimum or maximum estimate of cost to purchase or lease the required equipment or software. However, if you have no computer equipment or software, you may be required to invest approximately \$1,500 for used equipment and software up to \$5,000 for new equipment and software and those estimates will vary depending on geography, computer experience, and other factors. You should consult an independent technical advisor of your choosing for a complete and accurate assessment of your needs and your costs.

You are not required to enter into any ongoing maintenance or support agreements but you may find it advantageous to do so. At your own expense, you must update or upgrade computer hardware and software as we deem necessary but not more than one time per

year. (Section 10.2) The annual cost for maintenance, updates, upgrades and support is estimated to be \$400.

We have the right to independently access all information you collect or compile at any time without first notifying you. (Section 12.6)

E. Pay-Per-Click Services

You are required to retain us, or an independent, 3rd-party professional management company, to set-up, monitor and maintain a pay-per-click program for Glass Guru services. Each 3rd-party, pay-per-click management company retained, by you, for your Glass Guru pay-per-click campaign must be approved by us prior to engagement, of which approval will not be unreasonably withheld. A minimum of ten (10%) of your monthly local advertising budget (as expressed in Item 11 above) must be used for your pay-per-click campaign. Should you decide to retain an independent management company, you are required to provide us administrative access in order to monitor the account. Further, the management company will be required, on your behalf, to advertise each Glass Guru service using our specified key words and templates, which may be updated periodically per our discretion.

F. E-Problem Disclaimer

Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures and similar problems, and attacks by hackers and other unauthorized intruders (“E-Problems”). We have taken reasonable steps so that E-Problems will not materially affect our business. We do not guarantee that information or communication systems that we designate and/or we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify that your suppliers, lenders, landlords, and governmental agencies on which you rely, have reasonable protection from E-Problems. This may include taking reasonable steps to secure your systems (including firewalls, password protection and anti-virus systems) and to provide backup data and systems.

G. Methods Used to Select the Location of the Franchised Business

You must run your Franchised Business from an office located inside of your Area of Primary Responsibility unless otherwise approved by us. You may use a home office if suitable but for no longer than a period of 12 months during the initial startup phase, unless otherwise approved by us. (Section 5.1) You and we will agree on your Area of Primary Responsibility before you sign the Franchise Agreement.

H. Typical Length of Time Before Operation

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of The Glass Guru Business is 30 days. Factors that may affect your beginning operations include ability to secure permits, zoning and local ordinances, weather conditions and delays in installation of equipment and fixtures. You are required to open your Franchised Business and be operational within 90 days after signing the Franchise Agreement.

I. Training

We will conduct an initial training program that the Designated Manager (which is you, if you are not a corporation or other business entity) must attend and complete to our satisfaction. Although initial training is mandatory for the Designated Manager, it is also available for one office assistant and up to two additional field or office assistants with prior approval from us. Training will take place at our headquarters or at another location we designate on an as needed basis as we may determine. The initial training program covers all material aspects of the operation of a The Glass Guru Business, including such topics as technical procedures, maintenance of quality standards; customer service techniques; sales and marketing methods; financial controls; record keeping and reporting procedures; other operational issues and on-the-job training. All franchisees must complete initial training to our satisfaction. We expect franchisees will advance through the training program at different rates depending on a variety of factors such as background and experience. Accordingly, the time frames provided in the following chart are an estimate of the time it will take to complete training. If you replace yourself with a new Designated Manager, your new Designated Manager must attend our training program. We do not charge for initial training, however, you must pay for all travel costs and living expenses for your Designated Manager and any other of your attendees that require training. You may be charged fees for additional training of a new Designated Manager or any additional staff that requires training. You are responsible for training your own employees and other management personnel but any employee may come for additional training at headquarters upon request. You may be charged fees for additional training. Our standard fee is \$100 per person per day. The initial training must be completed within 90 days of signing the Franchise Agreement.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Facility Tour, Manual Introduction and Review	1	0	Roseville, CA
The Basics of Glass & IGs	2	0	Roseville, CA
Moisture Removal Process, Scratch and Stain Removal	4	0	Roseville, CA
Estimating Forms and Procedures Shop and Safety Procedures	.3	4	Roseville, CA
Restoring and Replacing in the field	0	7	Roseville, CA
Customer Service, Admin, Ordering Work Orders, Warranty and Other Forms	3	4	Roseville, CA
Marketing	2	0	Roseville, CA

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Using QuickBooks and Accounting	2	0	Roseville, CA
Tool Kit and Supply List Review	2	0	Roseville, CA

The instructional materials used in the initial training program include the Operations Manual, forms and QuickBooks manuals.

Dan Frey, Joy Frey, Dave Hull and staff from the Affiliate will provide training. Their qualifications are described below.

President/CEO: Daniel Frey

Mr. Frey is our Co-Founder and President/CEO and has been since our incorporation. In addition, Mr. Frey is Co-Founder and President/CEO of our Affiliate and has been since September 2004.

VP Franchise Development: Dave Hull

Mr. Hull was hired as VP of Franchise Development in January 2011. His primary roles with the company are in the areas of estimating and professional development . Mr. Hull has worked for our Affiliate since October 2009 and owned and operated his own window installation company from 1997 to 2006.

Director of Franchise Support: Derek Pearson

Mr. Pearson was hired as Director of Franchise Support in August, 2010. His primary roles with the company are in the areas of estimating as well as vendor relationships. Prior, from 2007 until his employment with The Glass Guru, Mr. Pearson was a franchise business consultant and business broker for both national and international clientele. In conjunction with his consulting and brokerage activities, Mr. Pearson facilitated business lending from 2003 to 2009.

Office Manager: Erica Engh

Mrs. Erica Engh was promoted to Office Manger of our Affiliate in 2013. Her primary role is continuing education and training on software and accounting systems for our franchisees. Mrs. Engh has extensive manufacturing background. From, 2005 to 2009, Mr. Engh was and administrator for Vitro America, overseeing the customer service representatives and working in tandem with the General and Production managers, overseeing the administrative aspects its Stockton branch.

Lead Glazier: Robert Kimzey

Mr. Kimzey was hired as Lead Glazier in 2009. Mr. Kimzey supervises our glaziers and manages the glass and glazing technician training for franchisees. Prior, from 2007 to 2009, Robert was the lead glazier for Dan Bradley Glass, Las Vegas, NV, where he managed a team focused on light commercial and residential glass installations.

If circumstances require, a substitute trainer may provide training. We also reserve the right to name additional trainers periodically. There are no limits on our right to assign a substitute to provide training.

Periodically, we may require that previously trained and experienced franchisees, managers or employees attend refresher-training programs to be conducted at our headquarters or another location. We may charge a fee for these training programs, but travel and living costs for attending these programs will be at your sole expense. We will not require you to attend more than 2 of these programs in any calendar year and these programs will not collectively exceed 6 days during any calendar year. (Section 8.6)

We may hold an Annual Convention of franchisees, and if we do, you or your Designated Manager must attend the Annual Convention. We charge a registration fee for attending the convention. If you (or your designated manager) fail to attend the convention, you must still pay the registration fee. You are responsible for all travel costs, room and board and employees' salaries incurred by you and your Designated Manager in attending the convention. (Section 8.7)

ITEM 12. TERRITORY

If We have approved You as a Franchisee we will grant you a minimum Area of Primary Responsibility that consists of a geographic area surrounding your Franchised Business. The Area of Primary Responsibility may be either a metropolitan market containing a population of 1,000,001 or more; a metropolitan market containing a population of between 750,001 to 1,000,000 persons, a major market containing a population of between 500,001 to 750,000 persons, a minor market containing a population of between 250,001 to 500,000 persons, or a micro market containing a population from 10,000 to 250,000. You and we will agree on the boundaries of the Area of Primary Responsibility before you sign the Franchise Agreement.

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

The franchise granted under the Franchise Agreement is nonexclusive and we retain all rights and control with respect to the Marks and System, including the right, without any compensation from us, to: (a) establish or operate, and to grant others the right to establish or operate, The Glass Guru Businesses at any location; (b) establish or operate, and to grant others the right to establish or operate, other businesses offering the same or similar products or services or other trade names, trademarks and service marks; (c) sell or otherwise distribute products and services similar to those offered through the Franchised Business through any alternate channel of distribution, including through retail outlets at a fixed location by direct mail and Internet sales; and (d) engage in any activities not expressly forbidden by the Franchise Agreement.

Currently, we distribute the Glasstastic® line of cleaning products through our website and Affiliate-owned Glass Guru Business. We are not required to compensate you for any orders accepted from inside your Area of Primary Responsibility.

You must restrict your direct solicitation of customers to the agreed upon Area of Primary Responsibility and any area outside of this not granted to another The Glass Guru franchisee. Except as part of Cooperative Advertising, you may not advertise in any media whose primary circulation or exposure is outside of the Area of Primary Responsibility without our approval. You have the option to sell to customers from any area or territory if the customer initiates contact.

You may use any approved channels of advertising to make sales as long as you do not directly market to or solicit customers in areas inside the Area of Primary Responsibility of another The Glass Guru franchisee.

You may not relocate the Franchised Business Office without our prior written consent. If the lease for the Approved Location expires or is terminated due to no fault of yours or if the Franchised Business Office's premises are destroyed, condemned or becomes otherwise unusable, we may allow you to relocate the Franchised Business Office. Any such relocation will be at your sole expense, and must comply with the requirements listed in Sections 5.1 through 5.8 of the Franchise Agreement. We have the right to charge you for any costs we incur in providing you assistance, including legal and accounting fees, however, we have no obligation to provide relocation assistance. If a substitute site is not mutually agreed upon within 90 days after the lease expires or is terminated or the Approved Location becomes unusable, the Franchise Agreement will terminate as provided in Section 16.2.1.1 of the Franchise Agreement.

You maintain rights to your Area of Primary Responsibility with no price increase even if the population increases over time. As long as you are in compliance with the Franchise Agreement and the Franchise Agreement is in effect, we will not modify or alter your Area of Primary Responsibility. Unless otherwise agreed in writing you do not acquire any additional options, rights of first refusal, or similar rights to acquire additional franchises wherever located.

The franchisor currently does not operate and has no plans to operate, or franchise any similar or related business under a different trademark.

ITEM 13. TRADEMARKS

We grant our franchisees the right to operate The Glass Guru Businesses under the name "The Glass Guru," which is the principal Mark used to identify our System. You may also use any other current or future Mark to operate your Franchised Business that we designate in writing, including the logo on the front of this Disclosure Document and the trademark listed below. By "Mark," we mean any trade name, trademark, service mark or logo used to identify The Glass Guru Businesses. As of April 03, 2007, the following Mark has been registered on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"). The Mark was originally registered by our Affiliate and was assigned to us on March 2, 2010.

Mark	Serial Number	Registration Date
THE GLASS GURU	3,226,008	April 3, 2007

We intend to file all required affidavits to maintain and renew the registration when due.

We know of no currently effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of any state or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks.

Other than the above, there are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

We became aware of a business in Arizona (*AutoGlassGuru*) using “Glass Guru” as part of their business name. We have entered into an agreement with the company that required them to change their name by May 2011. We are working with them to have the name “AutoGlassGuru” removed from the search engines e.g. Google, Bing, etc. We are aware of an infringing use of our Mark by a website www.glassguru.com. We have demanded that this website cease using our Mark and intend to take necessary steps to enforce our rights in our Mark. We are also aware of another use by a pre-existing and non-competing company using the url www.glass-guru.com. There are no other infringing or prior superior uses actually known to us that could materially affect the use of the Marks in the State of California or any other state in which the Franchised Business is to be located.

You will not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your Franchised Business. You may only use the Marks in accordance with our standards, operating procedures and specifications. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You may not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You may not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us of any apparent infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you may not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. We may take whatever action we deem appropriate in these situations; we have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

We will reimburse you for all expenses reasonably incurred by you in any trademark or similar proceeding disputing your authorized use of any Mark, provided that you have timely notified us of the proceeding and have complied with the Franchise Agreement and our directions in responding to such proceeding. At our option, we or our designee may defend and control the defense of any proceeding arising directly from your use of any Mark. This indemnification does not include your expenses in removing signage or discontinuance of the use of the Marks, does not apply to litigation between us and you wherein your use of the Marks is disputed or challenged by us, and does not apply to any separate legal fees or costs incurred by you in seeking independent counsel separate from legal counsel representing our and your use of the Marks.

We can require you to modify or discontinue the use of any Mark and to use other trademarks or service marks. If we adopt and use new or modified Marks, you may be required to add or replace equipment, signs and fixtures, and you may have to make other modifications as necessary to maintain uniformity with our current standards and specifications; however, you will not be required to spend an amount unreasonably disproportionate to your original investment

during the initial term of the Franchise Agreement. We will not be required to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. We are not obligated to reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

We will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to such proceeding. We have the right to control the defense and settlement of any such proceeding. Our reimbursement does not include your expenses for removing signage or discontinuing your use of any Mark. Our reimbursement also does not apply to any disputes where we challenge your use of a Mark. Our reimbursement does not apply to legal fees you incur in seeking separate, independent legal counsel.

You must use the Marks as the sole trade identification of the Franchised Business, but you may not use any Mark or part of any Mark as part of your corporate or other business entity name in any modified form unless authorized. You may not use any Mark in connection with the sale of any unauthorized products or services, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law.

You must notify us if you apply for your own trademark or service mark registrations that does not include or is not similar to our Marks. You cannot operate the Franchised Business under any other marks you may register. The Franchised Business can only be operated under the Marks. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, (i) any of our Marks or a trademark or service mark that is confusingly similar to any of our Marks, and (ii) any trademark or service mark for the door and window industry.

You may not establish, create or operate an Internet site or website using any domain name containing the word "THE GLASS GURU" or any variation of that without our prior written consent. You may not advertise on the Internet without our consent.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

As of the date of this Disclosure Document, we own copyrights in the Manual, marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights and need not do so to protect them. You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so.

We know of no currently effective determinations of the U.S. Copyright Office or any court regarding the copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain Trade Secrets and other Confidential Information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a The Glass Guru Business. We will provide our Trade Secrets and other Confidential Information to you during training, in the Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the Trade Secrets and other Confidential Information for the purpose of operating your Franchised Business. You may only

divulge Trade Secrets and other Confidential Information to employees who must have access to it in order to perform their job duties within the Franchised Business. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to Trade Secrets or other Confidential Information, including your owners (and members of their immediate families and households), officers, directors, executives, managers, members of your professional staff, all employees and other individuals having access to Trade Secrets or other Confidential Information are required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary of these agreements and we have the independent right to enforce their restrictive covenants.

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Manual, Trade Secrets or other Confidential Information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in ITEM 17 of this Disclosure Document.

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

The Franchised Business must always be under the direct full-time supervision of a Designated Manager, which is you if you are an individual, or is an individual you select if you are a business entity. Your Designated Manager must attend and satisfactorily complete our initial training program before opening the Franchised Business. You must keep us informed of the identity of your current Designated Manager. If you replace your Designated Manager, he or she must attend the initial training program within 60 days. If you are a corporation or other business entity, the Designated Manager need not be one of your owners.

As described in ITEM 14, your owners (and members of their immediate families and households), officers, directors, executives, managers, members of your professional staff, all employees and other individuals having access to Trade Secrets or other Confidential Information are required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce the agreements.

If you are a business entity, anyone who owns a 10% or greater interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Guaranty and Assumption of Obligations attached to the Franchise Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate the Franchised Business in strict conformity with the methods, standards and specifications in the Manual and as we may require otherwise in writing. You may not deviate from these standards, specifications and procedures without our written consent.

You must offer the services and products we specify in strict accordance with our standards and specifications. You may not sell any services or products that we have not authorized and you must discontinue offering any services or products that we may, in our sole discretion, disapprove in writing at any time.

We may change the types of authorized services and products that you may offer. There are no limits on our right to make these changes.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based upon such factors as we determine, including test marketing, your qualifications, and regional or local differences. We will agree on the royalty and other fees applicable to these products and services in advance.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section In the Franchise Agreement	Summary
a. Length of franchise term	Section 4.1	The initial term is 5 years.
b. Renewal or extension of the term	Section 4.2	You may renew for 3 additional terms of 5 years each, subject to (c) below. If you fail to meet any one of these conditions, we may refuse to renew or extend the terms of your Franchise Agreement.
c. Requirements for you to renew or extend	Section 4.2	You may renew the Franchise Agreement if you: have substantially complied with the provisions of the Franchise Agreement; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us; are not in default of any provision of the Franchise Agreement or any other agreement between you and us; have given timely written notice of your intent to renew; sign a current Franchise Agreement which may contain materially different terms and conditions;

Provision	Section In the Franchise Agreement	Summary
		comply with current qualifications and training requirements; and sign a general release in a form the same as or similar to the General Release attached to the Franchise Agreement.
d. Termination by you	Section 16.1	You may terminate the Franchise Agreement if you are in compliance with it and we materially breach it and we fail to begin to cure our breach within 30 days of receiving your written notice.
e. Termination by us without cause	Not Applicable	
f. Termination by us with cause	Section 16.2	We may terminate the Franchise Agreement only if you default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
g. "Cause" defined-defaults that can be cured	Section 16.2	If a default arises from your failure to comply with a mandatory specification in the Franchise Agreement or Manual, you can avoid termination of the Franchise Agreement if you cure the default within 30 days of receiving our notice of default. If a default arises from your failure to maintain insurance, you can avoid termination of the Franchise Agreement if you cure the default within 10 days of receiving our notice of your failure to maintain insurance. If a default arises from your failure to make payments due to us, you can avoid termination of the Franchise Agreement if you cure the default within 10 days of receiving our notice of default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
h. "Cause" defined-defaults that cannot be cured	Section 16.2	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to timely select an approved site for or establish, equip and begin operations of the Franchised Business; fail to have your Designated Manager satisfactorily complete training; made a material misrepresentation or omission in the application for the franchise; are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the Franchised Business; use the Manual, Trade Secrets or other Confidential Information in an unauthorized manner; if required, fail to have your owners (and members of their immediate

Provision	Section In the Franchise Agreement	Summary
		<p>families and households), officers, directors, managers, executives, employees and professional staff, and other individuals having access to Trade Secrets or other Confidential Information sign nondisclosure and non-competition agreements; abandon the Franchised Business for 5 or more consecutive days; surrender or transfer of control of the Franchised Business in an unauthorized manner; fail to maintain the Franchised Business under the supervision of a Designated Manager following the death or incapacity of one of your owners; are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks; fail on 3 or more occasions within any 12 months to submit reports or records or to pay any fees due us or any Affiliate; violate any health, safety or other laws or conducts the Franchised Business in a manner creating a health or safety hazard to customers, employees or the public; engage in any activity reserved to us; fail to comply with laws or regulations after notice of non-compliance; repeatedly breach the Franchise Agreement or repeatedly fail to comply with requirements, specifications, standards or procedures; or default under any other agreement between you and us (or our Affiliate) such that we (or our Affiliate) have the right to terminate the agreement.</p>
<p>i. Your obligations on termination/non-renewal</p>	<p>Section 17.1</p>	<p>If the Franchise Agreement is terminated or not renewed, you must: stop operating the Franchised Business; stop using any Trade Secret or other Confidential Information, the System and the Marks; if the Franchised Business Office is not within Franchisee's principal residence and if requested, assign your interest in the Approved Location to us; cancel or assign to us any assumed names; return any leased, loaned or other third-party equipment used in the operation of the Franchised Business; pay all sums owed to us (or our Affiliates) including damages and costs incurred in enforcing the Franchise Agreement; return the Manual, Trade Secrets and all other Confidential Information; assign your</p>

Provision	Section In the Franchise Agreement	Summary
		telephone and facsimile numbers to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement.
j. Assignment of contract by us	Section 18.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by you-definition	Section 18.2	"Transfer" includes transfer of an interest in the franchise, the Franchise Agreement, the Franchised Business's assets or the franchisee entity.
l. Our approval of transfer by you	Section 18.2	You may not transfer your interest in any of the items listed in (k) above without our prior written consent.
m. Conditions for our approval of transfer	Section 18.2	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a transfer fee of \$5,000; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; you have agreed to guarantee performance by the transferee, if requested by us; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition attached to the Franchise Agreement; and the transferee has agreed that its Designated Manager will complete the initial training program before assuming management of the Franchised Business.
n. Our right of first	Section 19	We may match an offer for your Franchised

Provision	Section In the Franchise Agreement	Summary
refusal to acquire your Franchised Business		Business or an ownership interest you propose to sell.
o. Our option to purchase your Franchised Business	Section 17.4	Except as described in (n) above, we do not have the right to purchase your Franchised Business; however, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the Franchised Business for fair market value.
p. Death or disability	Section 18.6	After a death or incapacity of one of your owners, his or her representative must transfer, subject to the terms of the Franchise Agreement, the owner's interest in the Franchised Business within 180 days of death or incapacity or we may terminate the Franchise Agreement
q. Non-competition covenants during the term of the franchise	Exhibit 2	You, your owners (and members of their families and households) and your officers, directors, executives, managers, professional staff and employees are prohibited from: attempting to divert any business or customer of the Franchised Business to a Competitive Business or causing injury or prejudice to the Marks or the System; owning or working for a Competitive Business.
r. Non-competition covenants after the franchise is terminated or expires	Sections 17.2	For 3 years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives, managers or professional staff are prohibited from: owning or working for a Competitive Business operating within 50 miles of the Approved Location (or within the Area of Primary Responsibility, if greater), or within 50 miles of any other The Glass Guru Businesses; or soliciting or influencing any of our customers, employees or business associates to compete with, or terminate their relationship with us or any other The Glass Guru Business.

Provision	Section In the Franchise Agreement	Summary
s. Modification of the agreement	Sections 9.2, 22.7, and 22.8	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Manual without your consent if the modification does not materially alter your fundamental rights under the Franchise Agreement.
t. Integration/ merger clause	Section 22.7	Only the terms of this Franchise Disclosure Document and the Franchise Agreement are binding. Unless described in this Disclosure Document Any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 23.7	Except for claims relating to the Marks, Trade Secrets or other Confidential Information and covenants not to compete, and subject to state law, all disputes must be arbitrated in Sacramento County, California.
v. Choice of forum	Section 23.2	Subject to state law, any litigation must be pursued in courts located in Sacramento County, California.
w. Choice of law	Section 23.1	Subject to state law, California law applies, except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.).

You should refer to any state-specific addenda attached to this Disclosure Document for exceptions to this ITEM 17.

ITEM 18. PUBLIC FIGURES

We do not presently 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 franchisee’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 any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Mr. Dan Frey, President, 198 Cirby Way, Suite 120, Roseville, California 95678, (916) 786-4878, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1
Systemwide Outlet Summary
For Years 2011 - 2013**

Outlet Type	Year	Outlets at START of year	Outlets at END of Year	Net Change
Franchised	2011	49	60	11
	2012	60	69	9
	2013	69	81	12
Company-Owned	2011	1	2	1
	2012	2	2	0
	2013	2	1	-1
Total Outlets	2011	50	62	12
	2012	62	71	9
	2013	71	82	11

**Table No. 2
Transfers of Outlets to New Owners (other than the Franchisor)
For Years 2011-2013**

State	Year	Number of Transfers
California	2011	2
	2012	0
	2013	3
Colorado	2011	0
	2012	0
	2013	1
Delaware	2011	0
	2012	0
	2013	1

Missouri	2011	0
	2012	0
	2013	1
Nevada	2011	0
	2012	1
	2013	0
TOTALS	2011	2
	2012	1
	2013	6

**Table No. 3
Status of Outlets Franchised
For Years 2011-2013**

State	Year	Outlets Year Start	Outlets Opened	Terminated	Non-Renewals	Re-acquired by Franchisor	Ceased Operation Other Reasons	Outlets at End of the Year
Alabama	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Alaska	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	1	0	0	0	0
Arizona	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
California	2011	25	5	2	0	0	2	26
	2012	26	1	2	0	0	1	24
	2013	24	3	0	0	0	1	26
Colorado	2011	4	0	0	0	0	1	3
	2012	3	1	0	0	0	1	3
	2013	3	2	0	0	0	0	5
Delaware	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Florida	2011	1	0	0	0	0	0	1
	2012	1	3	0	0	0	0	4
	2013	4	1	1	0	0	0	4
Georgia	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	1	0	0	0	0	2
Hawaii	2011	1	0	0	0	0	0	1

	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Illinois	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Indiana	2011	2	1	0	0	0	0	3
	2012	3	0	0	0	0	0	3
	2013	3	0	0	0	0	0	3
Iowa	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	1	0	0	0	0
Louisiana	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Maryland	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	2	0	0	0	0	2
Massachusetts	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	1	0	0	0	0	2
Michigan	2011	3	0	0	0	0	1	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
Minnesota	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Missouri	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Montana	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Nevada	2011	1	0	0	0	0	0	1
	2012	1	1	0	0	0	0	2
	2013	2	0	0	0	0	0	2
New York	2011	0	1	0	0	0	0	1
	2012	1	1	0	0	0	0	2
	2013	2	0	0	0	0	0	2
North Carolina	2011	2	0	0	0	0	0	2
	2012	2	0	1	0	0	0	1
	2013	1	1	0	0	0	0	2
Ohio	2011	1	0	0	0	0	0	1

	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Oregon	2011	2	0	1	0	0	0	1
	2012	1	1	1	0	0	0	1
	2013	1	0	0	0	0	0	1
South Carolina	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
South Dakota	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Tennessee	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Texas	2011	3	0	0	0	0	0	3
	2012	3	1	0	0	0	0	4
	2013	4	2	0	0	0	0	6
Virginia	2011	1	0	0	0	0	0	1
	2012	1	0	1	0	0	0	0
	2013	0	1	0	0	0	0	1
Washington	2011	0	0	0	0	0	0	0
	2012	0	2	0	0	0	0	2
	2013	2	2	1	0	0	0	3
USA	2011	49	14	3	0	0	4	56
	2012	56	15	5	0	0	2	64
	2013	64	17	4	0	0	1	76
CANADA	2011	1	5	0	0	0	0	6
	2012	6	2	1	0	0	0	7
	2013	7	0	1	0	0	0	6
TOTALS	2011	50	19	3	0	0	4	62
	2012	62	17	6	0	0	2	71
	2013	71	17	5	0	0	1	82

Table No. 4
Status of Company-Owned Outlets
For Years 2011-2013

State	Year	Outlets Year Start	Outlets Opened	Terminated	Non-Renewals	Re-acquired by Franchisor	Ceased Operation Other Reasons	Outlets at End of the Year
California	2011	1	1	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	1	1
TOTALS	2011	1	1	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	1	1

Table No. 5
Projected Openings as of 12/31/13

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Alaska		1	
American Samoa			
Arizona		1	
Arkansas			
California		2	
Colorado		2	
Connecticut			
Delaware			
District of Columbia			
Florida		1	
Georgia		1	
Guam			
Hawaii			
Idaho		0	
Illinois		1	
Indiana			
Iowa			
Kansas			
Kentucky		1	
Louisiana		1	

Maine			
Maryland		1	
Massachusetts		1	
Michigan		1	
Minnesota		1	
Mississippi			
Missouri		1	
Montana			
Nebraska		1	
Nevada			
New Hampshire			
New Jersey		1	
New Mexico		1	
New York			
North Carolina		1	
North Dakota		1	
Northern Marianas Islands			
Ohio			
Oklahoma		1	
Oregon		1	
Pennsylvania			
Puerto Rico			
Rhode Island			
South Carolina		1	
South Dakota			
Tennessee		1	
Texas		2	
Utah			
Vermont			
Virginia			
Virgin Islands			
Washington		1	
West Virginia			
Wisconsin			
Wyoming			

TOTALS

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A list of our franchisees as of December 31, 2013 is attached at Exhibit F. A list of franchisees who have had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the year ended December 31, 2013 is attached at Exhibit F. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Since franchising, we have not entered into any confidentiality agreements with current or former franchisees that would restrict their ability to speak openly about their experience with The Glass Guru Franchise System.

Currently there are no trademark-specific franchisees organizations associated with The Glass Guru franchise system.

We have communicated with each franchisee within 10 weeks of the application date.

ITEM 21. FINANCIAL STATEMENTS

Our audited financial statements for the years ended December 31, 2013 and December 31, 2012 and for the years December 31, 2012 and December 31, 2011, are attached as Exhibit E to this Disclosure Document.

ITEM 22. CONTRACTS

The Glass Guru Franchise Systems, Inc. Franchise Agreement (with exhibits) is attached to this Disclosure Document as Exhibit A.

The Glass Guru Franchise Systems, Inc. General Release is attached to the Franchise Agreement as Exhibit 1.

The Glass Guru Franchise Systems, Inc. Nondisclosure and Non-Competition Agreement is attached to the Franchise Agreement as Exhibit 2.

The Glass Guru Franchise Systems, Inc. Guaranty and Assumption of Obligations is attached to the Franchise Agreement as Exhibit 3.

The Glass Guru Franchise Systems, Inc. Promissory Note and Security Agreement that you must sign if we finance a portion of the initial franchise fee is attached to this Disclosure Document as Exhibit I.

We provide no other contracts or agreements for your signature.

ITEM 23. RECEIPT

Our copy and your copy of the Franchise Disclosure Document Receipt are located on the last 2 pages of this Disclosure Document.

THE GLASS GURU FRANCHISE SYSTEMS, INC.

FRANCHISE AGREEMENT

EXHIBIT A TO THE DISCLOSURE DOCUMENT

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EXHIBITS TO FRANCHISE AGREEMENT

1. GENERAL RELEASE
2. NONDISCLOSURE AND NON-COMPETITION AGREEMENT
3. GUARANTY AND ASSUMPTION OF OBLIGATIONS
4. HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS; DIRECTORS
5. MULTI-STATE ADDENDA

THE GLASS GURU FRANCHISE SYSTEMS, INC.

FRANCHISE AGREEMENT

This Franchise Agreement, made this ____ day of _____, 20____, is by and between The Glass Guru Franchise Systems, Inc., a California corporation having its principal place of business at 198 Cirby Way, Suite 120, Roseville, California 95678 (“Franchisor”), and _____
_____ an individual/partnership/corporation/limited liability company formed under the laws of the State of _____ and whose principal address is _____ (“Franchisee”).

WITNESSETH:

WHEREAS, Franchisor and its Affiliate* have developed, and are continuing to develop, a System identified by the service mark “THE GLASS GURU” relating to the establishment and operation of businesses offering glass, window and door restoration and replacement services for residential and commercial customers, which are referred to in this Agreement as “The Glass Guru Businesses;” and

WHEREAS, Franchisor and its Affiliate have custom designed, developed and/or acquired and are in the process of continuing to design and develop certain window restoration tools and equipment, glass cutting tools, micro-vents and other tool and equipment items (“The Glass Guru Tools”) specially suited for use in the operation of The Glass Guru Businesses, which are or will be supplied by Franchisor or its Affiliate to Franchisee and other franchisees on a for-profit basis; and

WHEREAS, in addition to the Glass Guru Tools and the service mark “THE GLASS GURU” and certain other Marks, the distinguishing characteristics of the System include, among other things, uniform standards and procedures for efficient business operations; procedures and strategies for marketing, advertising and promotion of The Glass Guru Businesses; customer service and development techniques; other strategies, techniques and Trade Secrets; and the Manual; and

WHEREAS, Franchisor intends to grant Franchisee the right to own and operate a The Glass Guru Business using the System, the Marks and other resources described in this Agreement; and

WHEREAS, Franchisee desires to operate a The Glass Guru Business, has applied to Franchisor for the right to operate a Franchise and such application has been approved by Franchisor in reliance upon all of the representations of Franchisee made in the Agreement, including exhibit; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor’s standards of high and uniform quality, operations and service and the necessity of operating the Franchised Business in strict conformity with Franchisor’s System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

* Capitalized terms not otherwise defined are defined in Section 1.

1. **DEFINITIONS**

Whenever used in this Agreement, the following words and terms have the following meanings:

“Action” includes complaints, cross claims, counterclaims, and third-party complaints in a judicial action or proceeding, and their equivalents in an administrative action or arbitration;

“Affiliate” means any business entity that controls, is controlled by, or is under common control with Franchisor;

“Agreement” means this agreement entitled “The Glass Guru Franchise Systems, Inc. Franchise Agreement” and all instruments supplemental to this Agreement or in amendment or confirmation of this Agreement;

“Approved Location” or **“Franchised Business Office”** means the site selected by Franchisee and approved in writing by Franchisor from which Franchisee manages and administers the Franchised Business and maintains the books and records of the Franchised Business;

“Approved Supplier” has the meaning given to such term in Section 13.1;

“Area of Primary Responsibility” has the meaning given to such term in Section 2.5;

“Competitive Business” means any business, whether direct or indirect, that offers (or grants franchises or licenses to others to operate a business that offers) products and services the same as or similar to those provided by The Glass Guru Businesses or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees; provided, however, that the term “Competitive Business” must not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

“Confidential Information” means technical and non-technical information used in or related to The Glass Guru Businesses and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified as confidential when delivered by Franchisor. Confidential Information must not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure under this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

“Cooperative Advertising” means the combined advertising program of two (2) or more franchisees established within a common market that Franchisor may require for The Glass Guru Businesses within a particular region;

“Designated Area” has the meaning given to such term in Section 2.3;

“Designated Manager” means the person designated by Franchisee who has primary responsibility for managing the day-to-day affairs of the Franchised Business, and if Franchisee is an individual and not a business entity, the Designated Manager may be Franchisee;

“Effective Date” means the date on which Franchisee and Franchisor fully execute this Agreement, commencing its effectiveness and term;

“Electronic Mail” or “Email” means the ability of Franchisee to communicate with Franchisor through the Internet;

“Electronic Transfer Account” means an account established at a national banking institution approved by Franchisor and providing Franchisor with access to electronically withdraw or deposit any funds due to or from Franchisor;

“Financial Performance Representation” means any representation, including any oral, written, or visual representation, to a prospective franchisee, including a representation in the general media, that states, expressly or by implication, a specific level or range of actual or potential sales, income, gross profits, or net profits. The term includes a chart, table, or mathematical calculation that shows possible results based on a combination of variables;

“Franchise” means the right granted to Franchisee by Franchisor to use the System and the Marks;

“Franchise Fee” has the meaning given to such term in Section 3.1;

“Franchised Business” means The Glass Guru Business to be established and operated by Franchisee under this Agreement;

“Franchisee” means the individual or entity defined as “Franchisee” in the introductory paragraph of this Agreement;

“Franchisor” means The Glass Guru Franchise Systems, Inc.;

“Franchisor Indemnitees” has the meaning given to such term in Section 21.3;

“Grand Opening Advertising” has the meaning given to such term in Section 11.1;

“Gross Sales” means the aggregate of all revenue from the sale of products and services from all sources in connection with the Franchised Business, whether for check, cash, credit or otherwise including, without limitation, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid, (c) the value of any allowance issued or granted to any customer of the Franchised Business that Franchisee credits in full or partial satisfaction of the price of any products and services offered in connection with the Franchised Business, and (d) any rebate Franchisee receives from a manufacturer or supplier;

“Gross Sales Reports” has the meaning given to such term in Section 12.2;

“Incapacity” means the inability of Franchisee to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

“Internet” means any one (1) or more local or global interactive communications media that is now available, or that may become available, including sites and domain names on the World Wide Web;

“Local Advertising” has the meaning given to such term in Section 11.2;

“Manual” means The Glass Guru Operations Manual, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers’ manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

“Marketing Fund” has the meaning given to such term in Section 3.5;

“Marketing Fund Contribution” has the meaning given to such term in Section 3.5;

“Marks” means the service mark “THE GLASS GURU” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with The Glass Guru Businesses;

“Parent” means an entity that controls another entity directly, or indirectly through one or more subsidiaries;

“Person” means any individual, group, association, limited or general partnership, corporation, or any other entity;

“Plain English” means the organization of information and language usage understandable by a person unfamiliar with the franchise business. It incorporates short sentences; definite, concrete, everyday language; active voice; and tabular presentation of information, where possible. It avoids legal jargon, highly technical business terms, and multiple negatives;

“Predecessor” means a person from whom the franchisor acquired, directly or indirectly, the major portion of the franchisor’s assets

“Replacement Services” means all services related to replacement or repair of glass and windows, screens, skylights, doors, shower enclosures, auto glass or associated hardware;

“Required Payment” means all consideration that the franchisee must pay to the franchisor or an affiliate, either by contract or by practical necessity, as a condition of obtaining or commencing operation of the franchise. A required payment does not include payments for the purchase of reasonable amounts of inventory at bona fide wholesale prices for resale or lease;

“Restoration Services” means all services related to moisture removal, water spot removal, surface protection and scratch removal;

“Royalty Fee” has the meaning given to such term in Section 3.3;

“System” means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor for the operation of The Glass Guru Businesses;

“The Glass Guru Tools” has the meaning given to such term in the Recitals preceding this Section;

“**The Glass Guru Tool Kit**” has the meaning given to such term in Section 3.2;

“**Trade Secrets**” means information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in The Glass Guru Businesses that is not commonly known by or available to the public and that information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy;

“**Trademark**” includes trademarks, service marks, names, logos, and other commercial symbols.

“**Wholesale Replacement Services**” means all services related to replacement or repair of glass and mirrors, windows, screens, skylights, doors, shower enclosures, auto glass or associated hardware where your markup to the customer is less than 25% and no labor is involved.

2. GRANT OF FRANCHISE

2.1 Grant

Franchisor grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions of this Agreement, a revocable, limited license to operate one (1) The Glass Guru Business using the System and Marks.

2.2 Approved Location

The street address (or detailed description of the premises) of the Approved Location for the Franchised Business Office is:

2.3 Approved Location Not Determined

2.3.1 If the Approved Location of the Franchised Business Office is not determined as of the Effective Date, then the geographic area in which the Franchised Business Office is to be located must be within the following Designated Area which is described or defined as follows:

2.3.2 When the Approved Location is determined, its address will be inserted into Section 2.2. and Section 2.2 must be signed and dated by both Franchisor and Franchisee to signify their agreement to the Approved Location. The Designated Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection. Failure to insert the address of the Approved Location into Section 2.2 must not affect the enforceability of this Agreement.

2.4 Nonexclusive License

The Franchise granted under this Agreement is nonexclusive and Franchisor retains all rights and discretion with respect to the Marks and System, including the right to:

2.4.1 establish or operate, and to grant others the right to establish or operate, a The Glass Guru Business at any location as Franchisor deems appropriate;

2.4.2 establish or operate, and to grant others the right to establish or operate, other businesses offering the same or similar products or services utilizing the Marks or other trade names, trademarks and service marks without offering Franchisee any right;

2.4.3 sell or otherwise distribute products and services similar to those offered through the Franchised Business through any alternate channel of distribution, including through retail outlets at a fixed location and by direct mail and Internet sales, under terms and conditions that Franchisor deems appropriate; and

2.4.4 engage in any activities not expressly forbidden by this Agreement.

2.5 Marketing and Solicitation Restrictions

2.5.1 Franchisee must not directly market to or solicit customers in areas inside the Area of Primary Responsibility of another The Glass Guru franchisee; provided, however, Franchisee has the right to provide services and sell products to customers located inside another The Glass Guru franchisee's Area of Primary Responsibility if contact with such customer is initiated by the customer and not Franchisee. Except as part of Cooperative Advertising implemented under Section 11.4, Franchisee must not advertise in any form of media whose primary location, broadcast or circulation is outside of the Area of Primary Responsibility without the prior written approval of Franchisor. Franchisor must make reasonable efforts to enforce these restrictions with regard to Franchisee and any other The Glass Guru Businesses, but under no circumstances must Franchisor be required to engage in litigation or similar actions with regard to these restrictions.

2.5.2 The "Area of Primary Responsibility" must consist of a geographic area surrounding the Franchised Business, as follows: a metropolitan⁺ market containing a population of one million or more (1,000,001) persons; a metropolitan market containing a population of between seven hundred fifty thousand and one (750,001) to one million (1,000,000) persons, a major market containing a population of between five hundred thousand and one (500,001) to seven hundred fifty thousand (750,000) persons, a minor market containing a population of between two hundred fifty thousand and one (250,001) to five hundred thousand (500,000) persons, or a micro market containing a population from ten thousand (10,000) to two hundred fifty thousand (250,000) persons.. Population should be determined by reference to the most recent figures available from the United States Census Bureau at the time the Area of Primary Responsibility is designated. The Area of Primary Responsibility must be defined by and exist within the following zip codes or other physical, political or natural boundaries:

_____.

2.6 Sub-franchising/Agents

Franchisee must not sublicense the use of the System or Marks to any person or entity to perform any part of Franchisee's rights or obligations licensed hereunder, or to grant any person or entity the right to act as Franchisee's agent to perform any part of Franchisee's rights or obligations hereunder.

3. FEES, OTHER PAYMENTS AND PROCEDURES

Franchisee must pay to Franchisor the following fees and other items listed below in the amounts, at the intervals and in accordance with the procedures described in this Agreement. Each such payment by Franchisee must be payable separately and is in addition to all other payments required in this Section 3.1:

3.1 Franchise Fee

Upon the signing of this Agreement, Franchisee must pay a fee ("Franchise Fee") to Franchisor of _____ DOLLARS (\$_____). The Franchise Fee must be deemed fully earned upon the signing of this Agreement and is nonrefundable, except under certain conditions described under Section 8.4. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as described in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

3.2 The Glass Guru Tool Kit

Prior to commencing operation of the Franchised Business, Franchisor may provide to Franchisee an initial inventory of The Glass Guru Tools ("The Glass Guru Tool Kit") that are supplied by Franchisor. The exact size and composition of The Glass Guru Tool Kit may vary depending on certain factors such as, the time of year in which the Franchised Business is expected to commence operations, the size of the Area of Primary Responsibility surrounding the Franchised Business and other like factors.

3.3 Monthly Royalty Fee

On the twentieth (20th) day of every month, Franchisee must pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement is in effect, a fee ("Royalty Fee") equal to seven percent (7%) of Gross Sales for all Restoration Services, five percent (5%) of Gross Sales for all Replacement Services and four percent (4%) of Gross Sales for all Wholesale Replacement Services for the previous calendar month. Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as described in Section 3.6.

3.4 Marketing Fund Contribution

Franchisor administers a System-wide marketing, advertising and promotion fund ("Marketing Fund"). Franchisee is required to contribute monthly to the Marketing Fund one percent (1%) of the corresponding monthly Gross Sales ("Marketing Fund Contribution"). Marketing Fund Contributions must be made at the same time and in the same manner as Royalty Fees as provided in Section 3.3. The Marketing Fund must be maintained and administered by Franchisor or its designee in accordance with the provisions contained in Section 11.3.

3.5 Taxes

Franchisee must pay to Franchisor an amount equal to all sales taxes, use taxes and similar taxes imposed on the fees payable by Franchisee to Franchisor hereunder and on services or goods furnished to

Franchisee by Franchisor at the same time as Franchisee remits such fees to Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

3.6 Electronic Transfer

Franchisor has the right to require all Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Transfer Account. Franchisee must open and maintain an Electronic Transfer Account, and must provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor or depositing residual payments or other payments due to Franchisee. Every week, Franchisee must make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee must execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Transfer Account. Once established, Franchisee must not close the Electronic Transfer Account without Franchisor's written consent.

3.7 Late Fees

All Royalty Fees, Marketing Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts that are not received by Franchisor within five (5) days after the due date will incur late fees at the rate of one and one half percent (1.5%) per month (or the highest rate allowed by the law of the state where the Franchisee is located, whichever is lower) from the date payment is due to the date payment is received by Franchisor. Franchisee must pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Marketing Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees. This Section must not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

3.8 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor has the right to apply all or any portion of any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor in any proportion or priority.

4. **TERM AND RENEWAL**

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of five (5) years from the Effective Date, unless sooner terminated under Section 16.

4.2 Successor Terms

Subject to the conditions below, Franchisee has the right to obtain a successor franchise at the expiration of the term of this Agreement by entering into a new franchise agreement with Franchisor. Franchisee's right to a successor franchise is limited to three (3) successive terms of five (5) years each, such that the total term of the Franchise may not exceed twenty (20) years. To qualify for a successor franchise, each of the following conditions must have been fulfilled and remain true as of the last day of the term of this Agreement:

4.2.1 Franchisee has, during the entire term, substantially complied with all material provisions of this Agreement;

4.2.2 Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

4.2.3 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.4 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.5 Franchisee has given written notice of its intent to operate a successor franchise to Franchisor not less than six (6) months nor more than twelve (12) months prior to the end of the term of this Agreement;

4.2.6 Franchisee has executed Franchisor's then-current form of franchise agreement (or has executed other documents at Franchisor's election that modify this Agreement to reflect the fact that the Franchise Agreement relates to the grant of a successor franchise), which franchise agreement must supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Marketing Fund Contribution; provided, however, that Franchisee will not be required to pay the then-current Franchise Fee;

4.2.7 Franchisee has complied with Franchisor's then-current qualifications for a new franchisee and has agreed to comply with any training requirements; and

4.2.8 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners and employees.

5. ESTABLISHING THE FRANCHISED BUSINESS

5.1 Selection of Site

Franchisee must promptly select a site for the Franchised Business Office and must notify Franchisor of such selection. Franchisor must evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually thirty [30] days) of receiving notice of the site from Franchisor. If Franchisor approves of such selection, the site must be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee must select and notify Franchisor of new sites until Franchisor approves a site for the Franchised Business. Franchisor must provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including the condition of the premises, demographics of the surrounding area, proximity to other The Glass Guru Businesses, lease requirements (if applicable) and overall suitability. Franchisee must not locate the Franchised Business Office on a selected site without the prior written approval of Franchisor. Subject to zoning rules and local ordinances, Franchisee may initially manage and administer, and maintain the books and records of, the Franchised Business from an office located within Franchisee's principal residence for up to the twelve (12) months from commencing

operations unless otherwise approved by Franchisor in writing. Franchisee must not locate the Franchised Business on a selected site without the prior written approval of Franchisor. *Franchisor does not represent that it or its Affiliate, owners or employees have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for identifying the Approved Location.*

5.2 Failure to Select Site

Should Franchisee fail to select a site for the Franchised Business Office, which meets with Franchisor's approval within sixty (60) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated under this Section 5.2, Franchisor will **not** return to Franchisee the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners and employees. Franchisee is not entitled to a refund. The non-refundable Franchise Fee is compensation to Franchisor for its efforts in offering and selling a franchise to Franchisee, Franchisor's marketing and sales activities to promote the sale of a franchise to qualified franchisees, Franchisor's participation in the franchise sale, Franchisor's legal compliance with franchise laws and regulations, site selection assistance and guidelines and the development and hosting of initial training programs and participation in terminating the franchise.

5.3 Lease of Approved Location

If the Franchised Business Office is not within Franchisee's principal residence and if Franchisee is to execute a lease for, or a binding agreement to purchase, the Approved Location, Franchisee must obtain Franchisor's approval of the terms. Franchisor must not unreasonably withhold its approval. *Franchisor's review of a lease or any advice or recommendation offered by Franchisor, must not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement.* Franchisor must be entitled to require that nothing in the lease is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee must take all actions necessary to maintain the lease of the Approved Location while this Agreement is in effect. Any default for which the lease may be terminated may also be deemed a default hereunder and the time to cure the same should expire when the lease is terminated. Franchisor has the right to require that the lease for the Approved Location be collaterally assigned by Franchisee to Franchisor, under the terms of its standard collateral assignment of lease form, to secure performance by Franchisee of its obligation under this Agreement. Franchisor's approval of a lease may be conditioned upon inclusion of terms in the lease acceptable to Franchisor and, at Franchisor's option, the lease may contain such provisions as Franchisor may reasonably require, including:

5.3.1 a provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without any increase in rent or other fees upon termination or expiration of the Franchise grant. The lessor agrees that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee must be solely responsible for all obligations, debts and payments under the lease;

5.3.2 a provision expressly permitting the lessor of the premises to provide Franchisor all sales and other information lessor may have obtained or received relating to the operation of the Franchised Business, as Franchisor may request;

5.3.3 a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default;

5.3.4 a provision requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

5.3.5 a provision permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

5.3.6 a provision stating that upon default of this Agreement, Franchisor or its nominee has the right to take possession of the premises and operate the Franchised Business;

5.3.7 a provision allowing Franchisor, upon expiration and non-renewal or termination of the lease or the Franchise Agreement, to enter the premises and remove any interior and exterior signs containing the Marks and trade fixtures; and

5.3.8 a provision stating that lessor must not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease described above without Franchisor's prior written consent.

5.4 Development of Franchised Business Office and Vehicle

5.4.1 Franchisor must make available to Franchisee, at no charge to Franchisee, copies of specifications for an office, vehicle and other equipment necessary for the operation of a The Glass Guru Business. The use of any vehicle other than those specified must be approved by Franchisor. As described in Section 5.1, Franchisee may be permitted to operate the Franchised Business Office from within Franchisee's principal residence for up to twelve (12) months from commencing operations unless otherwise authorized by Franchisor in writing. Franchisee must cause the Franchised Business Office to be developed and equipped in accordance with such requirements and specifications within ninety (90) days after the Effective Date. In connection with the development of the Franchised Business Office, Franchisee must:

5.4.1.1 obtain all permits and licenses required for operation of the Franchised Business, and certify in writing that all such permits and certifications have been obtained;

5.4.1.2 purchase or lease a vehicle meeting Franchisor's specifications and all other required equipment, and install such equipment in either the vehicle or Franchisee's home office, as appropriate;

5.4.1.3 purchase any supplies or inventory necessary for the operation of the Franchised Business, as specified in the Manual;

5.4.1.4 establish broadband or high-speed Internet access and obtain at least one (1) business telephone number solely dedicated to the Franchised Business; and

5.4.1.5 purchase and install all signs, furniture and office equipment and

office supplies, including any required computer hardware and software, required for the management and administration of the Franchised Business and the maintenance and storage of the books and records of the Franchised Business.

5.4.2 In the event that Franchisee elects to operate the Franchised Business from a principal residence in accordance with the provisions of Section 5.1 above, within ninety (90) days after the date of this Agreement, Franchisee must have completed the foregoing except for the purchase and installation of the required signs and other items which are not applicable to the operation of the Franchised Business from Franchisee's principal residence, as may be determined by Franchisor.

5.5 Failure to Develop Approved Location

Should Franchisee fail to develop the Approved Location within ninety (90) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated under this Section 5.5, Franchisor will **not** return to Franchisee the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners and employees. Franchisee is not entitled to a refund. The Franchise Fee is compensation to Franchisor for its efforts in offering and selling a franchise to Franchisee, Franchisor's marketing and sales activities to promote the sale of a franchise to qualified franchisees, Franchisor's participation in the Franchise sale, Franchisor's legal compliance with franchise laws and regulations, site selection assistance and guidelines and the development and hosting of initial training programs and participation in terminating the Franchise.

5.6 Opening

5.6.1 Before opening the Franchised Business and commencing business, Franchisee must:

5.6.1.1 fulfill all of the obligations of Franchisee under the other provisions of this Section 5.6;

5.6.1.2 furnish Franchisor with copies of all insurance policies required by this Agreement, or by any lease (if applicable), or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.6.1.3 ensure that the Designated Manager has completed initial training to the satisfaction of Franchisor;

5.6.1.4 hire any other personnel necessary or required for the operation of the Franchised Business;

5.6.1.5 obtain all necessary permits and licenses;

5.6.1.6 if Franchisee is a business entity, Franchisee has caused each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face of that statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer of that certificate is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

5.6.1.7 pay in full all amounts due to Franchisor.

5.6.2 Franchisee must comply with these conditions and must open and continuously operate the Franchised Business within ninety (90) days after the Effective Date. Time is of the essence.

5.7 Failure to Open

Should Franchisee fail to commence operations of the Franchised Business within ninety (90) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated under this Section, Franchisor will retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained is specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and must not be construed as nor considered to be a penalty.

5.8 Use of Approved Location

Unless the Approved Location of the Franchised Business Office is located within Franchisee's principal residence, Franchisee must not use the Approved Location for any purpose other than for the operation of The Glass Guru Business in full compliance with this Agreement and the Manual, unless approved in writing by Franchisor.

5.9 Relocation of the Franchised Business

Franchisee must not relocate the Franchised Business Office without the prior written consent of Franchisor, which consent will not be unreasonably withheld or delayed. If the lease for the Approved Location expires or is terminated without the fault of Franchisee or if the Franchised Business Office's premises is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may, in its reasonable discretion, allow Franchisee to relocate the Franchised Business Office. Any such relocation will be at Franchisee's sole expense, and will proceed in accordance with the requirements described in Sections 5.1 through 5.8. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement will terminate as provided in Section 16.2.2.1.

6. **PROPRIETARY MARKS**

6.1 Ownership

Franchisee's right to use the Marks is derived solely from this Agreement, is non-exclusive and is limited to the conduct of business by Franchisee under, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created, must inure to the benefit of Franchisor. Franchisee must not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to Franchisee. Franchisee must not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

Franchisee must not use any Mark or portion of any Mark as part of any business entity name. Franchisee must not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee must give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee must not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee should include on its letterhead, forms, cards and other such identification, and must display at any office location, a prominent notice stating that the Franchised Business is an “Independently Owned and Operated The Glass Guru Franchise” of Franchisee.

6.3 Notification of Infringements and Claims

Franchisee must immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee must not communicate with any person other than Franchisor and Franchisor’s counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee’s counsel at Franchisee’s expense. Franchisor must have the right to take such action as deemed appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee must execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor’s counsel, be necessary or advisable to protect and maintain Franchisor’s interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor’s interest in the Marks.

6.4 Indemnification for Use of Marks

Franchisor may reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee’s authorized use of any Mark, provided that Franchisee has timely notified Franchisor of such proceeding and has complied with this Agreement and Franchisor’s directions in responding to such proceeding. At Franchisor’s option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee’s use of any Mark. This indemnification must not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification must not apply to litigation between Franchisor and Franchisee where Franchisee’s use of the Marks is disputed or challenged by Franchisor. This indemnification must not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee’s use of the Marks.

6.5 Discontinuance of Use

If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee must comply with Franchisor’s directions within a reasonable time after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor must not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents must have the right, at any reasonable time, to remove sufficient quantities of products, supplies or other inventory items offered for retail sale, or used in rendering services, to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview and survey (whether in person or by mail) customers and employees. Franchisee and its employees must fully cooperate with Franchisor's representatives in conducting any such inspections and must provide Franchisor's representatives with any and all requested information, data, reports and documents requested by Franchisor's representatives and must provide Franchisor's representatives with copies of any requested documents or materials.

6.7 Franchisor's Sole Right to Domain Name

Franchisee must not advertise on the Internet using, and must not establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the words "THE GLASS GURU", or any variation. Franchisor is the sole owner of all right, title and interest in and to such domain names as Franchisor may designate in the Manual.

7. **CONFIDENTIAL INFORMATION**

7.1 Confidentiality

Franchisee acknowledges that Franchisor will disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee must not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers and members of the professional staff of Franchisee): (a) must not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) must maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) must not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) must adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee must enforce this Section as to its employees, agents and representatives and must be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and must be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation must be due to Franchisee or its owners or employees therefor. Franchisor has the right to incorporate such items into the System. To the extent any item does not qualify as a “work made-for-hire” for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor’s efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among The Glass Guru franchisees if owners of The Glass Guru Businesses and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families or households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, unless otherwise authorized in writing by Franchisor, shall:

7.3.1. Divert or attempt to divert any business or customer of the Franchised Business or any other The Glass Guru Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2. Own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require Franchisee and any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon the signing of this Agreement or prior to each such person’s affiliation with Franchisee. Upon Franchisor’s request, Franchisee must provide Franchisor with copies of all nondisclosure and non-competition agreements signed under this Section. Such agreements must remain on file at the offices of Franchisee and are subject to audit or review as otherwise described in this Agreement. Franchisor must be a third party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms described here, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

Franchisor will make an initial training program available to the Designated Manager and one (1) office assistant. Up to two (2) additional field or office assistants will also be allowed to attend the initial training program with Franchisor's prior authorization. Prior to the opening of the Franchised Business, the Designated Manager must attend and successfully complete, to Franchisor's satisfaction, an initial training program pertaining to operation of the Franchised Business including, but not limited to technical procedures, maintenance of quality standards; customer service techniques; sales and marketing methods; financial controls; record keeping and reporting procedures, and other operational items. Franchisor will conduct the initial training program at its headquarters or at another location designated by Franchisor. Franchisor will not charge tuition or similar fees for initial training; however, all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, will be the sole responsibility of Franchisee.

8.2 Technician Training & Certification Programs

After Franchisee's Designated Manager, one (1) office assistant and (2) additional authorized field or office assistants attend and successfully complete the initial training program in accordance with Section 8.1, should Franchisee hire additional window restoration technicians, each such technician must be properly trained prior to commencing operations to provide window restoration services for the Franchised Business. Such technician training must be conducted at either Franchisor's headquarters, Franchisee's location or at another location designated by Franchisor. For training at Franchisor's location, Franchisee must pay Franchisor's then-current standard rates for technician training programs. In addition, all expenses incurred by Franchisee's technicians in attending such programs including, but not limited to, travel costs, room and board expenses and employees' salaries, will be the sole responsibility of Franchisee.

8.3 Opening Assistance

In conjunction with the beginning of operation of the Franchised Business, Franchisor must make available to Franchisee, at Franchisor's expense, at least one (1) of Franchisor's representatives, experienced in the System, for the purpose of providing general assistance and guidance in connection with the opening of the Franchised Business. If Franchisee requests additional assistance with respect to the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisee must pay Franchisor's then-current standard rates, plus expenses, for such additional assistance.

8.4 Failure to Complete Initial Training Program

If Franchisor determines that the Designated Manager is unable to satisfactorily complete the training program described above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated under this Section, Franchisor will **not** return to Franchisee the Franchise Fee paid by Franchisee upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners and employees. Franchisee is not entitled to a refund. The Franchise Fee is reimbursement to Franchisor of the expense of its efforts in offering and selling a Franchise to Franchisee, Franchisor's marketing and sales activities to promote the sale of a franchise to qualified franchisees, Franchisor's participation in the Franchise sale, Franchisor's legal compliance with franchise laws and regulations, site selection assistance and guidelines and the development and hosting of initial training programs and participation in terminating the Franchise. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's reasonable satisfaction. Franchisor may require Franchisee to pay Franchisor's then-current rates for additional training for providing initial training to the substitute manager.

8.5 New Designated Manager

After beginning operations, should Franchisee name a new Designated Manager, Franchisee must notify Franchisor of the identity of the new Designated Manager and the new Designated Manager must complete the initial training program to Franchisor's satisfaction within sixty (60) days of being named. Franchisor may require Franchisee to pay Franchisor's then-current rates for additional training for providing initial training to the substitute manager. Franchisee must be responsible for all travel costs, room and board and employees' salaries incurred in connection with the new Designated Manager's attendance at such training.

8.6 Ongoing Training

From time to time, Franchisor may provide and if it does, has the right to require that the Designated Manager attend ongoing training programs or seminars during the term of this Agreement. Franchisor may charge a fee for any mandatory ongoing training. Franchisor will not require the Designated Manager to attend more than two (2) sessions in any calendar year and collectively not more than six (6) days in any calendar year, including attendance at the Annual Convention. Franchisee will be responsible for all travel costs, room and board and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

8.7 Annual Franchisee Convention

Franchisee or the Designated Manager must each year during the term of this Agreement attend any Annual Convention or conference for franchisees if Franchisor holds such a convention, conference or meeting of franchisees. Franchisor may charge a fee for attendance at the Annual Convention. The fee will be set each year by Franchisor based on the cost to hold the conference. The Annual Convention registration fee must be paid to Franchisor by Franchisee whether or not Franchisee or a Designated Manager attends the convention, conference or meeting. This provision does not obligate Franchisor to hold an Annual Convention of franchisees each year. If no Annual Convention is held, Franchisee will not be obligated to pay the Annual Convention registration fee. Franchisee must be responsible for all travel costs, room and board and employees' salaries incurred in connection with Franchisee or its managers' and employees' attendance at the Annual Convention.

9. MANUAL

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor must lend to Franchisee, within eight (8) days of the Effective Date, one (1) copy of the Manual or grant Franchisee access to an electronic copy of the Manual. Franchisee must conduct the Franchised Business in strict accordance with the provisions described in the Manual. The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Manual must, at all times, remain the sole property of Franchisor and must promptly be returned to Franchisor upon expiration or termination of this Agreement.

9.2 Revisions

Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee must immediately, upon notice, adopt any such changes and must ensure that its copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters must be controlling.

9.3 Confidentiality

The Manual contains Trade Secrets and other Confidential Information of Franchisor and its contents must be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee must at all times ensure that its copy of the Manual is in a current and up-to-date manner. If the Manual is in paper form or stored on computer-readable media, Franchisee must maintain the Manual in a secure manner in Franchisee's office; if the Manual is in electronic form, Franchisee must maintain the Manual in a password-protected file. Franchisee must only grant authorized personnel, as defined in the Manual, access to the Manual or any key, combination or passwords needed for access to the Manual. Franchisee must not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity

Franchisee must strictly comply, and must cause the Franchised Business to strictly comply, with all requirements, specifications, standards, operating procedures and rules described in this Agreement, the Manual or other communications supplied to Franchisee by Franchisor.

10.2 Modification of the System

Franchisee recognizes that from time to time, Franchisor may introduce, as part of the System, other methods or technology which require certain System modifications including, without limitation, the adoption and use of modified or substitute Marks, new computer hardware and software, equipment or signs. Franchisee agrees to make all required upgrades and modifications at its expense as may be required by Franchisor; provided, however, that Franchisee must not be required to make any expenditure which is unreasonably disproportionate to

Franchisee's original investment to establish the Franchised Business. If such additional investment is required to be made in the last year of the initial term, Franchisee may avoid making the investment by providing notice of intent not to renew the Franchise unless the investment is in connection with a modification to the System required by law or court order. Franchisee acknowledges that any required expenditures for changes or upgrades to the System must be in addition to expenditures for repairs and maintenance as required in Section 13.3 of this Agreement.

10.3 Variance

Franchisor has the right to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular The Glass Guru Business. Franchisor is not required to disclose or grant to Franchisee a like or similar variance under this Agreement.

11. ADVERTISING AND PROMOTIONAL ACTIVITIES

11.1 Grand Opening Advertising

Franchisee must spend no less than THREE THOUSAND DOLLARS (\$3,000.00) during the first three (3) months of operation of the Franchised Business on local advertisement and promotion of the initial opening ("Grand Opening Advertising"). Prior to their use, all materials to be used in Grand Opening Advertising must be approved by Franchisor through the process described in Section 11.2.2. Grand Opening Advertising expenditures will be in addition to any Local Advertising expenditures and Marketing Fund Contributions. Any variance must be approved in writing by Franchisor.

11.2 Local Advertising

11.2.1 Franchisee must continuously promote the Franchised Business. Every month, Franchisee must spend the greater of five percent (5%) of the previous month's Gross Sales or the Minimum Monthly Local Advertising Expenditure on advertising, promotions and public relations within the agreed upon Area of Primary Responsibility immediate locality surrounding the Franchised Business ("Local Advertising") unless otherwise approved by franchisor. The "Minimum Monthly Local Advertising Expenditure" for Franchisee's Area of Primary Responsibility is \$500 for population of up to 250,000; \$750 for population of 250,001 to 500,000; \$1,000 for population of 500,001 to 750,000; \$1,250 for population of 750,001 up to 1,000,000; and, \$1,500 for population of 1,000,000 or greater, . . . Franchisee's Local Advertising expenditures will be in addition to any Marketing Fund Contributions paid to Franchisor. Local Advertising expenditures must be made directly by Franchisee to providers of advertising services, subject to the approval and direction of Franchisor. Franchisor will provide general guidelines to Franchisee for conducting Local Advertising. Franchisee must maintain accurate records and furnish to Franchisor upon request an accurate accounting of the expenditures on Local Advertising for the preceding month.

11.2.2 A minimum of ten (10%) percent of the "minimum local advertising expenditure" is required to be used for a third-party, professionally managed "pay-per-click" internet-based campaign. Franchisee can determine to use us or and independent firm. Each independent professional management company must be approved in writing by Franchisor prior to engagement Approval will not be unreasonably withheld.

11.2.3 Franchisee must submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, ad copy, coupons, flyers, scripts and direct mail. Franchisor must use reasonable efforts to provide notice of approval or disapproval within ten (10) business days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such ten (10) business day period, such materials must be deemed to have not received the required approval. Franchisee must not use any marketing or promotional material prior to approval by Franchisor. The submission of advertising materials to Franchisor for approval must not affect Franchisee's right to determine the prices at which Franchisee sells products or provides services.

11.3 Marketing Fund

Franchisor has established a Marketing Fund, as defined in Section 3.4. Franchisee is required to make Marketing Fund Contributions monthly, the amount of one percent (1%) of the corresponding monthly Gross Sales. Franchisor must notify Franchisee at least thirty (30) days before implementing or changing Marketing Fund Contribution requirements. The Marketing Fund must be maintained and administered by Franchisor or its designee as follows:

11.3.1 Franchisor must oversee all marketing programs, with sole discretion over the creative concepts, materials and media used in such programs, and the placement and allocation of that marketing. Franchisor does not warrant that any particular franchisee must benefit directly or *pro rata* from expenditures by the Marketing Fund. The program(s) may be local, regional or System-wide.

11.3.2 Franchisee's Marketing Fund Contributions may be used to meet the costs of, or to reimburse Franchisor for its costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; developing or hosting an Internet web page or site and similar activities; employing advertising agencies to assist; and providing promotional brochures and other marketing materials to franchisees). All Marketing Fund Contributions must be maintained in a separate account from the monies of Franchisor and must not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the Marketing Fund.

11.3.3 It is anticipated that all Marketing Fund Contributions must be expended for programs during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) must be made first out of such excess amounts, including any interest or other earnings of the Marketing Fund, and next out of prior year contributions and then out of current contributions.

11.3.4 Although Franchisor intends the Marketing Fund to be of perpetual duration, Franchisor has the right to terminate the Marketing Fund at any time. The Marketing Fund must not be terminated, however, until all Marketing Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis.

11.3.5 Each The Glass Guru Business operated by Franchisor, or any Affiliate, must make Marketing Fund Contributions at the same rate as The Glass Guru franchisees.

11.3.6 An accounting of the operation of the Marketing Fund must be prepared annually and must be available to Franchisee upon request. Franchisor retains the right to have the Marketing Fund reviewed or

audited and reported on, at the expense of the Marketing Fund, by an independent certified public accountant selected by Franchisor.

11.3.7 Franchisee acknowledges that the Marketing Fund is not a trust, and Franchisor assumes no fiduciary duty in administering the Marketing Fund.

11.4 Cooperative Advertising

Franchisor has the right, but not the obligation, to create a Cooperative Advertising program for the benefit of The Glass Guru Businesses located within a particular region. Franchisor has the right to collect and/or designate that all or a portion of the Local Advertising be paid into a Cooperative Advertising program. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising program and to require that Franchisee participate in such Cooperative Advertising programs when established within Franchisee's region. If a Cooperative Advertising program is implemented in a particular region, Franchisor has the right to require the members of the Cooperative to self-administer the Cooperative Advertising program, and to be governed by written documents approved by Franchisor. The Cooperative must be required to prepare annual financial statements and to make such statements available to Franchisor and the members of the Cooperative. Franchisee must participate in the Cooperative according to the Cooperative's rules and procedures and Franchisee must abide by the Cooperative's decisions. Should Franchisor establish a Cooperative Advertising program or programs, Franchisor has the right, but not the obligation, to change, dissolve or merge such program(s) at any time.

11.5 Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website at the uniform resource locator www.theglassguru.com that provides information about the System and the services that Franchisor and its franchisees provide. Franchisor may (but is not required to) include an independent stand-alone website containing information about the Franchised Business linked from The Glass Guru website. If Franchisor includes such information on The Glass Guru Franchised Business website, Franchisor has the right to require Franchisee to prepare all or a portion of the content, at Franchisee's expense, using a template that Franchisor provides. All such information must be subject to Franchisor's approval prior to posting. Franchisor retains the sole right to advertise or use the Marks on the Internet, including the use of websites, domain names, uniform resource locators, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and must be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor has the sole right to approve any linking to, or other use of, The Glass Guru website and The Glass Guru Franchised Business website.

11.6 Telephone Directory Advertising

Franchisee must list and advertise the telephone number(s) for the Franchised Business in the "white pages" telephone directory and the classified or "yellow pages" telephone directory for each phone book distributed in its Area of Primary Responsibility and in such directory heading or category as specified by Franchisor. Franchisee must place the classified directory advertisement and listings together with other The Glass Guru Businesses operating within the distribution area of the directories. If a joint listing is obtained, all The Glass Guru Businesses listed together must pay a *pro rata* share of the cost of the advertisements and listings. Telephone directory advertising expenditures are included as part of the Franchisee's Local Advertising obligations.

11.7 Telemarketing

Franchisee and any telemarketers employed or utilized by Franchisee must comply with any applicable “no call” or “do not call” and “home solicitation sales” laws or any other laws governing or affecting telemarketers to the extent Franchisee uses telemarketing to advertise and promote the Franchised Business.

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, Franchisee must maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee must retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

12.2 Gross Sales Reports

Franchisee must maintain an accurate record of Gross Sales and must deliver to Franchisor a signed and verified statement of Gross Sales (“Gross Sales Report”) for the preceding calendar month in a form that Franchisor approves or provides in the Manual. The Gross Sales Report for the preceding calendar month must be provided to Franchisor by the close of business on the tenth (10th) of each month by e-mail or electronic upload transfer. Franchisor may charge a Seventy-five Dollar (\$75.00) administrative fee for every month in which Franchisee submits a Gross Sales Report in an improper or unapproved format or fails to submit by the due date.

12.3 Financial Statements

12.3.1 Franchisee must, at its expense, submit to Franchisor within ninety (90) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of the last day of the calendar year. Such financial statements must be prepared in accordance with generally accepted accounting principles applied on a consistent basis. If required by Franchisor, such financial statements must be reviewed or audited by a certified public accountant.

12.3.2 Franchisor also reserves the right that Franchisee supply to Franchisor, upon Franchisor’s request, on or before the tenth (10th) day of each month, in a form approved by Franchisor, a balance sheet as of the end of the last day of the preceding month and an income statement for the preceding month and the fiscal year-to-date.

12.3.3 Franchisee must submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

12.4 Other Reports

Franchisee must submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor has the right to release financial and operational information

relating to the Franchised Business to Franchisor's lenders or prospective lenders, or to use or disclose such information in an earnings claim created in connection with the sale of The Glass Guru Franchises. Franchisee must certify as true and correct all reports to be submitted under this Agreement.

12.5 Computer/Point-of-Sale System

Franchisee must purchase, install and use computer and point-of-sale systems consisting of hardware and software in accordance with Franchisor's specifications. Franchisor must have full access to all of Franchisee's computer and point-of-sale data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement. Within forty-eight (48) hours from initial customer contact, Franchisee is required to enter customer contact information – e.g. full name, address, phone number and e-mail address. Franchisee's account will be reviewed monthly. Should franchisee fail to enter customer information during three (3) or more occasions (three independent months)during any calendar year , franchisee must be required to obtain and present to Franchisor a year-end audited financial statement for the year the breach occurred. The audited financial statements are required to be prepared by an independent account firm, and presented within 90 days post years-end. Franchisor may charge a Seventy-five Dollar (\$75.00) administrative fee for each month in which Franchisee fails to enter customer data by the due date.

12.6 Right to Inspect

Franchisor, itself or through its designee, has the right, at any time during the term of this Agreement or upon termination or expiration of this Agreement, to inspect, examine, copy and audit, the books, records and tax returns of Franchisee's operation of The Glass Guru Business as well as their personal and/or other businesses by entering upon the premises of the Franchised Business Office during business hours, by requiring Franchisee to electronically provide require records or in any other manner designated by Franchisor. Franchisee must cooperate fully with such audit and inspection. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee must immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is lower). If the inspection discloses an underpayment of three percent (3%) or more of the amount due for any period covered by the audit, or if the inspection is conducted due to Franchisee's failure to submit required reports and records, Franchisee must, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies must be in addition to any other remedies Franchisor may have.

12.7 Release of Records

At Franchisor's request, Franchisee must authorize and direct any third parties, including accounting professionals and suppliers to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee must execute all documents necessary to facilitate the release of records referenced here to Franchisor.

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services and products to its customers. Accordingly, Franchisee must provide or offer for sale or use at the Franchised Business only those products, supplies, signs, equipment, components and other items and services that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such items or services must be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or an Affiliate). Franchisee must not offer for sale, sell or provide through the Franchised Business any services or products that Franchisor has not approved or has disapproved.

13.1.2 Franchisor must provide Franchisee, in the Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment, components and other approved or specified items and services, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier of products or supplies, Franchisee must execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or its Affiliate. If Franchisee desires to utilize any services or products that Franchisor has not approved (for services and products that require supplier approval), Franchisee must first send Franchisor at its expense sufficient information, specifications and samples (if required) for Franchisor to determine whether the service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisor will decide within a reasonable time (usually thirty [30] days) after receiving the required information whether Franchisee may purchase or lease such items or services or from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section must be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor deems confidential.

13.1.3 Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any items or suppliers. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee or the supplier. Franchisee must, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor and must promptly cease purchasing from suppliers disapproved by Franchisor.

13.1.4 Franchisor has the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right to allow one (1) or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors described in Section 10.3 and must not create any rights in Franchisee to provide the same products or services.

13.1.5 While Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing, approval or specification of suppliers, Franchisor may pass on a portion of these benefits to franchisees. Franchisor must keep a portion of any such benefits to compensate it for the administrative costs of the purchasing program.

13.2 The Glass Guru Tools

13.2.1 Franchisor and its Affiliate have designed, developed and/or acquired and continue to design and develop certain window restoration tools and equipment and other items specially suited for use in the operation of The Glass Guru Businesses (“The Glass Guru Tools”). In order to maintain the consistency, quality and uniformity of the System, Franchisor shall make The Glass Guru Tools available to Franchisee in reasonable quantities in accordance with the procedures for ordering, handling and shipping that Franchisor may determine periodically, provided that Franchisee is in compliance with the Franchise Agreement and all other agreements with Franchisor and any Affiliate.

13.2.2 Franchisee acknowledges and agrees that The Glass Guru Tools developed and/or acquired by Franchisor and its Affiliate are distinctive as a result of being developed under Franchisor and its Affiliate’s experience and are inextricably interrelated with the Marks. Franchisee agrees to order and purchase all of its requirements of The Glass Guru Tools exclusively from Franchisor, an Affiliate or a supplier designated by Franchisor. Franchisee agrees to, at all times, maintain an inventory of The Glass Guru Tools as necessary to operate the Franchised Business at full capacity.

13.2.3 Franchisor commits to provide The Glass Guru Tools supplied by Franchisor or an Affiliate at competitive prices; however, Franchisee acknowledges that Franchisor and its Affiliate (if applicable) have the right to earn a reasonable profit on the sale of its The Glass Guru Tools.

13.3 Appearance and Condition of the Franchised Business

Franchisee must maintain the Franchised Business, the Franchised Business Office and the vehicle, equipment and signage used in connection with the Franchised Business in “like new” condition, and must repair or replace equipment, vehicles, fixtures and signage as necessary to comply with health and safety standards and any applicable laws or regulations. The expense of such maintenance must be borne by Franchisee and must be in addition to any required System modifications, as described in Section 10.2.

13.4 Ownership and Management

The Franchised Business must, at all times, be under the direct supervision of Franchisee. The Designated Manager must devote sufficient efforts to the management of the day-to-day operation of the Franchised Business, but not less than thirty (30) hours per week, excluding vacation, sick leave and similar absences. Franchisee must keep Franchisor informed, in writing, at all times of the identity of its Designated Manager. Franchisee must not engage in any business or other activities that will conflict with its obligations under this Agreement.

13.5 Days of Operation

Franchisee must keep the Franchised Business open for business during normal business hours on the days specified in the Manual.

13.6 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor’s prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization).

13.7 Licenses and Permits

Franchisee must secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and must operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee must be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

13.8 Notification of Proceedings

Franchisee must notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business not more than five (5) days after Franchisee receives notice of any such commencement or issuance. Franchisee must deliver to Franchisor not more than five (5) days after Franchisee's receipt of that notice, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.9 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created. Therefore, Franchisee must endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee must at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business must in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisor has the right to terminate this Agreement for violation of this Section. Franchisee must reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business under this Section.

13.10 Uniforms

Franchisee must abide by any uniform requirements stated in the Manual. Uniforms must be purchased from The Glass Guru Franchise Systems, Inc

13.11 Credit Cards

Franchisee must, at its expense, lease or purchase the necessary equipment or software and must have arrangements in place with Visa, MasterCard, Discover, American Express or such other credit card issuers as Franchisor may designate, from time to time, to enable the Franchised Business to accept such methods of payment from its customers. Franchisee must use such credit card processing and clearing house services as Franchisor specifies in the Manual.

13.12 E-Mail

Franchisor will provide Franchisee with up to five (5) e-mail addresses as needed for communicating with Franchisor and customers. Franchisee may not change its e-mail addresses unless approved in writing by Franchisor. Additional e-mail addresses may be requested and may be furnished at the sole discretion of Franchisor.

13.13 Best Efforts

Franchisee must use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee must require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance

Franchisor must make a reasonable effort to discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, or other methods with respect to planning, opening and operating the Franchised Business. However, Franchisee must use its independent judgment to make all business decisions and should not rely solely upon any advice given or statements made by Franchisor. Franchisor must not charge for this service, however, Franchisor retains the right to refuse or charge a fee for this service should Franchisor deem Franchisee to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for products and services that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating The Glass Guru Businesses and an analysis of costs and prices charged for competitive products and services. Franchisee must have the sole right to determine the prices to be charged by the Franchised Business.

14.2 Periodic Visits

Franchisor or Franchisor's representative may, but is not required to, make periodic visits, which may be announced or unannounced, to the Franchised Business for the purposes of inspection, consultation, assistance or guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee must implement any required changes or improvements in a timely manner.

14.3 System Improvements

Franchisor must communicate improvements in the System to Franchisee as such improvements are developed or acquired by Franchisor and implemented as part of the System.

14.4 Marketing and Promotional Materials

Franchisor may periodically provide advertising and promotional materials including ad-slicks, brochures, fliers and other materials or logoed items to Franchisee for use in the operation or promotion of the Franchised Business.

15. **INSURANCE**

15.1 Types and Amounts of Coverage

At its sole expense, Franchisee must procure within ninety (90) days of the Effective Date, but in no event later than the commencement of operations, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies (except any workers' compensation insurance) must expressly name Franchisor as an additional insured or loss payee and all must contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee must procure:

15.1.1 "Special Form" (all risk) property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies, and leasehold improvements and betterments and other property used in the operation of the Franchised Business at full replacement cost;

15.1.2 Workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) or, if higher, the statutory minimum limit as required by state law;

15.1.3 Comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Business, or Franchisee's conduct of business under this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS (\$1,000,000.00) per occurrence or higher if required by landlord or other lease agreements;

15.1.4 Automobile liability insurance for company owned, leased or hired vehicles, if applicable, with a combined single limit of at least ONE MILLION DOLLARS (\$1,000,000.00); and

15.1.5 Such insurance as necessary to provide coverage under the indemnity provisions described in Section 15.1.

15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

15.3 Carrier Standards

Such policies must be written by an insurance company approved by the state insurance department in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

15.4 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies must not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor must Franchisee's performance of this obligation relieve it of liability under the indemnity provisions described in Section 21.3. Franchisee must provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates must state that said policy or policies must not be canceled or altered without at least thirty (30) days prior written notice to Franchisor.

15.5 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, must be payable by Franchisee immediately upon notice.

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

If Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee has the right to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee has the right to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

16.2 Termination by Franchisor

16.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

16.2.1.1 fails to timely select an approved site for or establish, equip and commence operations of the Franchised Business Office under Section 5.

16.2.1.2 fails to have its Designated Manager satisfactorily complete the initial training program under Section 8.1;

16.2.1.3 made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

16.2.1.4 is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.5 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual or any Trade Secret or other Confidential Information;

16.2.1.6 if required by Franchisor, fails to have any holder of a legal or

beneficial interest in Franchisee (and any member of their immediate families or households given access to confidential information or trade practices), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon the signing of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed under Section 7.4 if requested by Franchisor;

16.2.1.7 abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor) or, if first approved by Franchisor, fails to promptly relocate the Franchised Business Office following the expiration or termination of the lease for the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable;

16.2.1.8 surrenders or transfers control of the operation of the Franchised Business, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner, as required;

16.2.1.9 fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee under Section 18.6;

16.2.1.10 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part of that is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless *supersedeas* bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its property or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

16.2.1.11 misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

16.2.1.12 fails on three (3) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice is delivered to Franchisee;

16.2.1.13 violates any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public;

16.2.1.14 engages in any activity exclusively reserved to Franchisor;

16.2.1.15 fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

16.2.1.16 repeatedly breaches this Agreement and/or repeatedly fails to comply

with mandatory specifications, customer service standards or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured; or

16.2.1.17 defaults under any other agreement between Franchisor (or any Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

16.2.2 Except as otherwise provided in Section 16.2.1, Franchisor has the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and must continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:

16.2.2.1 within ten (10) days of receiving notice of Franchisee's failure to pay any amounts due to Franchisor;

16.2.2.2 within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement; or

16.2.2.3 within thirty (30) days of receiving notice of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing.

16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.4 Right of Franchisor to Discontinue Services to Franchisee

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination under Section 16.2.2, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor is an Approved Supplier to Franchisee, until such time as Franchisee corrects the breach.

16.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of termination under Section 16.2.2, if necessary in Franchisor's discretion, Franchisor must have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to TWO HUNDRED FIFTY DOLLARS (\$250.00) per day, or twenty-five percent (25%) of the Gross Sales during that period (whichever is greater), and Franchisor must be entitled to reimbursement of any and all expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken

Except as otherwise provided, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee must terminate and Franchisee must:

17.1.1 immediately cease to operate the Franchised Business and must not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

17.1.2 cease to use the Trade Secrets and other Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

17.1.3 if the Franchised Business Office is not within Franchisee's principal residence and upon demand by Franchisor, at Franchisor's sole discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Franchised Business Office to Franchisor and Franchisee must furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

17.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "THE GLASS GURU" or any other Mark, and Franchisee must furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

17.1.5 return any leased, loaned or other third-party equipment used in the operation of the Franchised Business;

17.1.6 pay all sums owing to Franchisor and any Affiliate, which may include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees, unpaid Royalty Fees, and any other amounts due to Franchisor or any Affiliate;

17.1.7 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief if required for the enforcement of any provisions of this Agreement;

17.1.8 immediately return to Franchisor the Manual, Information with Trade Secrets and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property);

17.1.9 assign all telephone listings and numbers and e-mail addresses for the Franchised Business to Franchisor, and must notify the telephone company, Internet service provider and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers, facsimile numbers and e-mail addresses associated with the Marks in any regular, classified or other telephone directory or Internet listing and must authorize transfer of same to or at the direction of Franchisor; and

17.1.10 comply with all other applicable provisions of this Agreement.

17.2 Post-Termination Covenant Not to Compete

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section and in Section 7.5 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the Trade Secrets and other Confidential Information of Franchisor;

17.2.1.2 to induce Franchisor to grant a Franchise to Franchisee; and

17.2.1.3 to protect Franchisor against its costs in training Franchisee and its officers, directors, executives, professional staff and Designated Managers.

17.2.2 Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager or member of the professional staff of Franchisee, must, for a period of three (3) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

17.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a one hundred (100) mile radius of the Approved Location (or within the Area of Primary Responsibility, if greater), or (b) within a one hundred (100) mile radius of the location of any other The Glass Guru Business in existence at the time of termination or expiration; or

17.2.2.2 solicit or otherwise attempt to induce or influence any customer, employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor, any The Glass Guru Business, or to compete against Franchisor or any The Glass Guru Business.

17.2.3 In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2.

17.3 Unfair Competition

If Franchisee operates any other business during or after termination of this Agreement, Franchisee must not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion of that business, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee must not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Section 17.1 or 17.2. Upon termination or expiration of this Agreement, Franchisee must immediately cease all use of the Marks, change the telephone and fax numbers, website address and take such other actions as may be necessary to prevent any association between Franchisor or the System and Franchisee and any business subsequently operated by Franchisee. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee must pay upon demand.

17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including, without limitation, leasehold improvements, equipment, supplies and other inventory. The purchase price must be equal to the assets' fair market value, excluding any goodwill. . If market value cannot be mutually agreed upon between Franchisor and Franchisee, a third party valuation must be ordered by a mutually agreed upon appraiser. If a mutually agreed upon appraiser cannot be established, Franchisor and Franchisee must each order their own appraisals. If after review of the two appraisals a market value cannot be agreed upon, a third appraisal may be ordered to make the final determination. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against such purchase price.

17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee, which expressly or by their nature survive the expiration or termination of this Agreement, must continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee must assume the obligations of Franchisor hereunder and Franchisor must thereafter have no liability for the performance of any obligations contained in this Agreement.

18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as described in this Agreement, and the Franchise granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor, which approval must not be unreasonably withheld or delayed. Any purported transfer without such approval must be null and void and must constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer must be conditioned upon the satisfaction of the following requirements:

18.2.1 Franchisee has complied with the requirements described in Section 19;

18.2.2 all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

18.2.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners,

owners and employees (in their corporate and individual capacities) including, without limitation, claims incident to the termination of this Agreement or to the transfer of Franchisee's interest or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee must give the maximum release allowed by law;

18.2.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to conduct the Franchised Business;

18.2.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current Franchise Agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Marketing Fund Contribution rates and other material provisions, and the franchise agreement then executed must be for the term specified in such agreement;

18.2.6 the transferee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor and its officers, directors, shareholders, managers, members, partners, owners and employees (in their corporate and individual capacities) with respect to any representations regarding the Franchise or the business conducted or any other matter that may have been made to the transferee by Franchisee;

18.2.7 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

18.2.8 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of FIVE THOUSAND DOLLARS (\$5,000.00);

18.2.9 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term;

18.2.10 Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance of that franchise agreement by the transferee, if required by Franchisor;

18.2.11 the transferee has obtained all necessary consents and approvals by third parties and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.12 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to this Agreement as Exhibit 2; and

18.2.13 the transferee agrees that its Designated Manager must complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1 prior to assuming the management of the day-to-day operation of the Franchised Business. The training must be at the expense of the transferee at the then-current standard rates for technician training.

18.3 Transfer to a Controlled Entity

18.3.1 If Franchisee wishes to transfer this Agreement or any interest under this Agreement to a corporation, limited liability company or other legal entity which must be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer must be conditioned upon the satisfaction of the following requirements:

18.3.1.1 the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

18.3.1.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.1.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity must be required to pay a transfer fee as required under Section 8.2;

18.3.1.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

18.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face of that stock certificate a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer of that stock certificate is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

18.3.1.7 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents must also be furnished to Franchisor immediately upon adoption.

18.3.2 The term of the transferred franchise must be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, must not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor must it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

18.4 Franchisor's Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties to this Agreement. Franchisee specifically consents to such disclosure by Franchisor and must release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

18.5 For-Sale Advertising

Franchisee must not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business Office, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder. Franchisee must not, whether in or on the location of the Franchised Business or in any communication media, advertise a "going-out-of-business," inventory liquidation or similar sale or event.

18.6 Transfer by Death or Incapacity

18.6.1 Upon the death or incapacity (as determined by a court of competent jurisdiction) of any individual franchisee or any holder of a legal or beneficial interest in Franchisee, the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, must be subject to the conditions for assignments and transfers contained in this Agreement. During such one hundred eighty (180) day period, the Franchised Business must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications.

18.6.2 Following the death or incapacity of an owner of the Franchised Business, if necessary in Franchisor's discretion, Franchisor must have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to TWO HUNDRED FIFTY DOLLARS (\$250.00) per day or twenty-five percent (25%) of the Gross Sales for that period (whichever is greater), and Franchisor must be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee must obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

19.2 Franchisor's Right to Purchase

Franchisor must, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit must be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor must have up to sixty (60) days to close the purchase. Franchisor must be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise this right of first refusal within thirty (30) days, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18.2. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal must renew and be implemented in accordance with this Section.

20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit 4 as Holders of a Legal or Beneficial Interest are the sole holders of a legal or beneficial interest (in the stated proportions) of Franchisee.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal of this Agreement, Franchisee must hold itself out to the public only as a franchisee and an owner of the Franchised Business operating the Franchised Business under a franchise from Franchisor. Franchisee must take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice in the form specified in Section 6.2 and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances must Franchisor be liable for any act, omission, contract, debt or any other obligation of Franchisee. Franchisor must in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee

to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3 Indemnification

Franchisee must hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses or liability (including attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement, which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information.

21.4 Right to Retain Counsel

Franchisee must give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer must automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances must Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss must in no way reduce the amounts recoverable by Franchisor from Franchisee.

22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms of this Agreement, must constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee must not be binding unless in writing and executed by Franchisor and must not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due must not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor must be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, and Franchisee specifically waives any and all defenses to injunctive relief.

22.3 Notices

All notices required or permitted under this Agreement must be in writing and must be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section. All notices, payments and reports required by this Agreement must be sent to Franchisee at its address on file with Franchisor and to Franchisor at the following address:

The Glass Guru Franchise Systems, Inc.
Attn: President
198 Cirby Way, Suite 120
Roseville, California 95678

22.4 Cost of Enforcement or Defense

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party must be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

22.5 Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of ten percent (10%) or greater must be required to execute, as of the date of this Agreement, the Guaranty and Assumption of Obligations attached as Exhibit 3, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee must make a timely written request to Franchisor for such approval and, except as otherwise provided, any approval or consent granted must be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7 Entire Agreement

This Agreement, its exhibits and the documents referred to must be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter

of this Agreement and must supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's (The Glass Guru Franchise Systems, Inc). Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied in the Agreement, which are of any force or effect with respect to the matters described in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement will be binding on either party unless executed in writing by both parties. Nothing in this Agreement requires the franchisee to waive reliance on the representations made in the disclosure document.

22.8 Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement must be considered severable. If any paragraph, part, term or provision of this Agreement is ruled to be unenforceable, unreasonable or invalid, such ruling must not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter must continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions must be deemed not part of this Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17. must be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it must be amended to provide for limitations on disclosure of Trade Secrets and other Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 Construction

All captions are intended solely for the convenience of the parties, and none must be deemed to affect the meaning or construction of any provision of this Agreement.

22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party will be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act must be extended for the amount of time of the delay. This clause must not result in an extension of the term of this Agreement.

22.11 Timing

Time is of the essence. Except as described in Section 22.10, failure to perform any act within the time required or permitted by this Agreement is a material breach.

22.12 Withholding Payments

Franchisee must not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to an Affiliate. Franchisee must not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to

Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisee has the right to charge a reasonable fee if there are insufficient funds in the agreed upon Electronic Funds Transfer Bank account at the time funds are to be withdrawn. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor must set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14 Third-Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.15 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

23. DISPUTE RESOLUTION

23.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement must be governed by and construed in accordance with the laws of the State of California (without reference to its conflict of laws principles), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. The Federal Arbitration Act must govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

23.2 Consent to Jurisdiction

Any action brought by either party, except those claims required to be submitted to arbitration, must be brought in the appropriate state or federal court located in or serving Sacramento or Placer County, California. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties submit to service of process by registered mail, return receipt requested or by any other manner provided by law. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision must not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

23.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor must be deemed, exclusive of any other right or remedy of this Agreement or by law or equity provided or permitted, but each must be in addition to every other right or remedy. Nothing contained in this Agreement will bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

23.4 Limitations of Claims

Any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22.4. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages must not exceed and must be limited to refund of Franchisee's Franchise Fee and Royalty Fees.

23.6 Waiver of Jury Trial

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

23.7 Arbitration

This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained under this Agreement. Except for controversies or claims relating to the ownership of any of Franchisor's Marks or the unauthorized use or disclosure of Franchisor's Trade Secrets or other Confidential Information, covenants against competition and other claims for injunctive relief, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, must be settled by binding arbitration conducted in Sacramento or Placer County, California, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The proceedings will be held by a single arbitrator agreed upon by the parties or otherwise appointed by the Circuit Court for the State of California located in or serving Sacramento County, California. The decision of the arbitrator must be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

Franchisee acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

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.

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Uniform Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Uniform Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges that it has received an exact copy of this Agreement and its exhibits prior to the date on which this Agreement was executed. Franchisee further represents and acknowledges that it has received, at least fourteen (14) business days prior to the date on which this Agreement was executed, the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

24.2 Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

24.3 True and Accurate Information

Franchisee represents that all information described in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

24.4 No Violation of Other Agreements

Franchisee represents that its entering into (signing) this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

24.5 Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in a The Glass Guru Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated .

[Balance of this page intentionally left blank.]

24.6 No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's officers, directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Uniform Franchise Disclosure Document or this Agreement.

The parties to this Agreement, intending to be legally bound have duly executed this Agreement.

THE GLASS GURU FRANCHISE SYSTEMS, INC.:

By: _____

Name: _____

Title: _____

FRANCHISEE: _____

(type/print name)

By: _____

Name: _____

Title: _____

[or, if an individual]

Signed: _____

Name printed: _____

EXHIBIT 1 TO THE FRANCHISE AGREEMENT

GENERAL RELEASE

This General Release is made and given on this ____ day of _____, 20____ by _____, (“Releasor”) an individual/corporation/limited liability company/partnership with a principal address of _____, in consideration of:

[Initial one as applicable]

_____ Franchisor will not refund the Franchise Fee Franchisee paid to Franchisor upon Franchisor’s termination of the franchise agreement entered into between Franchisee and Franchisor for Franchisee’s failure to select a site for the Franchised Business Office under Section 5.2 of the Franchise Agreement.

_____ Franchisor will not refund the Franchise Fee Franchisee paid to Franchisor upon Franchisor’s termination of the franchise agreement entered into between Franchisee and Franchisor for Franchisee’s failure to develop an Approved Location under Section 5.2 of the Franchise Agreement.

_____ Franchisor will not refund the Franchise Fee Franchisee paid to Franchisor upon Franchisor’s termination of the franchise agreement entered into between Franchisee and Franchisor for Franchisee’s failure to complete the initial training program under Section 8.4 of the Franchise Agreement

In consideration of the mutual and several agreements recited above, Franchisee does forever release and discharge Franchisor, and its affiliates, and their respective officers, directors, shareholders, manager, members, partners, owners, and employees, in that capacity and individually, its guarantors, successors, and assigns on behalf of himself, herself, and itself or his or her heirs, executors, and administrators and its successors and assigns from all manner of actions, cause, causes of action, suits, debts, sums of money, accounts, promises, variances, trespasses, damages, judgments, execution, claims and demands, whatsoever, in law or in equity, arising out of or related to the Franchise Agreement between the parties which he, she or it has, or has had, or which his or her heirs, executors or administrators and its successors and assigns hereafter can, or may have, for upon or by reason of any matter, cause or thing whatsoever at any time prior to the date of this Agreement.

Said parties do further waive the benefits of the provisions of California Civil Code section 1542, which reads.

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Advice of Counsel. The parties understand and acknowledge the significance and consequence of waiving Section 1542 of the Civil Code of the State of California and by their signatures below, acknowledge and agree that they have discussed said waiver with their attorneys.

Warranty of Volitional Agreement. The parties warrant and represent that this Agreement is freely and voluntarily executed by the parties, and each of them, after having been apprised of all of the relevant information and data by their respective attorneys. The parties executing this Agreement warrant and represent that they have not relied on any inducements, promises or representations made by any party or its representative, or any other person, except for those expressly described in this Agreement.

This General Release must not be amended or modified unless such amendment or modification is in writing and is signed by Releasor and Releasee.

Releasor has executed this General Release as of the date first above written.

RELEASOR: _____

(type/print name)

By: _____

Name: _____

Title: _____

(or, if an individual)

Signed: _____

Name printed: _____

ACKNOWLEDGMENT

State of _____)

) ss

County of _____)

On this ____ day of _____, 20__ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the signing of the General Release for the uses and purposes described within the General Release, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release].

I have hereunto set my hand and official seal.

(NOTARIAL SEAL)

Notary Public

My Commission expires:

EXHIBIT 2 TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

Franchisee & Third Party

This "Agreement" made as of the ____ day of _____, 20____, is by and between _____, ("Franchisee") (d/b/a a The Glass Guru Franchise) and _____ ("Individual").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement with The Glass Guru Franchise Systems, Inc., ("Company") dated _____, 20-__ ("Franchise Agreement"); and

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

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

WHEREAS, Individual agrees not to disclose any such Trade Secrets to any other party and/or use such Trade Secrets to compete against Company, Franchisee or any other franchisee of Company in the same and/or a similar business, ("Competitive Business") now or in the future.

NOW, THEREFORE, in consideration of the mutual promises and undertakings described here, and intending to be legally bound, the parties now mutually agree as follows:

1. Trade Secrets

Individual understands Franchisee possesses and will possess Trade Secrets, which is important to its business. For purposes of this Agreement, "Trade Secrets" is information, without regard to form including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, pro-formas, strategic plans, product plans, lists of actual or potential customers or suppliers which are not commonly known by or available to the public and which information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Individual understands Franchisee's providing of access to the Trade Secrets creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets.

2. Confidentiality/Non-Disclosure

a) Individual must not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets.

b) Individual must not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, for a period of five (5) years commencing upon the signing of this Agreement, any Confidential Information.

c) Individual agrees that his or her obligations under paragraphs 2(a) and 2(b) of this Agreement must continue in effect after termination of Individual's relationship with Franchisee as an officer, director,

executive, manager or member of the professional staff of Franchisee or a holder of a legal or beneficial interest in Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in The Glass Guru System.

d) "Confidential Information" means technical and non-technical information used in or related to The Glass Guru Businesses and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified as confidential when delivered by Franchisor. Confidential Information does not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure under this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

3. Non-Competition

a) During the period Individual owns any interest in Franchisee or is employed (as an employee or consultant) by Franchisee, Individual must not, directly or indirectly, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere without the express written consent of Franchisee and Company;

b) For a period to three (3) years after the termination of Individual's interest in Franchisee or employment by Franchisee, Individual must not, directly or indirectly, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within: (i) one hundred (100) miles of Franchisee's Approved Location described as follows: _____; or (ii) one hundred (100) miles of any The Glass Guru Business wherever located without the express written consent of the Franchisee and Company;

c) Individual must not solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee or Franchisor to terminate or modify his, her or its business relationship with Franchisee or Franchisor or to compete with Franchisee or Franchisor.

d) "Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business which offers) products and services the same as or similar to those provided by The Glass Guru franchises or in which Trade Secrets could be used to the disadvantage of Company or its other franchisees; provided, however, that the term "Competitive Business" must not apply to (a) any business operated under a Franchise Agreement with Company, or (b) any business operated by a publicly held entity in which Individual owns less than a five percent (5%) legal or beneficial interest.

4. Miscellaneous

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

b) Individual must reimburse Franchisee for any and all costs and attorney fees incurred by Franchisee in the enforcement of the terms of this Agreement.

c) This Agreement will be effective as of the date this Agreement is executed and must be binding upon the successors and assigns of Individual and must inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

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

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

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

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

Franchisee has caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS:

FRANCHISEE:

By: _____

Its: _____

INDIVIDUAL:

Signature: _____

Printed Name: _____

EXHIBIT 3 TO THE FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____, 20____,
by _____
_____.

In consideration of, and as an inducement to, the the signing of that certain Franchise Agreement of even date herewith (“Agreement”) by The Glass Guru Franchise Systems, Inc. (“Franchisor”), each of the undersigned personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ (“Franchisee”) must punctually pay and perform each and every undertaking, agreement and covenant described in the Agreement. Each of the undersigned must be personally bound by, and personally liable for, Franchisee’s breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

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

This Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Printed Name)

Personally and Individually (Signature)

Personally and Individually (Signature)

HOME ADDRESS

HOME ADDRESS

TELEPHONE NO.: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

TELEPHONE NO.: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

PERSONAL GUARANTOR

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

EXHIBIT 4 TO THE FRANCHISE AGREEMENT

**HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE;
OFFICERS, DIRECTORS, MANAGERS AND TRUSTEES**

Holders of Legal or Beneficial Interest:

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____ %

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____ %

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____ %

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____ %

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____ %

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____ %

Officers and Directors:

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____

EXHIBIT 5 TO THE FRANCHISE AGREEMENT

MULTI-STATE ADDENDA

**ADDENDUM TO THE FRANCHISE AGREEMENT
THE GLASS GURU FRANCHISE SYSTEMS, INC.**

FOR THE STATE OF CALIFORNIA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between The Glass Guru Franchise Systems, Inc. and _____.

1. New Section 17.6 is inserted into the Franchise Agreement and states as follows:
 - If termination is the result of Franchisee's default, Franchisee will pay to Franchisor a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to the total of all Royalty Fee payments for: (a) the twenty-four (24) calendar months of operation of Franchisee preceding Franchisee's default; (b) the period of time Franchisee has been in operation preceding the notice, if less than twenty-four (24) calendar months, projected on a twenty-four (24) calendar month basis; or (c) any shorter period as equals the unexpired term at the time of termination. The parties acknowledge that a precise calculation of the full extent of the damages that Franchisor will incur on termination of this Agreement as a result of Franchisee's default is difficult and the parties desire certainty in this matter and acknowledge that the lump sum payment provided under this Section is reasonable in light of the damages for premature termination that Franchisor will incur. This payment is not exclusive of any other remedies that Franchisor may have, including attorneys' fees and costs.

2. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Franchise Agreement for The Glass Guru Franchise Systems, Inc. is amended as follows:

- The California Franchise Relations Act provides rights to the Franchisee concerning termination or non-renewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement, specifically Sections 4.2 and 16.2.
- Section 16.2.1.10, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
- Section 16.2.2.1 which terminates the Franchise Agreement upon (5) days of receiving notice of Franchisee's failure to pay amounts due Franchisor, Franchisor's services provided for said time period if default is not cured.
- Section 16.2.2.2 which terminates the Franchise Agreement upon (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement, Franchisor's service provided for said time period if default is not cured; or
- Section 16.2.2.3 which terminates the Franchise Agreement upon (30) days of receiving notice of any other default by Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing, Franchisor's services provided for said time period if default is not cured.
- Section 17.2 contains a covenant not to compete that extends beyond the expiration or termination of the Agreement; this covenant may not be enforceable under California Law.
- Paragraph 1 of this Addendum contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- Section 23.7 requires binding arbitration. The arbitration must occur at the forum indicated in Section 23.7, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult 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 the Franchise Agreement restricting venue to a forum outside of the State of California.

3. California law requires that you obtain a Contractor's license from the California Contractors State License Board (CSLB) if the total cost (labor and materials) of one or more contracts on the project is \$500 or more. Licenses may be issued to individuals, partnerships, corporations, or joint ventures. The CSLB does not issue licenses to Limited Liability Companies (LLCs).

4. To the extent this Addendum must be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments to the Franchise Agreement, the terms of this Addendum must govern.

Each of the undersigned acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

THE GLASS GURU FRANCHISE SYSTEMS, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FOR THE STATE OF HAWAII

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between The Glass Guru Franchise Systems, Inc. and _____

1. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq.*, the Franchise Agreement for The Glass Guru Franchise Systems, Inc. is amended as follows:

- The Hawaii Franchise Investment Law provides rights to you concerning non-renewal, termination and transfer of the Franchise Agreement. If the Agreement, and more specifically Sections 4.2, 16.2 and 18.2 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law must control.
- Sections 4.2.8, 18.2.3 and 18.2.6 require Franchisee to sign a general release as a condition of renewal and transfer of the franchise, and Sections 5.2, 5.5 and 8.4 require Franchisee to sign a general release as a condition to receiving a refund of a portion of the Franchise Fee following a termination of the franchise; such release must exclude claims arising under the Hawaii Franchise Investment Law.
- Section 16.2, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently of this Addendum. To the extent this Addendum must be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments to that Agreement, the terms of this Addendum must govern.

Each of the undersigned acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

THE GLASS GURU FRANCHISE SYSTEMS, INC.:	Franchisee:_____
By: _____	By: _____
Title: _____	Title: _____

FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between The Glass Guru Franchise Systems, Inc. and _____.

1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Agreement for The Glass Guru Franchise Systems, Inc. is amended as follows:

- Sections 4.2, 8.2 and 18.2 are amended to add:

No general release shall be required as a condition of renewal, termination and/or transfer that is intended to require Franchisee to waive compliance with the Illinois Franchise Disclosure Act, 815 ILCS 705.

- Sections 16.2, 17.2 and 23 are amended to add:

The conditions under which the Franchise Agreement can be terminated and your rights upon termination or non-renewal, as well as the application by which you must bring any claims, may be governed by the Illinois Franchise Disclosure Act, 815 ILCS 705/19 and 705/20.

- Sections 23.1 and 23.2 are amended to add:

The Franchise Agreement shall be governed by Illinois law. Jurisdiction and venue for court litigations shall be in Illinois. Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State is void, provided that a Franchise Agreement may provide for arbitration in a forum outside of Illinois.

- Section 23.4 is amended to add:

No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or ninety (90) days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

- Section 23.6 is deleted in its entirety.

2. The Franchise Agreement is amended to add the following:

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

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

Each of the undersigned acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

THE GLASS GURU FRANCHISE SYSTEMS, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FOR THE STATE OF INDIANA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between The Glass Guru Franchise Systems, Inc. and _____.

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2.2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement for The Glass Guru Franchise Systems, Inc. is amended as follows:

- Sections 4.2, 8.2 and 18.2 do not provide for a prospective general release of claims against Franchisor that may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.
- Section 16 is amended to prohibit unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
- Section 17.2 is amended subject to Indiana Code 23-2-2.7-1(9) to provide that post-term non-competitor covenants shall have a geographical limitation of the territory granted to Franchisee.
- Section 23.1 is amended to provide that Franchisee shall not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.
- Section 23.1 is amended to provide that, in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law shall prevail.
- Section 23.2 is amended to provide that Franchisee may commence litigation in Indiana for any cause of action under Indiana law.
- Section 23.7 is amended to provide that arbitration between Franchisor and Franchisee, shall be conducted at a mutually agreed upon location.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments to that Agreement, the terms of this Addendum shall govern.

Each of the undersigned acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

THE GLASS GURU FRANCHISE SYSTEMS, INC.: Franchisee: _____

By: _____ By: _____

Title: _____ Title: _____

FOR THE STATE OF MARYLAND

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between The Glass Guru Franchise Systems, Inc. and _____.

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

- Sections 4.2, 18.2.3 and 18.2.6 require Franchisee to sign a general release as a condition of renewal, termination and transfer of the franchise,; such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.
- Section 16.2.1.10, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
- Section 23.1 requires that the franchise be governed by the laws of the State of California; however, in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, the laws of the State of Maryland shall prevail.
- Sections 23.2 and 23.7 require litigation or arbitration to be conducted in the State of California; the requirement shall not limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.
- Any Section of the Franchise Agreement requiring Franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing the Franchise are not intended to, nor shall they act as a, release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
- Section 23.4 is amended to the extent that any claims arising under the Maryland Franchise Registration and Disclosure Law may be brought within three (3) years after the grant of the franchise.

2. Any portion of the Franchise Agreement which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

Each of the undersigned acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

THE GLASS GURU FRANCHISE SYSTEMS, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FOR THE STATE OF MINNESOTA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between The Glass Guru Franchise Systems, Inc. and _____.

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Franchise Agreement agree as follows:

- Sections 4.2 and 16.2 are amended to add that with respect to franchises governed by Minnesota Law, Franchisor shall comply with the Minnesota Franchise Law that requires, 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 Agreement.
- Sections 4.2.8, 5.2, 5.5, 8.4, 18.2.3 and 18.2.6 do not provide for a prospective general release of any claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
- Section 6 is amended to add that as required by Minnesota Franchise Act, Franchisor shall reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee’s right to use the Marks, so long as you were using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
- Section 23.4 is amended to state that any claim concerning the Franchised Business or this Agreement or any related agreement shall be barred unless an arbitration or an action for a claim that cannot be the subject of arbitration is commenced within three (3) years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.
- Section 23.5 is deleted in its entirety.
- Section 23.6 is deleted in its entirety.
- Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee’s rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments to them, the terms of this Addendum shall govern.

Each of the undersigned acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

THE GLASS GURU FRANCHISE SYSTEMS, INC.:	Franchisee:_____
By: _____	By: _____
Title: _____	Title: _____

FOR THE STATE OF NEW YORK

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between The Glass Guru Franchise Systems, Inc. and _____.

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 through 695, the Franchise Agreement for The Glass Guru Franchise Systems, Inc. is amended as follows:

- Sections 4.2.8, 5.2, 5.5, 8.4, 18.2.3 and 18.2.6 require Franchisee to sign a general release as a condition of renewal, termination and transfer of the franchise; such release shall exclude claims arising under the General Business Laws.
- Under Section 18.1, Franchisor shall not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform the Franchisor's obligations under the Franchise Agreement, in Franchisor's good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.
- Section 21.3 is amended to provide that Franchisee shall not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products that were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.
- Section 23.1 requires that the franchise be governed by the laws of the state the Franchisor's principal business is then located, such a requirement shall not be considered a waiver of any right conferred upon the Franchisee by Article 33 of the General Business Laws.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum may be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments to them, the terms of this Addendum shall govern.

Each of the undersigned acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

THE GLASS GURU FRANCHISE SYSTEMS, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FOR THE STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between The Glass Guru Franchise Systems, Inc. and _____.

1. The North Dakota Securities Commission requires that certain provisions contained in the Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51-19-01 *et seq.* Such provisions in the Agreement are amended as follows:

- Under Sections 4.2.8, 5.2, 5.5, 8.4, 18.2.3 and 18.2.6, the the signing of a general release upon renewal, transfer, or termination of the franchise will be inapplicable to franchises operating under the North Dakota Franchise Investment Law to the extent that such a release excludes claims arising under the North Dakota Franchise Investment Law.
- Section 7 is amended to add that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorneys' fees.
- Sections 17.1.6 and 17.1.7 are amended to state:

If Franchisor or Franchisee is required to enforce this Agreement via judicial or arbitration proceedings, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and legal fees in connection with such proceeding.

- Section 17.2 is amended to add that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
- Section 23.1 is amended to state that in the event of a conflict of laws, North Dakota Law shall prevail.
- Section 23.2 is amended to add that any action may be brought in the appropriate state or federal court in North Dakota with respect to claims under North Dakota Law.
- Section 23.4 is amended to state that the statute of limitations under North Dakota Law shall apply.
- Sections 23.5 and 23.6 are deleted in their entireties.
- Section 23.7 is amended to state that arbitration involving a franchise purchased in North Dakota must be held either in a location mutually agreed upon prior to the arbitration, or if the parties cannot agree on a location, the arbitrator shall determine the location.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments to them, the terms of this Addendum shall govern.

Each of the undersigned acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

THE GLASS GURU FRANCHISE SYSTEMS, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FOR THE STATE OF RHODE ISLAND

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between The Glass Guru Franchise Systems, Inc. and _____
_____.

1. In recognition of the requirements of The Rhode Island Franchise Investment Act §19-28.1-14, the Franchise Agreement for The Glass Guru Franchise Systems, Inc. is amended as follows:

- Sections 4.2.8, 5.2, 5.5, 8.4, 18.2.3, and 18.2.6 require Franchisee to sign a general release as a condition of renewal, transfer, or termination of the franchise; such release shall exclude claims arising under The Rhode Island Franchise Investment Act.
- Sections 23.1, 23.2 and 23.7 are amended to state that restricting jurisdiction or venue to a forum outside the state of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under The Rhode Island Franchise Investment Act.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Rhode Island Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments, the terms of this Addendum shall govern.

Each of the undersigned acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

THE GLASS GURU FRANCHISE SYSTEMS, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FOR THE COMMONWEALTH OF VIRGINIA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between The Glass Guru Franchise Systems, Inc. and _____
_____ to amend and revise said Franchise Agreement as follows:

- Section 16.2.1.10, which terminates the Franchise Agreement upon the bankruptcy of the Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
- In recognition of the restrictions contained in Section 13.1-564 of the Retail Franchising Act, the Franchise Disclosure Document for The Glass Guru Franchise Systems, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h. Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any 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.

Each of the undersigned acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

THE GLASS GURU FRANCHISE SYSTEMS, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FOR THE STATE OF WASHINGTON

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between The Glass Guru Franchise Systems, Inc. and _____
_____.

1. In recognition of the requirements of the Washington Franchise Investment Protection Act, Washington Rev. Code §§19.100.010 – 19.100.940, the Franchise Agreement for The Glass Guru Franchise Systems, Inc. is amended as follows:

- The Washington Franchise Investment Protection Act provides rights to Franchisee concerning non-renewal and termination of the Franchise Agreement. If the Agreement contains a provision that is inconsistent with the Act, the Act shall control.
- Under Sections 4.2.8, 5.2, 5.5, 8.4, 18.2.3 and 18.2.6, Franchisee is required to sign a general release as a condition of renewal and transfer, or termination of the franchise; such release shall exclude claims arising under the Washington Franchise Investment Protection Act.
- Section 23.1 requires that the franchise be governed by the laws of the State of California; such a requirement may be unenforceable in the event of a conflict with the Washington Franchise Investment Protection Act. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
- Sections 23.2 and 23.7 require litigation or arbitration to be conducted in the State of California; the requirement shall not limit any rights Franchisee may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington.
- Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, or which unreasonably restrict other rights or remedies available to a franchisee under the Act, such as a waiver of the 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.

2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Washington Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments, the terms of this Addendum shall govern.

Each of the undersigned acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

THE GLASS GURU FRANCHISE SYSTEMS, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FOR THE STATE OF WISCONSIN

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between The Glass Guru Franchise Systems, Inc. and _____
_____ to amend and revise said Franchise Agreement as follows:

1. The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Sec. 135.01-135.07 shall supersede any conflicting terms of the Franchise Agreement.

2. This provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments, the terms of this Addendum shall govern.

Each of the undersigned acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

THE GLASS GURU FRANCHISE SYSTEMS, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT B
TO THE DISCLOSURE DOCUMENT
LIST OF STATE ADMINISTRATORS;

The following is a list of state administrators responsible for registration and review of franchises and the Effective Date of this Disclosure Document for these states. The Effective Date of this Disclosure Document for any state that is not included in this list is as shown on the cover of the Disclosure Document. We may register in one or more of these states.

California

Department of Business Oversight
71 Stevenson Street, Suite 2100
San Francisco, California 94105
(415)972-8559

Commissioner of Corporations
320 W. 4th Street, Suite 750
Los Angeles, California 90013
(213)576-7500

Commissioner of Corporations
1515 K. Street, Suite 200
Sacramento, California 95814
(866) 275-2677 Toll Free

Florida

Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, Florida 32399-6500

Hawaii

Commissioner of Securities
Department of Commerce & Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217)782-4465

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204
(317)232-6681

Kentucky

Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204

Maryland

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410)576-6360

Michigan

Department of the Attorney General
Consumer Protection Division, Franchise Unit
525 Ottawa Street
G. Mennen Williams Building, 6th Floor
Lansing, Michigan 48909
(517)373-7117

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(651)539-1600

Nebraska

Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400
Lincoln, Nebraska 68509

New York

Bureau of Investor Protection and Securities
New York State Department of Law
120 Broadway, 23rd Floor
New York, New York 10271
(212)416-8211

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor
Department 414
Bismarck, North Dakota 58505-0510
(701)328-4712

Rhode Island

Division of Securities, Suite 232
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920
(401)462-9527

South Dakota

Department of Labor and Regulation
Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501
(605)773-4823

Texas

Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, Texas 78701

Utah

Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
P.O. Box 146704
Salt Lake City, Utah 84114-6704

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804)371-9051

Washington

Department of Financial Institutions
Securities Division
150 Israel Road Southwest
Olympia, Washington 98501
(360)902-8760

Wisconsin

Division of Securities
Department of Financial Institutions
345 West Washington Avenue
Madison, Wisconsin 53703
(608)266-2801

EXHIBIT C TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

The following state agencies are designated as our agent for service of process in accordance with the applicable state laws. We may register in one or more of these states.

California

Department of Business Oversight
71 Stevenson Street, Suite 2100
San Francisco, California 94105

Commissioner of Corporations
320 W. 4th Street, Suite 750
Los Angeles, California 90013

Commissioner of Corporations
1515 K. Street, Suite 200
Sacramento, California 95814
(866) 275-2677 Toll Free

Hawaii

Commissioner of Securities
Department of Commerce & Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

Maryland

Maryland Securities Commissioner
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Michigan

Michigan Department of Commerce
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

New York

Secretary of the State of New York
41 State Street
Albany, New York 12231

North Dakota

North Dakota Securities Department
State Capitol – 5th Floor
600 East Boulevard Avenue
Bismarck, North Dakota 58505-0510

Rhode Island

Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, RI 02920

South Dakota

Department of Labor and Regulation
Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501

Virginia

Clerk of the State Corporation Commission
1300 East Main Street
1st Floor
Richmond, Virginia 23219

Washington

Director, Department of Financial Institutions
Securities Division
150 Israel Road Southwest
Olympia, Washington 98501

Wisconsin

Commissioner of Securities
345 West Washington Street, 4th Floor
Madison, Wisconsin 53703

THE GLASS GURU FRANCHISE SYSTEMS, INC.

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**EXHIBIT D
TO
THE DISCLOSURE DOCUMENT**

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THE GLASS GURU FRANCHISE SYSTEMS, INC.

FINANCIAL STATEMENTS

EXHIBIT E TO THE DISCLOSURE DOCUMENT



Engilis, Payne, Kmetz & Daley
Certified Public Accountants

CONSENT OF INDEPENDENT AUDITOR

April 10, 2014

To the Board of Directors
The Glass Guru Franchise Systems, Inc.
Roseville, California

Engilis, Payne, Kmetz & Daley consents to the use in the Franchise Disclosure Document issued by The Glass Guru Franchise Systems, Inc. ("Franchisor") on March 28, 2014, as it may be amended, of our report dated March 28, 2014, relating to the financial statements of Franchisor for the periods ending December 31, 2013 and 2012.

Engilis Payne Kmetz & Daley
Engilis, Payne, Kmetz & Daley

THE GLASS GURU FRANCHISE SYSTEMS, INC.
FINANCIAL STATEMENTS
December 31, 2013 and 2012



Engilis, Payne, Kmetz & Daley
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Glass Guru Franchise Systems, Inc.
Roseville, California

Report on the Financial Statements

We have audited the accompanying financial statements of The Glass Guru Franchise Systems, Inc. which comprise the balance sheet as of December 31, 2013 and 2012, and the related statements of income and retained earnings, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 the auditor's 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Glass Guru Franchise Systems, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

March 28, 2014

THE GLASS GURU FRANCHISE SYSTEMS, INC.
BALANCE SHEETS
December 31, 2013 and 2012

	2013	2012
ASSETS		
<i>Current Assets</i>		
Cash	\$ 74,897	\$ 74,178
Accounts Receivable	31,273	42,939
Current Portion of Notes Receivable - Franchise Fee Financing	37,584	55,320
Income Tax Receivable	<u>8,881</u>	<u>8,881</u>
Total Current Assets	<u>152,635</u>	<u>181,318</u>
<i>Property and Equipment</i>		
Fixed Assets	47,128	46,322
Accumulated Depreciation	<u>(41,737)</u>	<u>(36,761)</u>
Net Property and Equipment	<u>5,391</u>	<u>9,561</u>
<i>Other Assets</i>		
Notes Receivable - Franchise Fee Financing	111,892	124,710
Advances to Affiliates	117,233	107,594
Deposits	<u>3,411</u>	<u>3,411</u>
Total Other Assets	<u>232,536</u>	<u>235,715</u>
Total Assets	\$ <u>390,562</u>	\$ <u>426,594</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Current Liabilities</i>		
Accounts Payable	\$ 5,755	\$ 20,291
Accrued Expense	1,280	18,372
Deferred Tax Liability	22,306	25,570
Income Taxes Payable	<u>10,200</u>	<u>8,722</u>
Total Current Liabilities	<u>39,541</u>	<u>72,955</u>
<i>Long-Term Liabilities</i>		
Deferred Tax Liability	<u>41,426</u>	<u>47,487</u>
Total Long-Term Liabilities	<u>41,426</u>	<u>47,487</u>
Commitments and Contingencies	-	-
<i>Stockholders' Equity</i>		
Common Stock, No Par Value 100,000,000 Shares	50,000	50,000
Authorized and 2,940,000 Shares Issued and Outstanding	<u>259,595</u>	<u>256,152</u>
Retained Earnings	<u>309,595</u>	<u>306,152</u>
Total Stockholders' Equity	<u>309,595</u>	<u>306,152</u>
Total Liabilities and Stockholders' Equity	\$ <u>390,562</u>	\$ <u>426,594</u>

See accompanying notes and accountant's report.

THE GLASS GURU FRANCHISE SYSTEMS, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS

For the Years Ended December 31, 2013 and 2012

	2013	2012
Revenue		
Initial Franchise Fees	\$ 367,799	\$ 332,301
Continuing Franchise Royalty Fees	417,794	350,541
Product Revenue	<u>457,192</u>	<u>280,354</u>
Total Revenue	1,242,785	963,196
Cost of Revenue	<u>159,857</u>	<u>109,414</u>
Gross Profit	<u>1,082,928</u>	<u>853,782</u>
Expenses		
Advertising	52,163	46,747
Company Vehicle Expense	17,055	11,939
Charitable Contributions	397	264
Computer Expense	9,938	36,903
Bad Debts	64,315	--
Bank Service Charges	10,023	3,543
Brand Expense	2,055	4,878
Delivery and Postage	18,898	9,166
Dues and Subscriptions	392	989
Depreciation	4,976	5,018
Insurance	29,731	15,069
Interest	1,773	27
Meals	6,833	6,068
Other	13,662	15,398
Outside Services	3,653	16,700
Payroll Taxes	71,552	34,348
Professional Fees	67,551	35,700
Rent	71,616	71,616
Repairs and Maintenance	2,194	1,181
Salaries and Wages	599,304	398,205
Supplies	11,306	9,270
Taxes and Licenses	16,980	1,376
Telephone	6,621	3,393
Training	6,051	9,734
Travel	7,063	24,988
Uniforms	5,179	2,997
Utilities	<u>461</u>	<u>2,172</u>
Total Operating Expenses	<u>1,101,742</u>	<u>767,689</u>
(Loss)/Income from Operations	(18,814)	86,093
Other Income	<u>25,438</u>	<u>3,747</u>
Income Before Income Taxes	6,624	89,840
Income Tax Expense/Expense	<u>1,675</u>	<u>18,626</u>
Net Income	4,949	71,214
Retained Earnings at Beginning of Year	256,152	184,938
Shareholder Distributions	<u>(1,506)</u>	<u>(--)</u>
Retained Earnings at End of Year	\$ <u>259,595</u>	\$ <u>256,152</u>

See accompanying notes and accountant's report.

THE GLASS GURU FRANCHISE SYSTEMS, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Net Income	\$ 4,949	\$ 71,214
Adjustments to Reconcile Net Income to Net Cash Used by Operating Activities:		
Depreciation	4,976	5,018
Increase in Allowance for Doubtful Accounts	34,018	--
(Increase) in Franchise Fee Financing	(41,549)	(44,448)
Decrease/(Increase) in Accounts Receivable	11,666	(9,196)
(Increase) in Income Taxes Receivable	--	(2,888)
(Decrease)/Increase in Accounts Payable	(14,536)	3,313
(Decrease) in Accrued Expenses	(17,092)	(11,675)
Increase in Income Tax Payable	1,478	8,722
Decrease/Increase in Deferred Tax Liability	<u>(9,325)</u>	<u>9,904</u>
Total Adjustments	<u>(30,364)</u>	<u>(41,250)</u>
Net Cash Used/Provided by Operating Activities	<u>(25,415)</u>	<u>29,964</u>
Cash Flows from Investing Activities:		
Payments Received on Franchise Fee Financing	38,085	27,026
Payments for Purchase of Fixed Assets	<u>(806)</u>	<u>--</u>
Net Cash Provided by Investing Activities	<u>37,279</u>	<u>27,026</u>
Cash Flows from Financing Activities:		
Advances to Affiliate	(87,056)	(51,416)
Repayments from Affiliate	77,417	8,250
Repayments of Long-Term Debt	--	(6,568)
Shareholder Distributions	<u>(1,506)</u>	<u>--</u>
Net Cash Used by Financing Activities	<u>(11,145)</u>	<u>(49,734)</u>
Net Increase/Increase in Cash	719	7,256
Cash at Beginning of Year	<u>74,178</u>	<u>66,922</u>
Cash at End of Year	\$ <u>74,897</u>	\$ <u>74,178</u>
<u>Supplemental Cash Flow Information</u>		
Cash Paid During the Year for:		
Interest	\$ 1,773	\$ 27
Income Taxes	\$ -0-	\$ -0-

Non-Cash Financing and Investing Activities:

There were no non-cash financing and investing activities for the year ended December 31, 2013 and 2012.

See accompanying notes and accountant's report.

THE GLASS GURU FRANCHISE SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2013 AND 2012

NOTE 1: NATURE OF OPERATIONS

The Glass Guru Franchise Systems, Inc., a California corporation, is a full service glass and window restoration and replacement franchise business offering unique niche repair services as well as traditional glass shop services to residential customers. The Company offers franchises throughout the United States. The Company's financial statements are presented in accordance with generally accepted accounting principles. The corporation was formed March 8, 2006.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect from balances outstanding at year-end. The allowance for doubtful accounts as of December 31, 2013 and 2012 was \$10,000 and \$10,000, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. The Company provides for depreciation over the estimated useful lives of the assets using accelerated and straight-line methods. The estimated lives of these assets range from five to seven years for vehicles, equipment and furniture and fixtures. Expenditures for major renewals and betterments that extend the useful life of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense for the years ended December 31, 2013 and 2012 was \$4,976 and \$5,018, respectively.

Concentrations of Credit Risk

The Company maintains its cash in bank deposit accounts at a high credit quality financial institution. The Company periodically reviews the credit worthiness of the financial institutions and therefore believes any risk associated with these deposits is minimal.

Revenue Recognition

The Company uses the accrual method of accounting for financial statement purposes. The company recognizes revenue when earned and expenses costs as incurred. The Company provides financing for initial franchise fee purchases.

Taxes Assessed by a Governmental Authority

The Company accounts for all taxes assessed by a governmental authority that are directly imposed on a revenue-producing transaction (i.e., sales and use) on a net (excluded from revenue) basis.

See accompanying accountant's report.

THE GLASS GURU FRANCHISE SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF DECEMBER 31, 2013 AND 2012

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are expensed as they are incurred. Advertising expense for the years ended December 31, 2013 and 2012 amounted to \$17,148 and \$46,747, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The Company evaluates the fair value of its financial instruments based on the current interest rate environment and current pricing of debt instruments with comparable terms. The carrying value of debt and other financial instruments are considered to approximate fair value.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2013 and 2012, consists of the following:

	<u>2013</u>	<u>2012</u>
Company Vehicles	\$ 41,614	\$ 41,614
Equipment, Furniture & Fixtures	<u>5,514</u>	<u>4,708</u>
	47,128	46,322
Less Accumulated Depreciation	<u>(41,737)</u>	<u>(36,761)</u>
Total	\$ <u>5,391</u>	\$ <u>9,561</u>

NOTE 4: NOTES RECEIVABLE - FRANCHISE FEE FINANCING

Notes Receivable-Franchise Fee Financing consists of various amounts arising from the sales of franchises in which the Company finances a portion of the franchise fee. The notes include principal and interest payments payable monthly with interest rates ranging from 5% to 7% with terms beginning June 25, 2007 and ending March 1, 2019. The allowance for doubtful accounts associated with Notes Receivable-Franchise Fee Financing as of December 31, 2013 and 2012 was \$58,018 and \$24,000, respectively.

See accompanying accountant's report.

THE GLASS GURU FRANCHISE SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF DECEMBER 31, 2013 AND 2012

NOTE 5: COMMITMENTS AND CONTINGENCIES

A. Operating leases

The Company is a co-tenant with its affiliates and leases its office space under a long-term lease. The Company as a co-tenant is joint and severally liable for the lease obligation. The lease was amended on August 17, 2009 to extend the lease term for a period of five (5) years from September 1, 2009 to August 31, 2014. The lease provides for total monthly rent of \$5,968. Under the lease, the tenant is responsible for a percentage of taxes, insurance and maintenance costs of the leased premises. The Company facilities lease expense for the year ended December 31, 2013 and 2012 was \$71,616 and \$71,616, respectively. See Note 6.

The following is a schedule of future minimum lease payments required under the lease as of December 31, 2013:

<u>Year Ending December 31,</u>	<u>Amount</u>
2014	\$ 47,744

B. Contingencies

The Company is joint and severally liable for its facilities operating lease. In the event the Company's affiliates/co-tenants default on their lease obligation the Company would be responsible for the total amounts due under the lease. See Note 5A.

Although the Company is involved in legal action arising in the ordinary course of business, the Company's management believes that this matter is without merit and is not material to the financial statements.

NOTE 6: RELATED PARTY TRANSACTIONS

The Company shares administrative costs paid by a related entity, Glass Guru, Inc., whose President is Daniel Frey and who is also the majority shareholder. The Company had amounts due from Glass Guru, Inc., an affiliate, at December 31, 2013 and 2012 for these shared administrative costs of \$101,385 and \$14,329, respectively.

The Company charges administrative costs paid for a related entity, PR Pros, Inc., whose President is Daniel Frey and who is also the majority shareholder. The Company had amounts due from PR Pros, Inc. an affiliate, at December 31, 2013 and 2012 for unpaid administrative costs of \$15,848 and \$93,265, respectively.

See accompanying accountant's report.

THE GLASS GURU FRANCHISE SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF DECEMBER 31, 2013 AND 2012

NOTE 7: INCOME TAXES

The Company accounts for financial statement income taxes using the asset and liability method of accounting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable for the period plus or minus the change during the period in deferred tax assets and liabilities. Deferred income taxes at December 31, 2013 and 2012 consisted of \$63,732 and \$73,057, respectively. Deferred tax liability arises principally resulting from the timing of revenue recognition from accounts receivable and franchisee notes receivable.

The components of income taxes expense are as follows:

	<u>2013</u>	<u>2012</u>
Federal Income Tax	\$ 875	\$ 7,922
State Franchise Tax	800	800
Deferred Tax Expense	<u>--</u>	<u>9,904</u>
Income Tax	<u>\$ 1,675</u>	<u>\$ 18,626</u>

For federal income tax purposes the income tax returns of the Company are open to examination by the IRS for three years after they were filed. For state income tax purposes the income tax returns of the Company are open to examination by the Franchise Tax Board for four years after they were filed. No open tax years are currently being examined. The following are the tax years open to examination:

Federal: 2013, 2012, 2011
California: 2013, 2012, 2011, 2010

Management has evaluated the existence of any uncertain tax positions and there are none.

NOTE 8: SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 28, 2014, the date when the financial statements were available to be issued.

See accompanying accountant's report.



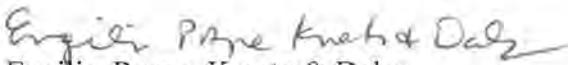
Engilis, Payne, Kmetz & Daley
Certified Public Accountants

CONSENT OF INDEPENDENT AUDITOR

May 30, 2013

To the Board of Directors
The Glass Guru Franchise Systems, Inc.
Roseville, California

Engilis, Payne, Kmetz & Daley consents to the use in the Franchise Disclosure Document issued by The Glass Guru Franchise Systems, Inc. ("Franchisor") on May 22, 2013, as it may be amended, of our report dated May 22, 2013, relating to the financial statements of Franchisor for the periods ending December 31, 2012 and 2011.


Engilis, Payne, Kmetz & Daley

THE GLASS GURU FRANCHISE SYSTEMS, INC.
FINANCIAL STATEMENTS
December 31, 2012 and 2011



Engilis, Payne, Kmetz & Daley

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Glass Guru Franchise Systems, Inc.
Roseville, California

Report on the Financial Statements

We have audited the accompanying financial statements of The Glass Guru Franchise Systems, Inc. which comprise the balance sheet as of December 31, 2012 and 2011, and the related statements of income and retained earnings, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 the auditor's 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Glass Guru Franchise Systems, Inc. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

May 22, 2013

Engilis Payne Kmetz & Daley

THE GLASS GURU FRANCHISE SYSTEMS, INC.

BALANCE SHEETS

December 31, 2012 and 2011

ASSETS	2012	2011
<i>Current Assets</i>		
Cash	\$ 74,178	\$ 66,922
Accounts Receivable	42,939	33,743
Current Portion of Notes Receivable - Franchise Fee Financing	55,320	46,528
Income Tax Receivable	<u>8,881</u>	<u>5,993</u>
Total Current Assets	<u>181,318</u>	<u>153,186</u>
<i>Property and Equipment</i>		
Fixed Assets	46,322	46,322
Accumulated Depreciation	<u>(36,761)</u>	<u>(31,743)</u>
Net Property and Equipment	<u>9,561</u>	<u>14,579</u>
<i>Other Assets</i>		
Notes Receivable - Franchise Fee Financing	124,710	116,080
Advances to Affiliates	107,594	88,155
Deposits	<u>3,411</u>	<u>3,411</u>
Total Other Assets	<u>235,715</u>	<u>207,646</u>
Total Assets	<u>\$ 426,594</u>	<u>\$ 375,411</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Current Liabilities</i>		
Accounts Payable	\$ 20,291	\$ 16,978
Accrued Expense	18,372	30,047
Current Portion of Notes Payable	--	6,568
Deferred Tax Liability	25,570	23,297
Income Taxes Payable	<u>8,722</u>	<u>--</u>
Total Current Liabilities	<u>72,955</u>	<u>76,890</u>
<i>Long-Term Liabilities</i>		
Due to Affiliate	--	23,727
Deferred Tax Liability	<u>47,487</u>	<u>39,856</u>
Total Long-Term Liabilities	<u>47,487</u>	<u>63,583</u>
Commitments and Contingencies	-	-
<i>Stockholders' Equity</i>		
Common Stock, No Par Value 100,000,000 Shares	50,000	50,000
Authorized and 2,940,000 Shares Issued and Outstanding	256,152	184,938
Retained Earnings	<u>306,152</u>	<u>234,938</u>
Total Stockholders' Equity	<u>306,152</u>	<u>234,938</u>
Total Liabilities and Stockholders' Equity	<u>\$ 426,594</u>	<u>\$ 375,411</u>

See accompanying notes and accountant's report.

THE GLASS GURU FRANCHISE SYSTEMS, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS
For the Years Ended December 31, 2012 and 2011

	2012	2011
Revenue		
Initial Franchise Fees	\$ 332,301	\$ 219,500
Continuing Franchise Royalty Fees	350,541	271,242
Product Revenue	<u>280,354</u>	<u>243,967</u>
Total Revenue	963,196	734,709
Cost of Revenue	<u>109,414</u>	<u>101,353</u>
Gross Profit	<u>853,782</u>	<u>633,356</u>
Expenses		
Advertising	46,747	39,003
Company Vehicle Expense	11,939	10,557
Charitable Contributions	264	486
Computer Expense	36,903	31,148
Bad Debts	--	16,000
Bank Service Charges	3,543	6,654
Brand Expense	4,878	18,474
Delivery and Postage	9,166	16,989
Dues and Subscriptions	989	777
Depreciation	5,018	7,364
Insurance	15,069	10,197
Interest	27	871
Meals	6,068	4,819
Other	15,398	(1,697)
Outside Services	16,700	6,735
Payroll Taxes	34,348	32,233
Professional Fees	35,700	18,376
Rent	71,616	22,592
Repairs and Maintenance	1,181	348
Salaries and Wages	398,205	362,262
Supplies	9,270	6,306
Taxes and Licenses	1,376	100
Telephone	3,393	2,577
Training	9,734	35,526
Travel	24,988	4,728
Uniforms	2,997	2,736
Utilities	<u>2,172</u>	<u>1,213</u>
Total Operating Expenses	<u>767,689</u>	<u>657,374</u>
Income/(Loss) from Operations	86,093	(24,018)
Other Income	<u>3,747</u>	<u>18,505</u>
Income/(Loss) Before Income Taxes	89,840	(5,513)
Income Tax Expense/(Refund)	<u>18,626</u>	<u>(22,602)</u>
Net Income	71,214	17,089
Retained Earnings at Beginning of Year	184,938	167,849
Shareholder Distributions	<u>(--)</u>	<u>(--)</u>
Retained Earnings at End of Year	\$ <u>256,152</u>	\$ <u>184,938</u>

See accompanying notes and accountant's report.

THE GLASS GURU FRANCHISE SYSTEMS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Net Income	\$ 71,214	\$ 17,089
Adjustments to Reconcile Net Income to Net Cash Used by Operating Activities:		
Depreciation	5,018	7,364
Increase in Allowance for Doubtful Accounts	--	16,000
(Increase) in Franchise Fee Financing	(44,448)	(15,000)
(Increase) in Accounts Receivable	(9,196)	(6,610)
(Increase) in Income Taxes Receivable	(2,888)	--
Increase in Accounts Payable	3,313	2,291
(Decrease) in Accrued Expenses	(11,675)	(17,737)
Increase/(Decrease) in Income Tax Payable	8,722	(19,985)
Increase/(Decrease) in Deferred Tax Liability	<u>9,904</u>	<u>(16,969)</u>
Total Adjustments	<u>(41,250)</u>	<u>(50,646)</u>
Net Cash Provided/(Used) by Operating Activities	<u>29,964</u>	<u>(33,557)</u>
Cash Flows from Investing Activities:		
Payments from Shareholders	--	56,394
Payments Received on Franchise Fee Financing	<u>27,026</u>	<u>56,662</u>
Net Cash Provided by Investing Activities	<u>27,026</u>	<u>113,056</u>
Cash Flows from Financing Activities:		
Advances to Affiliate	(51,416)	(76,159)
Repayments from Affiliate	8,250	--
Repayments of Long-Term Debt	<u>(6,568)</u>	<u>(8,407)</u>
Net Cash Used by Financing Activities	<u>(49,734)</u>	<u>(84,566)</u>
Net Increase/(Decrease) in Cash	7,256	(5,067)
Cash at Beginning of Year	<u>66,922</u>	<u>71,989</u>
Cash at End of Year	\$ <u>74,178</u>	\$ <u>66,922</u>
<u>Supplemental Cash Flow Information</u>		
Cash Paid During the Year for:		
Interest	\$ 27	\$ 871
Income Taxes	\$ -0-	\$ -0-

Non-Cash Financing and Investing Activities:

There were no non-cash financing and investing activities for the year ended December 31, 2012 and 2011.

See accompanying notes and accountant's report.

THE GLASS GURU FRANCHISE SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2012 AND 2011

NOTE 1: NATURE OF OPERATIONS

The Glass Guru Franchise Systems, Inc., a California corporation, is a full service glass and window restoration and replacement franchise business offering unique niche repair services as well as traditional glass shop services to residential customers. The Company offers franchises throughout the United States. The Company's financial statements are presented in accordance with generally accepted accounting principles. The corporation was formed March 8, 2006.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect from balances outstanding at year-end. The allowance for doubtful accounts as of December 31, 2012 and 2011 was \$10,000 and \$10,000, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. The Company provides for depreciation over the estimated useful lives of the assets using accelerated and straight-line methods. The estimated lives of these assets range from five to seven years for vehicles, equipment and furniture and fixtures. Expenditures for major renewals and betterments that extend the useful life of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense for the years ended December 31, 2012 and 2011 was \$5,018 and \$7,364, respectively.

Concentrations of Credit Risk

The Company maintains its cash in bank deposit accounts at a high credit quality financial institution. The Company periodically reviews the credit worthiness of the financial institutions and therefore believes any risk associated with these deposits is minimal.

Revenue Recognition

The Company uses the accrual method of accounting for financial statement purposes. The company recognizes revenue when earned and expenses costs as incurred. The Company provides financing for initial franchise fee purchases.

Taxes Assessed by a Governmental Authority

The Company accounts for all taxes assessed by a governmental authority that are directly imposed on a revenue-producing transaction (i.e., sales and use) on a net (excluded from revenue) basis.

See accompanying accountant's report.

THE GLASS GURU FRANCHISE SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF DECEMBER 31, 2012 AND 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are expensed as they are incurred. Advertising expense for the years ended December 31, 2012 and 2011 amounted to \$46,747 and \$39,003, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The Company evaluates the fair value of its financial instruments based on the current interest rate environment and current pricing of debt instruments with comparable terms. The carrying value of debt and other financial instruments are considered to approximate fair value.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2012 and 2011, consists of the following:

	<u>2012</u>	<u>2011</u>
Company Vehicles	\$ 41,614	\$ 41,614
Equipment, Furniture & Fixtures	<u>4,708</u>	<u>4,708</u>
	46,322	46,322
Less Accumulated Depreciation	(36,761)	(31,743)
Total	\$ <u>9,561</u>	\$ <u>14,579</u>

NOTE 4: NOTES RECEIVABLE - FRANCHISE FEE FINANCING

Notes Receivable-Franchise Fee Financing consists of various amounts arising from the sales of franchises in which the Company finances a portion of the franchise fee. The notes include principal and interest payments payable monthly with interest rates ranging from 5% to 7% with terms beginning June 25, 2007 and ending January 1, 2016. The allowance for doubtful accounts associated with Notes Receivable-Franchise Fee Financing as of December 31, 2012 and 2011 was \$24,000 and \$24,000, respectively.

See accompanying accountant's report.

THE GLASS GURU FRANCHISE SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF DECEMBER 31, 2012 AND 2011

NOTE 5: COMMITMENTS AND CONTINGENCIES

A. Operating leases

The Company is a co-tenant with its affiliates and leases its office space under a long-term lease. The Company as a co-tenant is joint and severally liable for the lease obligation. The lease was amended on August 17, 2009 to extend the lease term for a period of five (5) years from September 1, 2009 to August 31, 2014. The lease provides for total monthly rent of \$5,968. Under the lease, the tenant is responsible for a percentage of taxes, insurance and maintenance costs of the leased premises. For 2011 the Company shared monthly rent expense with its affiliates with the Company responsible for \$1,530 per month and its affiliates responsible for \$4,438. For 2012 the affiliates did not assume or pay for any of the lease expense and therefore the Company recorded the full lease expense. The Company facilities lease expense exclusive of the amount responsible by their affiliates for the year ended December 31, 2012 and 2011 was \$71,616 and \$22,592, respectively. See Note 6.

The following is a schedule of future minimum lease payments required under the lease as of December 31, 2012:

<u>Year Ending December 31,</u>	<u>Amount</u>
2013	\$ 71,616
2014	<u>47,744</u>
Total	\$ <u>119,360</u>

B. Contingencies

The Company is joint and severally liable for its facilities operating lease. In the event the Company's affiliates/co-tenants default on their lease obligation the Company would be responsible for the total amounts due under the lease. See Note 5A.

Although the Company is involved in legal action arising in the ordinary course of business, the Company's management believes that this matter is without merit and is not material to the financial statements.

NOTE 6: RELATED PARTY TRANSACTIONS

The Company shares administrative costs paid by a related entity, Glass Guru, Inc., whose President is Daniel Frey and who is also the majority shareholder. The Company had amounts due from/(to) Glass Guru, Inc., an affiliate, at December 31, 2012 and 2011 for these shared administrative costs of \$14,329 and (\$23,727), respectively.

The Company charges administrative costs paid for a related entity, PR Pros, Inc., whose President is Daniel Frey and who is also the majority shareholder. The Company had amounts due from PR Pros, Inc. an affiliate, at December 31, 2012 and 2011 for unpaid administrative costs of \$93,265 and \$88,155, respectively.

See accompanying accountant's report.

THE GLASS GURU FRANCHISE SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF DECEMBER 31, 2012 AND 2011

NOTE 7: INCOME TAXES

The Company accounts for financial statement income taxes using the asset and liability method of accounting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable for the period plus or minus the change during the period in deferred tax assets and liabilities. Deferred income taxes at December 31, 2012 and 2011 consisted of \$73,057 and \$63,153, respectively. Deferred tax liability arises principally resulting from the timing of revenue recognition from accounts receivable and franchisee notes receivable.

The components of income taxes expense are as follows:

	<u>2012</u>	<u>2011</u>
Federal Income Tax	\$ 7,922	\$ (7,990)
State Franchise Tax	800	(7,060)
Deferred Tax Expense	<u>9,904</u>	<u>(7,552)</u>
Income Tax	<u>\$ 18,626</u>	<u>\$ (22,602)</u>

For federal income tax purposes the income tax returns of the Company are open to examination by the IRS for three years after they were filed. For state income tax purposes the income tax returns of the Company are open to examination by the Franchise Tax Board for four years after they were filed. The following are the tax years open to examination:

Federal: 2012, 2011, 2010
California: 2012, 2011, 2010, 2009

Management has evaluated the existence of any uncertain tax positions and there are none.

NOTE 8: SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 22, 2013, the date when the financial statements were available to be issued.

See accompanying accountant's report.

THE GLASS GURU FRANCHISE SYSTEMS, INC.

LIST OF CURRENT AND FORMER FRANCHISEES

EXHIBIT F
TO
THE DISCLOSURE DOCUMENT

<u>Franchise</u>	<u>Franchisee(s)</u>	<u>Phone</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Postal</u>
ALABAMA						
The Glass Guru of Mobile	<u>Wyatt and Sherry Gerald</u>	<u>251-287-1562</u>	<u>2315 Park Place</u>	<u>Mobile</u>	<u>AL</u>	<u>36605</u>
ARIZONA						
The Glass Guru of Avondale	<u>Michael Starr</u>	<u>602-370-5897</u>	<u>929 E Doris Street</u>	<u>Avondale</u>	<u>AZ</u>	<u>85323</u>
CALIFORNIA						
The Glass Guru of Auburn	<u>Ron & CJ Masciovecchio</u>	<u>530-852-9878</u>	<u>7420 Goose Meadows Way</u>	<u>Roseville</u>	<u>CA</u>	<u>95747</u>
The Glass Guru of Bakersfield	<u>Mark Williford</u>	<u>661-330-0997</u>	<u>3101 Summer Side Court</u>	<u>Bakersfield</u>	<u>CA</u>	<u>93309</u>
The Glass Guru of Brentwood	<u>Ranae Williams</u>	<u>925-339-1647</u>	<u>7030 Valley Hills Drive</u>	<u>Pleasanton</u>	<u>CA</u>	<u>94588</u>
The Glass Guru of Carlsbad	<u>Laurel Mayo</u>	<u>760-994-4441</u>	<u>4080 Via Rio Ave.</u>	<u>Oceanside</u>	<u>CA</u>	<u>92057</u>
The Glass Guru of Chico	<u>Tracy Woolery</u>	<u>530-879-1800</u>	<u>4243 Keefer Road</u>	<u>Chico</u>	<u>CA</u>	<u>95973</u>
The Glass Guru of Clovis	<u>Patrick Vance</u>	<u>559-709-2795</u>	<u>2396 E. Cromwell Ave</u>	<u>Fresno</u>	<u>CA</u>	<u>95678</u>
The Glass Guru of Concord	<u>Jeff Moraes</u>	<u>925-360-3231</u>	<u>1264 Civic Drive</u>	<u>Walnut Creek</u>	<u>CA</u>	<u>94596</u>
The Glass Guru of Elk Grove	<u>Todd Denhalter</u>	<u>916-458-8150</u>	<u>8638 Copper Canyon Way</u>	<u>Antelope</u>	<u>CA</u>	<u>95843</u>
The Glass Guru of Folsom	<u>Vito Lessa</u>	<u>916-517-0952</u>	<u>1323 Puebla Way</u>	<u>Roseville</u>	<u>CA</u>	<u>95747</u>
The Glass Guru of Hayward	<u>Lance or Jordan Engeldinger</u>	<u>925-808-8884</u>	<u>3484 Hamlin Road</u>	<u>Lafayette</u>	<u>CA</u>	<u>94549</u>
The Glass Guru of Hemet	<u>Richard Killien</u>	<u>951-760-3233</u>	<u>41350 Dixon Drive</u>	<u>Hemet</u>	<u>CA</u>	<u>92544</u>
The Glass Guru of Marin	<u>Pat & Janis Powers</u>	<u>707-282-5700</u>	<u>PO Box 2707</u>	<u>Santa Rosa</u>	<u>CA</u>	<u>95045</u>
The Glass Guru of Modesto	<u>Dennis Freeman & Chuck Vecchiarelli</u>	<u>209-625-8156</u>	<u>6136 East Acampo Road</u>	<u>Acampo</u>	<u>CA</u>	<u>95220</u>
The Glass Guru of Monterey County	<u>John Lewis</u>	<u>831-758-5232</u>	<u>246-A Abbott Street</u>	<u>Salinas</u>	<u>CA</u>	<u>93901</u>
The Glass Guru of Redding	<u>Pete Scatena</u>	<u>530-222-2153</u>	<u>1566 Lavender Way</u>	<u>Redding</u>	<u>CA</u>	<u>96003</u>
The Glass Guru of Redlands	<u>Rodd Heggen</u>	<u>951-403-8796</u>	<u>33657 Northview Drive</u>	<u>Yucaipa</u>	<u>CA</u>	<u>92399</u>
The Glass Guru of Roseville	<u>Dan Frey & Dave Hull</u>	<u>916-786-4878</u>	<u>198 Cirby Way, Suite 120</u>	<u>Roseville</u>	<u>CA</u>	<u>95678</u>
The Glass Guru of San Luis Obispo	<u>Brian Rodgers</u>	<u>850-550-4806</u>	<u>358 E. Ormonde</u>	<u>Arroyo Grande</u>	<u>CA</u>	<u>93420</u>
The Glass Guru of San Mateo	<u>Daniel Dear</u>	<u>415-254-8383</u>	<u>1028 San Luis Circle #360</u>	<u>Daly City</u>	<u>CA</u>	<u>94014</u>
The Glass Guru of Santa Cruz	<u>Alex & Aprill Acaya</u>	<u>831-621-6151</u>	<u>445 Tudor Way</u>	<u>Salinas</u>	<u>CA</u>	<u>93906</u>
The Glass Guru of Sonoma	<u>Pat & Janis Powers</u>	<u>707-282-5700</u>	<u>PO Box 2707</u>	<u>Santa Rosa</u>	<u>CA</u>	<u>95045</u>
The Glass Guru of Stockton	<u>Chuck & Brenda Vecchiarelli</u>	<u>209-625-8156</u>	<u>6136 East Acampo Road</u>	<u>Acampo</u>	<u>CA</u>	<u>95220</u>
The Glass Guru of The Tri-Valley						
The Glass Guru of Truckee	<u>Shawn Evans</u>	<u>530-587-5600</u>	<u>5929 Elvas Ave</u>	<u>Sacramento</u>	<u>CA</u>	<u>95819</u>
The Glass Guru of West Sac	<u>Breck Spain; Teresa Ryder</u>	<u>916-599-4404</u>	<u>3426 Davidson Drive</u>	<u>Antelope</u>	<u>CA</u>	<u>95843</u>
The Glass Guru of Yuba City	<u>Greg Lewelling</u>	<u>530-674-3858</u>	<u>616 Anna Drive</u>	<u>Yuba City</u>	<u>CA</u>	<u>95993</u>
COLORADO						
The Gass Guru of Fort Collins	<u>John Webb</u>	<u>970-689-3119</u>	<u>3819 Kentford Road</u>	<u>Fort Collins</u>	<u>CO</u>	<u>80525</u>

The Glass Guru of Denver North	Chris Schwartz	720-215-1313	12125 West 85th Avenue	Arvada	CO	80005
The Glass Guru of Glenwood Springs	Dan Lahti	970-456-6832	Po Box 493	Glenwood Springs	CO	81602
The Glass Guru of Greeley	Devin Huizingh, Tyler Maxey	970-984-8787	2342 33rd Ave	Greeley	CO	80634
The Glass Guru of Highlands Ranch	Chris Schwartz	720-379-8318	10266 Willowbridge Ct	Highlands Ranch	CO	80126
DELEWARE	-	-	-	-	-	-
The Glass Guru of Bear	Mike Evans	302-595-4820	74 Albe Drive	Newark	DE	19702
FLORIDA	-	-	-	-	-	-
The Glass Guru of Bradenton	Dave Brink	941-526-6942	5118 6th Avenue Drive West	Bradenton	FL	34209
The Glass Guru of Melbourne	Adam Stanley	321-327-7944	205 W Drive, Suite 1	Melbourne	FL	32904
The Glass Guru of Palm Harbor	Eric H Hipps	727-388-1004	305 Bear Ridge Circle, Suite 103	Palm Harbor	FL	34683
The Glass Guru of Tallahassee	Howard Rich	850-553-4878	2591 Centerville Road, Suite # 203	Tallahassee	FL	32308
GEORGIA	-	-	-	-	-	-
The Glass Guru of Columbus	Vaughn Dobbins	706-321-8964	501 Winterhaven Way	Columbus	GA	31904
The Glass Guru of Warner-Robbins	Kenny Meredith	478-328-0999	1433 Watson Blvd	Warner Robins	GA	31093
HAWAII	-	-	-	-	-	-
The Glass Guru of Leeward Oahu	Guerric deColigny	808-234-4260	1959 Puowaina Drive	Honolulu	HI	96813
ILLINOIS	-	-	-	-	-	-
The Glass Guru of Gurnee	Tom Rowland	847-665-8450	32958 North Stone Manor	Grayslake	IL	60030
INDIANA	-	-	-	-	-	-
The Glas Guru of Indy North	Mitch Ritchey	317-222-1592	12632 Rocky Mountain Court	Fishers	IN	46037
The Glass Guru of Indy South	Andy Ranard	317-288-3737	886 North State Road 135 Suite B	Greenwood	IN	46142
The Glass Guru of New Albany	Pzul & Anne Matzek	812-969-3909	2460 N. Hwy 11 SE	Elizabeth	IN	47117
LOUISIANA	-	-	-	-	-	-
The Glass Guru of Baton Rouge	Ben Smith	225-271-4890	13196 Montrose N	Denham Springs	LA	70726
MARYLAND	-	-	-	-	-	-
The Glass Guru of Columbia	Kevin Bristol	410-984-5565	806 Barkwood Court, Suite A	Linthicum	MD	21090
The Glass Guru of Laurel	David Levine	240-274-3426	4819 Manheim Ave	Beltsville	MD	20705
MASSACHUSETTES	-	-	-	-	-	-
The Glass Guru of Fitchburg	Murray Hunter	978-355-4878	86 West Street	Barre	MA	1005
The Glass Guru of Winchester	George Kapetanakis	781-910-8217	167 Kendall Rd	Tewksbury	MA	1876

MICHIGAN	-	-	-	-	-	-
The Glass Guru of Traverse City	<u>Steve Bentley</u>	<u>231-510-4464</u>	<u>4332 North 13 Road</u>	<u>Mesick</u>	<u>MI</u>	<u>49668</u>
The Glass Guru of Troy	<u>Bill or Deb Gondert</u>	<u>248-930-8777</u>	<u>55 E. Long Lake #423</u>	<u>Troy</u>	<u>MI</u>	<u>48085</u>
MINNISOTA	-	-	-	-	-	-
The Glass Guru of Blaine	<u>Jonathan Land</u>	<u>763-767-2151</u>	<u>308 15 St. SW Ste 148</u>	<u>Forest Lake</u>	<u>MN</u>	<u>55025</u>
MISSOURI	-	-	-	-	-	-
The Glass Guru of Springfield	<u>Clay Frisbie</u>	<u>417-881-1141</u>	<u>1367 E Dunkirk</u>	<u>Springfield</u>	<u>MO</u>	<u>65804</u>
MONTANA	-	-	-	-	-	-
The Glass Guru of Helena	<u>Michael DaSilva</u>	<u>406-461-6288</u>	<u>4141 Hezberg Lane</u>	<u>Helena</u>	<u>MT</u>	<u>59602</u>
NEVADA	-	-	-	-	-	-
The Glass Guru of Carson City	<u>Daniel & Julia Magrath</u>	<u>775-841-1101</u>	<u>613 W Winnie Lane</u>	<u>Carson City</u>	<u>NV</u>	<u>89703</u>
The Glass Guru of Reno	<u>Rick & Lori Boteler</u>	<u>775-354-0723</u>	<u>896 Vivian Drive</u>	<u>Sparks</u>	<u>NV</u>	<u>89436</u>
NEW YORK	-	-	-	-	-	-
The Glass Guru of Albany	<u>Paul Schlingen</u>	<u>578-567-7328</u>	<u>1948 State Route 66</u>	<u>Ghent</u>	<u>NY</u>	<u>12075</u>
The Glass Guru of Rochester	<u>Mike Boyer</u>	<u>585-704-4616</u>	<u>811 Ayrault Road Suite 4</u>	<u>Fairport</u>	<u>NY</u>	<u>14450</u>
NORTH CAROLINA	-	-	-	-	-	-
The Glass Guru of Greensboro	<u>Dwayne Johnson</u>	<u>336-988-5456</u>	<u>4510 Foxcroft</u>	<u>Greensboro</u>	<u>NC</u>	<u>27410</u>
The Glass Guru of Raleigh	<u>Denise Seagroves</u>	<u>910-892-2909</u>	<u>7684 Plainview Highway</u>	<u>Dunn</u>	<u>NC</u>	<u>28334</u>
OHIO	-	-	-	-	-	-
The Glass Guru of Central Ohio	<u>David Garrison</u>	<u>740-349-0871</u>	<u>195 Union Street Suite F</u>	<u>Newark</u>	<u>OH</u>	<u>43055</u>
OREGON	-	-	-	-	-	-
The Glass Guru of Medford	<u>Frank Grant, Wayne McKenzie</u>	<u>541-779-7779</u>	<u>829 Brandon Street</u>	<u>Central Point</u>	<u>OR</u>	<u>97502</u>
SOUTH CAROLINA	-	-	-	-	-	-
The Glass Guru of Charleston	<u>Erik Hilger</u>	<u>843-224-3888</u>	<u>940 E. Estates Blvd. V</u>	<u>Charleston</u>	<u>SC</u>	<u>29414</u>
SOUTH DAKOTA	-	-	-	-	-	-
The Glass Guru of Sioux Falls	<u>Keith McKenney</u>	<u>605-275-0275</u>	<u>312 Kiawanis Ave. Apt 209</u>	<u>Sioux Falls</u>	<u>SD</u>	<u>57104</u>
TENNESSEE	-	-	-	-	-	-
The Glass Guru of Clarksville	<u>Everett Newman</u>	<u>540-446-4601</u>	<u>1586 Autumn Dr.</u>	<u>Clarksville</u>	<u>TN</u>	<u>37042</u>

TEXAS						
The Glass Guru of Austin	<u>Michael Kugler</u>	<u>512-828-6770</u>	<u>40 North Interstate 35</u>	<u>Austin</u>	<u>TX</u>	<u>78701</u>
The Glass Guru of Frisco	<u>Ted or Aaron Halladay</u>	<u>469-252-3785</u>	<u>1209 Whisper Willow Drive</u>	<u>McKinney</u>	<u>TX</u>	<u>75070</u>
The Glass Guru of Dallas	<u>Tom W Phillips</u>	<u>214-503-0048</u>	<u>9511 Shady Valley Drive</u>	<u>Dallas</u>	<u>TX</u>	<u>75238</u>
The Glass Guru of Fort Bend Co.	<u>Robert & Lisa Gulley</u>	<u>281-762-7753</u>	<u>4106 FM 723 Suite F</u>	<u>Rosenberg</u>	<u>TX</u>	<u>77471</u>
The Glass Guru of Keller	<u>Todd Beseda</u>	<u>972342-4016</u>	<u>511 Hinsdale</u>	<u>Arlington</u>	<u>TX</u>	<u>76006</u>
The Glass Guru of Lewisville	<u>Tony Willingham</u>	<u>214-450-9272</u>	<u>2000 Silverway Lane</u>	<u>Carrollton</u>	<u>TX</u>	<u>75010</u>
VIRGINIA						
The Glass Guru of Staunton	<u>Alex Haliburton</u>	<u>434-284-0916</u>	<u>101 State Street</u>	<u>Staunton</u>	<u>VA</u>	<u>24401</u>
WASHINGTON						
The Glass Guru of Bellingham	<u>Eric Brown</u>	<u>360-927-9395</u>	<u>4550 Birch Bay Lynden Rd. Ste B125</u>	<u>Blaine</u>	<u>WA</u>	<u>98230</u>
The Glass Guru of Chehalis	<u>Gerard Drake</u>	<u>360-740-7777</u>	<u>1673 S Market Blvd. #127</u>	<u>Chehalis</u>	<u>WA</u>	<u>98532</u>
The Glass Guru of Spokane Valley	<u>Amy & Scott Kells</u>	<u>509-284-4427</u>	<u>11917 E Lenora Drive</u>	<u>Spokane Valley</u>	<u>WA</u>	<u>99206</u>
FOREIGN COUNTRIES						
CANADA						
The Glass Guru of Brockville CAN	<u>Lindsay Haley</u>	<u>613-349-5253</u>	<u>35 Caintown Rd.</u>	<u>Mallorytown</u>	<u>OT</u>	<u>KOE 1RO</u>
The Glass Guru of Burlington, Ontario	<u>Mike Lauzon</u>	<u>905-331-9300</u>	<u>1153 Pioneer Road, Unit Q</u>	<u>Burlington</u>	<u>OT</u>	<u>L7M 1K5</u>
The Glass Guru of Charham-Kent	<u>Scott and Jen Bowen</u>	<u>519-627-8514</u>	<u>105 Braingna Avenue</u>	<u>Wallaceburg</u>	<u>OT</u>	<u>N8A5C4</u>
The Glass Guru of Kemptville, CAN	<u>Cole Pearson</u>	<u>613-926-1232</u>	<u>8251 County Rd. 15</u>	<u>North Augusta</u>	<u>OT</u>	<u>KOG 1RO</u>
The Glass Guru of North Surrey, CAN	<u>Chris Wijaya</u>	<u>604-595-3011</u>	<u>17163 102 Avenue</u>	<u>Surrey</u>	<u>BC</u>	<u>V4N3L4</u>
The Glass Guru of Ottawa East	<u>Marc Latendresse</u>	<u>613-424-8996</u>	<u>1112 Moselle Cres</u>	<u>Orleans</u>	<u>OT</u>	<u>K1C 2T2</u>

FORMER FRANCHISEES
During the year ended December 31, 2013

The Glass Guru of Wasilla	Mike Groendyke	907-854-2113	3550 W Lord Baranof	Wasilla	AK	99654
The Glass Guru of Carmichael	Dan Frey and Dave Hull	916-481-4878	3377 Arden Way	Roseville	CA	95825
The Glass Guru of Clermont	Jared Fullerton	352-989-5856	407 - E Old Highway 50	Minneola	FL	34715
The Glass Guru of Ames	Steve Holdredge	515-203-1962	532 W. Broad Street	Story City	IA	50248
The Glass Guru of Lynnwood	Paul Blanchett	425-361-2773	4405 221st Pl SW	Mountlake Terrace	WA	98043
The Glass Guru of Abbotsford	Will Van Baalen	604-755-4666	#4 - 31018 Peardonville Road	Abbotsford	BC	V2T 6K5

EXHIBIT G
TO DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, THE GLASS GURU FRANCHISE SYSTEMS, INC. and you are preparing to enter into a Franchise Agreement for the operation of a Franchised Business. In this Franchisee Disclosure Questionnaire, THE GLASS GURU FRANCHISE SYSTEMS, INC. will be referred to as “we” or “us.” The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed THE GLASS GURU FRANCHISE SYSTEMS, INC. Franchise Agreement and each exhibit, addendum and schedule attached to it?
Yes ___ No ___

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?
Yes ___ No ___

If “No”, what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

3. Have you received and personally reviewed our Disclosure Document we provided to you?
Yes ___ No ___

4. Do you understand all of the information contained in the Disclosure Document?
Yes ___ No ___

If "No", what parts of the Disclosure Document do you not understand? (Attach additional pages, if necessary.)

5. Have you discussed the benefits and risks of operating the Franchised Business with an attorney, accountant or other professional advisor and do you understand those risks?
Yes ___ No ___
6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?
Yes ___ No ___
7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of the Franchised Business that we or our franchisees operate?
Yes ___ No ___
8. Has any employee or other person speaking on our behalf made any statement or promise concerning a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?
Yes ___ No ___
9. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?
Yes ___ No ___
10. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?
Yes ___ No ___

THE GLASS GURU FRANCHISE SYSTEMS, INC.

MULTI-STATE ADDENDA

EXHIBIT H
TO
THE DISCLOSURE DOCUMENT

**ADDENDUM TO THE
THE GLASS GURU FRANCHISE SYSTEMS, INC.
UNIFORM FRANCHISE DISCLOSURE DOCUMENT**

FOR THE STATE OF CALIFORNIA

1. 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.

2. 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.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

Neither the franchisor, any person or franchise broker in ITEM 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

3. ITEM 17 of the Disclosure Document is amended to add the following:
- The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
 - The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
 - The Franchise Agreement contains a covenant not to compete that extends beyond the term of the agreement. This provision might not be enforceable under California law.
 - 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 at the forum indicated in ITEM 17 with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult 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 the Franchise Agreement restricting venue to a forum outside the State of California.
 - The following URL address is for the franchisor's website:

www.theglassguru.com

FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.

FOR THE STATE OF HAWAII

1. The following list reflects the status of our franchise registrations in the states that have franchise registration and/or disclosure laws:

- This registration is not currently effective in any state.
- This proposed registration is on file with or will shortly be on file with the States of California, Florida, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin.
- There are no states that have refused, by order or otherwise, to register these franchises.
- There are no states that have revoked or suspended the right to offer these franchises.

2. The Franchise Agreement has been amended as follows:

- The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement, and more specifically, Sections 4.2 and 16.2 and 18, contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.
- Sections 4.2.8, 18.2.3 and 18.2.6 of the Franchise Agreement require franchisee to sign a general release as a condition of renewal and transfer of the franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law.
- Section 16.2.1.10 of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

3. The Receipt Pages are amended to add the following:

- THIS FRANCHISE 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 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 THE 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 AND 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.

FOR THE STATE OF ILLINOIS

- No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire.
- Illinois law governs the Franchise Agreement (without regard to conflict of laws), and jurisdiction and venue for court litigation shall be in Illinois.
- Any provision in the Franchise Agreement requiring a general release is void to the extent that such provision requires a waiver of compliance with the Illinois Franchise Disclosure Act.
- Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void, provided that a Franchise Agreement may provide for arbitration in a forum outside of Illinois.
- Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim under the provisions of Title 9 of the United States Code.

ITEM 17 of the Disclosure Document is amended to add the following:

- The conditions under which a franchise can be terminated and your rights upon non-renewal, as well as the application by which you must bring any claims, may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/19, 705/20.

FOR THE STATE OF INDIANA

1. ITEM 8 of the Disclosure Document is amended to add the following:
 - Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

2. ITEMS 6 and 9 of the Disclosure Document is amended to add the following:
 - The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if such procedures or products were utilized by franchisee in the manner required by franchisor.

3. ITEM 17 of the Disclosure Document is amended to add the following:
 - Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
 - Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.
 - ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.
 - ITEM 17(u) is amended to provide that arbitration between a franchisee and franchisor will be conducted in Indiana or a site mutually agreed upon.
 - ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.
 - ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

FOR THE STATE OF MARYLAND

1. ITEM 17 of the Disclosure Document is amended to add the following:
 - Under the Maryland Franchise Registrations and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., no general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims under the Maryland Franchise Registration and Disclosure Law.
 - Any litigation between Franchisee and Franchisor may be instituted in any court of competent jurisdiction, including a court in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
 - Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
 - In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
 - The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. Exhibit G to the Disclosure Document is amended as follows:
 - Any portion of the Disclosure Questionnaire which requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FOR THE STATE OF MINNESOTA

1. ITEM 13 of the Disclosure Document is amended as follows:
 - As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse the Franchisee for any costs incurred by the Franchisee in the defense of the Franchisee's right to use the Marks, so long as the Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. ITEM 17 of the Disclosure Document is amended as follows:
 - With respect to franchises governed by Minnesota law, the Franchisor will comply with Minn. Stat. Sec. 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 of non-renewal of the Agreement.
 - ITEM 17 does not provide for a prospective general release of claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
 - Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise 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.

FOR THE STATE OF NEW YORK

1. All references made herein to an “Disclosure Document” shall be replaced with the term “Offering Prospectus” as used under New York Law.

2. The UFOC Cover Page is amended as follows:

- **REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT THE 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 AND THE NEW YORK STATE DEPARTMENT OF LAW, 120 BROADWAY, NEW YORK, NEW YORK 10271-0332. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.**
- **THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE CIRCULAR. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE DESCRIBED IN THIS CIRCULAR.**

3. ITEM 3 is amended by the addition of the following language:

- Neither franchisor, the franchisor’s predecessor or an affiliate offering franchises under the franchisor’s principal trademark, nor any person identified in ITEM 2 has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against them alleging a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion; misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, neither franchisor nor any person identified in ITEM 2 has any pending actions, other than routine litigation incidental to the business, that are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- Neither franchisor, the franchisor’s predecessor or an affiliate offering franchises under the franchisor’s principal trademark, nor any person identified in ITEM 2 has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding involving violation of any franchise law, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- Neither franchisor, the franchisor’s predecessor or an affiliate offering franchises under the franchisor’s principal trademark, nor any person identified in ITEM 2 is subject to any injunctive or restrictive order or decree relating to the franchises, or any Federal, State or

Canadian franchise, securities, antitrust, trade regulation or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency.

4. ITEM 4 is amended to state that:
 - Neither the franchisor, nor its predecessor, officers or general partner of the franchisor has, during the ten (10) year period immediately before the date of the Disclosure Document, has: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; (c) was a principal officer of any company or a general partner in any partnership that either filed as a debtor (or had filed against it) a petition to start action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the Bankruptcy Code during or within one (1) year after the officer or general partner of the franchisor held this position in the company or partnership.

5. ITEM 5 of the Disclosure Document is amended to add the following:
 - The Franchise Fee will be used to defray franchisor's costs in obtaining and screening franchisees, providing training, training materials and assisting in opening the Franchised Business for business.

6. ITEMS 6 and 11 of the Disclosure Document are amended to add the following:
 - The franchisee will not be required to indemnify franchisor for any liability imposed on franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if such procedures or products were utilized by franchisee in the manner required by franchisor.

7. ITEM 17 of the Disclosure Document is amended to add the following:
 - No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under the New York General Business Law, Article 3, Sections 687.4 and 687.5.
 - ITEM 17(d) is amended to provide that you may terminate the Agreement on any grounds available by law.
 - ITEM 17(j) is amended to state, that no assignment will be made except to an assignee who, in the good faith judgment of Franchisor, is able to assume our obligations under the Agreement.
 - ITEM 17(w) is amended to state that New York Law governs any cause of action that arises under the New York General Business Law, Article 33, Section 680-695.

8. Franchisor represents that this Disclosure Document does not knowingly omit anything or contain any untrue statements of a material fact.

FOR THE STATE OF NORTH DAKOTA

1. ITEM 5 of the Disclosure Document is amended by the addition of the following language to the original language:

- Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. ITEM 17 of the Disclosure Document is amended to add the following:

- No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under North Dakota Law.
- In the case of any enforcement action, the prevailing party is entitled to recover all costs and expenses including attorneys' fees.
- The Franchise Agreement shall be amended to state that the statute of limitations under North Dakota Law will apply.
- ITEMS 17(i) and 17(q) are amended to state that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
- ITEM 17(v) is amended to state that a provision requiring litigation or arbitration to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota Law.
- ITEM 17(w) is amended to state in the event of a conflict of laws, North Dakota Law will control.

FOR THE STATE OF RHODE ISLAND

ITEM 17 of the Disclosure Document is amended to add the following:

- The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that 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 the Rhode Island Franchise Investment Act.
- Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

FOR THE STATE OF VIRGINIA

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

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

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any 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.

FOR THE STATE OF WASHINGTON

ITEM 17 of the Disclosure Document is amended to add the following:

- In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
- A general release or waiver of rights executed by a Franchisee will not include rights under the Washington Franchise Investment Protection Act.
- Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
- Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.
- The Franchise Agreement requires any litigation or arbitration to be conducted in a state other than Washington; the requirement shall not limit any rights franchisee may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington.

FOR THE STATE OF WISCONSIN

ITEM 17 of the Disclosure Document is amended to add the following:

- The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

EXHIBIT I
TO
THE DISCLOSURE DOCUMENT
FINANCING DOCUMENTS

DO NOT DESTROY THIS NOTE:

When paid, this Note must be surrendered for Cancellation

SECURED PROMISSORY NOTE

\$_____.00

Roseville, California

_____, 20__

1. FOR VALUE RECEIVED, the undersigned, _____, INC., a _____ corporation ("Maker"), promises to pay to the order of THE GLASS GURU FRANCHISE SYSTEMS, INC. ("**Holder**"), at 198 Cirby Way, Suite 120, Roseville, CA 95678 or at such other place or to such other person or persons as the Holder of this Note may from time to time designate, the principal sum of ____Thousand dollars (\$____,000.00) with interest thereon, at the rate of seven percent (7.0%) per annum based on a three hundred sixty five (365) day year.

2. Terms of Payment. The principal and interest is payable in sixty (60) equal monthly installments of \$____ beginning on ____ 1, 20__-, and continuing on the first day of each month thereafter until ____1, 20__, at which time all unpaid principal and all accrued but unpaid interest shall be all due and payable. Each payment shall be credited first to interest then due, and the remainder, if any, to principal, and interest shall thereupon cease to accrue upon the principal so credited. All payments shall be made in lawful money of the United States. Should interest not be so paid, it shall thereupon bear like interest as the principal, but such unpaid interest so compounded shall not exceed an amount equal to simple interest on the unpaid principal at the maximum rate permitted by law.

3. Security. Maker's obligations under this Note **are personally guaranteed** by _____ and are secured by a Security Agreement, of even date herewith (collectively, the "**Related Documents**"). The Related Documents encumber all assets of Maker including, but not limited to, all franchise rights, tools, equipment, goods, tenant improvements, inventory, leasehold interests, accounts and stock in trade of Maker.

4. Collection Costs. If this Note is not paid when due, Maker promises to pay all costs of collection, including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with the protection or realization of the Collateral incurred by the Holder on account of any such collection, whether or not suit is filed hereon or on any instrument granting a security interest.

5. Manner of Notification. Any notice to Maker provided for in this Note shall be given by personal delivery or by mailing such notice by first class mail addressed to Maker at the address stated below, or to such other address as Maker may designate by written notice to Holder. Any notice to Holder shall be given by personal delivery or by mailing such notice by first class mail to Holder at the address stated in the first paragraph of this Note, or at such other address as may be designated by written notice to Maker. Mailed notices shall be deemed delivered and received two (2) days after deposit in the United States mails in the manner provided for in this paragraph.

Notices to Maker shall be addressed to:

_____, INC.

6. Prepayment. Maker may prepay this Note upon not less than thirty (30) days prior written notice to Holder without penalty.

7. Late Charge. If any payment of principal or interest due under this Note is not received by Holder within ten (10) days after the date due, a late charge of ten percent (10%) of the delinquent payment may be charged by Holder for the purposes of defraying expenses incident to handling such delinquent payments. Maker specifically agrees that this late charge represents a reasonable sum considering all of the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Holder due to the failure of Maker to make timely payments. The parties further agree that proof of actual damages would be costly or inconvenient. The late charges that accrue during any installment period shall be payable on the next installment due date. Failure to demand or collect a late charge for any particular installment shall not waive Holder's right to collect late charges at any time.

8. Acceleration Upon Default. Upon failure to make any payment under this Note when due, the entire unpaid principal and all interest and any late charges under this Note shall immediately become due and payable at the election of the Holder, regardless of any prior forbearance, notice of such election being waived. During the existence of any such default, Holder may apply payments received on any amounts due hereunder, as said Holder may determine in its sole discretion.

9. Governing Law. This Note has been executed and delivered in the State of California and, except to the extent that Federal laws pre-empt state law, is to be governed by and construed and enforceable according to the State of California laws for all purposes. All persons and entities in any manner obligated under this Note consent to the jurisdiction of any Federal or State court within California having proper venue and also consent to service of process by any means authorized by Federal or California law, respectively.

10. Relationship Between Holder and Maker. The relationship of Holder and Maker under this Note is solely that of Holder and Maker, and the loan evidenced by this Note will in no manner make Holder the partner or joint venturer of Maker.

11. Successors and Assigns. This Note and all the covenants, promises, and agreements contained in it shall be binding on and inure to the benefit of the respective legal and personal representatives, devisees, heirs, successors, and assigns of Maker and Holder.

12. Attorneys' Fees. Maker agrees to pay the following costs, expenses and attorneys' fees paid or incurred by Holder, or adjudged by a court: all reasonable fees, costs and expenses paid or incurred by Holder in the course of collecting sums due under this Note, or enforcing any term of this Note, or any of the Related Documents of which this Note is a part, including without limitation all court costs and all reasonable fees, costs and expenses paid or incurred for work performed by attorneys, accountants, investigators, title companies or other parties on behalf of Holder, regardless of whether legal action is actually instituted.

13. Entire Agreement. This Note constitutes the entire agreement with respect to the matters contemplated herein. Any prior oral or written agreements, promises, negotiations, or representations not expressly described in this Note are of no force or effect.

14. Severability. If any provision of this Note, or the application of it to any party or circumstance, is held to be invalid, the remainder of this Note, and the application of such provisions to other parties or circumstances, shall not be affected, the provisions of this Note being severable in any such instance.

15. Time Is Of The Essence. Time is of the essence for each and every obligation under this Note.

16. Captions. The headings of the paragraphs of this Note are for convenience of reference only and shall not be used to construe the terms and conditions contained in this Note.

This Note has been duly executed by Maker as of the day and year first written above.

PERSONAL GUARANTY

Guaranty made _____, 20____, by _____ and _____, whose address is _____ (“Guarantors”), to _____ whose address is _____ (collectively, the “Sellers”).

Recitals

- A. Guarantors are or shall be the shareholders and the spouses of the shareholders (the "*Buyers*") of _____, INC., a California corporation with an office located at _____ (“Company”); and
- B. The Buyers have entered into a promissory note (“Note”) and Stock Purchase Agreement each dated _____, 20____, and other documents, instruments and agreements, that provide for, among other things, payment to Sellers of the purchase price of certain stock in the Company owned by Sellers.

Agreements

In consideration of Sellers entering into the Note and related agreements, the individuals executing this Guaranty unconditionally and irrevocably guarantee to Sellers, their successors and assigns, the prompt payment and performance of all obligations of the buyers under the Note. If Buyers default under the Note, Guarantors will immediately perform all obligations of Buyers under the Note, including, but not limited to, payment of all amounts due under the Note.

Guarantors will pay to Sellers all expenses (including attorneys’ fees) incurred by Sellers to enforce Sellers rights against Guarantor. This Guaranty will not be discharged or affected by the death, dissolution, termination, bankruptcy or insolvency of Buyers or Guarantor and will bind Guarantor’s heirs, personal representatives, successors and assigns. If more than one Guarantor has signed this Guaranty, each Guarantor agrees that their liability is joint and several. Guarantors agree to provide any and all additional information requested by Sellers in connection with this Guaranty.

THIS GUARANTY IS GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA. GUARANTORS CONSENT TO THE JURISDICTION OF THE STATE OF CALIFORNIA OR ANY FEDERAL COURT LOCATED IN CALIFORNIA AND VENUE IN SACRAMENTO, CALIFORNIA. GUARANTORS EXPRESSLY WAIVE ANY RIGHT TO A TRIAL BY JURY.

Dated: _____, 20____.

By: _____

Print Name: _____

Address: _____

SECURITY AGREEMENT

Preamble - Grant of Security Interest

_____, jointly and severally, (together, the *Borrower*) grant to THE GLASS GURU FRANCHISE SYSTEMS, INC., a California corporation (the "*Secured Party*") a security interest in any and all of the collateral (the "*Collateral*") described in paragraph 2.1 of this Agreement on the following terms and conditions:

RECITALS

WHEREAS, Secured Party is the franchisor under a Franchise Agreement with Borrower (as franchisee) dated _____ (the "*Franchise Agreement*"), and

WHEREAS, Borrower desires certain territories that require payment of certain franchise fees to Secured Party which the parties agree shall be in amount the of \$_____ (the "*Fee*"); and

WHEREAS, Borrower has requested that Secured Party accept installment payments for \$_____ of the Fee, and

WHEREAS, Borrower shall pay (or has paid) the \$ _____ balance of the Fee in a lump sum.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged, the Borrower and Secured Party agree as follows.

ARTICLE I

Attachment and Obligation Secured

1.1 The security interest created shall attach immediately on the signing of this Agreement by Borrower and shall secure (1) the payment, according to its terms, of that certain *Secured Promissory Note* dated _____ 20__, executed by Borrower payable to the order of Secured Party in the principal amount of _____ Thousand ____ Hundred dollars (\$_____) (the "*Note*"), and (2) the performance of the Borrower under the Franchise Agreement. The Note and the Franchise Agreement shall be hereafter defined as the "*Related Documents*".

ARTICLE II

Description of Collateral

2.1 The "*Collateral*" covered by this Agreement and in which a security interest is granted and transferred to Secured Party consists of all of the Company's assets, including but not limited to: all franchise rights and related tangible and intangible assets including without limitation all phone numbers, internet listings and advertising rights, all equipment, goods, furniture, tenant improvements, inventory, leasehold interests, accounts receivable and stock in trade of the Borrower wherever located or at the Company's place of business at _____ (hereafter, the "*Place of Business*").

ARTICLE III

Warranties and Covenants of Borrower

- 3.1 Borrower represents, warrants, covenants and agrees that:
- a. Borrower shall not (i) change its name or the form under which its business is operated; or (ii) move its Place of Business described in Article II, above without prior written consent of Secured Party.
 - b. Except for the security interest of granted to Secured Party hereunder, Borrower owns the Collateral free from any lien, security interest, or encumbrances prior to that granted to Secured Party; and Borrower will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest of the Collateral.

- c. Borrower will purchase and maintain business insurance to protect Borrower and Secured Party (as additional insured) against any and all standard business risks.
- d. Borrower shall not borrow additional funds or incur additional debt or other obligations except after providing the Security Party prior written notice of its intent to do so.
- e. Borrower shall not permit, allow or cause the Borrower to amend its Articles of Incorporation or its Bylaws in any manner that will have an adverse affect on Company's obligation to repay the Note.
- f. Borrower shall not voluntary dissolve and shall not issue nor seek to authorize any additional shares of the Company's stock in any manner that will have an adverse affect on Company's obligation to repay the Note.

ARTICLE IV
Conduct of Business

4.1 Borrower agrees that until such time as Purchasers have made payment in full on the Note secured by this Agreement:

- a. The Collateral will be kept and maintained at the Place of Business described in Article II, above and will not be moved without Secured Party's prior written consent.
- b. Borrower shall keep the Collateral free and clear from all security interests, unpaid charges and liens, other than the security interest granted to Secured Party hereunder. Borrower shall promptly pay all taxes and/or assessments levied with respect to the Collateral, or its use or operation.
- c. Borrower shall permit the Collateral to be inspected and examined by Secured Party at all reasonable times, with notice to Company, and wherever located.
- d. Borrower shall keep the Collateral in good condition and repair and shall not allow the Collateral to be wasted, misused, or to deteriorate, and Borrower shall not use the Collateral in violation of any applicable law or ordinance, and shall not use the Collateral, or sell or otherwise dispose of it, except for full value, other then in the ordinary course of its business.
- e. Borrower shall have and maintain at all times adequate insurance on the Collateral against risks of fire, vandalism and theft. In the event of loss or destruction of collateral covered by said insurance, Borrower shall have the option to replace the lost or destroyed collateral with replacement collateral of such nature as is satisfactory to Secured Party. In such event, Secured Party shall assign to Borrower all proceeds received from said insurance policies.
- f. Borrower shall not pledge or assign any of the its accounts receivable, except to Secured Party as provided above, and Borrower shall not sell, convey, assign, transfer or gift any items of the Company's Equipment without simultaneously replacing item with another similar item of equal or greater value. Notwithstanding this provision, Borrower shall be permitted to assign accounts receivables in the ordinary course of business, and also sell, convey, assign, transfer or gift Borrower's equipment in the ordinary course of business.

ARTICLE V
Default

5.1 Borrower shall be in default under this Agreement upon the happening of any one or more of the following events:

- a. The Borrower's default in the payment of any indebtedness to Secured Party when due.
- b. Default in any one or more of the obligations under any one or more of the documents and/or agreements described in Article I or III, above.

- c. Loss, theft, damage, destruction, levy, seizure or attachment of any material portion of the Collateral, unless: (i) the Collateral subject to such loss, theft, damage or destruction is either covered by insurance or replaced by property, subject to the security interest granted, of equal or greater value; or (ii) such levy, seizure or attachment is released or dissolved within thirty (30) days.
- d. The appointment of a receiver for Borrower, assignment of any part of the property of Company for the benefit of creditors of Borrower, adjudication of Borrower as a bankruptcy, or transfer of a substantial portion of the property of Borrower other than in the ordinary course of business.
- e. When any warranty or representation made to Secured Party under this Agreement proves to have been false or misleading in any material respect when made.

ARTICLE VI
Secured Parties Rights and Remedies

6.1 Upon written notice to Borrower with an opportunity to cure any default, Secured Party shall have all the rights and remedies afforded a Secured Party by the chapter on "Default" of Division 9 of the California Commercial Code now in effect and all rights under the Related Documents including without limitation:

- A. all rights and remedies provided in this Agreement;
- B. all rights and remedies provided in the Note or other instrument secured by this Agreement; and
- C. all rights and remedies provided in any other applicable security agreement and under any applicable California law.

6.2 Among the rights and remedies of Secured Party are specifically included:

1. **Right of Direct Collection.** Secured Party may, at Secured Party's option, notify any account Borrower of Borrower or any obligor on any obligation payable to Borrower and serving as collateral for this Agreement to make payment to Secured Party, as provided in the California Uniform Commercial Code.

2. **Right to Control Proceeds.** Secured Party may, at Secured Party's option, take control of any and all proceeds to which Secured Party is entitled under the California Uniform Commercial Code, and Borrower agrees to cooperate fully in executing any commercially reasonable direction made in the exercise of this right.

3. **Right to Take Possession of the Collateral.** This shall include, but is not limited to:

a. Right to Take Possession. Secured Party shall have the right to take possession of the Collateral.

b. Borrower's Cooperation. Borrower will cooperate fully with Secured Party in the exercise of Secured Party's right to take possession of the collateral. This shall include, but is not limited to, an obligation to assemble and deliver the Collateral or some portion of the Collateral or some part or component of the collateral, on request of Secured Party, to a place designated by Secured Party where it shall be made available to Secured Party. Failure to cooperate shall constitute a breach of this Agreement, and Borrower shall be liable for any and all expenses incident to such failure of cooperation.

4. **Right to Dispose of the Collateral.** This shall include, but is not limited to:

a. Right of Disposition. Secured Party has a right to dispose of the Collateral by public or private proceeding and by way of one or more contracts. Such sale or other disposition of the Collateral may be made as a unit or in parcels and at any time and place and on any terms, provided only that disposition effected is commercially reasonable. Any actions so taken shall be considered commercially reasonable if made in the good-faith exercise of Secured Party's best business judgment in the matter.

b. Place of Disposition. Secured Party has the right to dispose of the Collateral from the premises of

Borrower, and to this end Borrower agrees to cooperate fully in facilitating such a disposition, which may include, on request, the obligation to assemble the Collateral at some designated location of Borrower where the Collateral shall be made available to prospective buyers.

Secured Party remains free to dispose of the Collateral from any other location, provided such location is commercially reasonable. Any location normally employed by Secured Party in the disposition of like goods shall be considered a commercially reasonable location.

c. Notice of Disposition. Secured Party shall give Borrower notice of the time and place of any public sale of the Collateral or, in case of a private sale or disposition, of the time after which such private sale or disposition is intended. It shall be considered commercially reasonable if such notice is sent to Borrower by first class mail 5 days prior to the public sale or the time after which the private sale or other disposition is intended.

There is no need for notice prior to disposition where the Collateral is perishable, or threatens to decline in value quickly, or where the Collateral is of a type customarily sold in a recognized market. In such event, the decision to so dispose of the Collateral shall be considered commercially reasonable provided only that it is made in the good-faith exercise of Secured Party's best business judgment in the matter.

d. Proceeds of the Disposition. The proceeds of any disposition shall be applied as provided in the California Uniform Commercial Code and shall include any and all expenses provided in this Agreement. They shall also include attorney fees and legal fees to the extent such items are not prohibited by law.

e. Deficiency. In the event of any deficiency, Borrower shall be liable for such deficiency with interest at the rate of 10%, which shall accrue 5 days after receipt of written demand for payment of the deficiency.

ARTICLE VII **Assignment by Secured Party**

7.1 Secured Party may assign its rights under this Security Agreement and the security interest created by this Security Agreement. Should Secured Party assign its rights under this Agreement or the security interest created by this Agreement, Secured Party's assignee shall be entitled, on written notice of the assignment being given by Secured Party to Company, to all performance required of Borrower by this Agreement and all payments and moneys secured by this Agreement.

ARTICLE VIII **Financing Statement**

8.1 Concurrently with the signing of this Security Agreement, the parties to this Agreement, Borrower and Secured Party, must execute any Financing Statement or Financing Statements required to perfect the security interest created by this Agreement. Such Financing Statement or Financing Statements must be on a form reasonably similar to the UCC-1 form currently approved by the Secretary of State for such filings within the State of California and the State of Colorado.

ARTICLE IX **Time of Essence**

9.1 Time is expressly declared to be of the essence of this Agreement.

ARTICLE X **Form of Agreement**

10.1 Effect of Headings. The subject headings of the paragraphs and subparagraphs of this Agreement are included for convenience only and should not affect the construction or interpretation of any of its provisions.

10.2 Entire Agreement; Modification; Waiver. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and understandings of the parties. No supplement, modification, or amendment of this Agreement will be binding unless executed in writing by all the parties. No waiver of any of the provisions of this Agreement will be deemed, or will constitute, a waiver of any other provision, whether or not similar, nor will any waiver constitute a continuing waiver. No waiver will be binding unless executed in writing by the party making the waiver.

ARTICLE XI
Parties

11.1 Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor will any provision give any third persons any right of subrogation or action against any party to this Agreement.

11.2 Binding Upon. This Agreement must be binding on, and must inure to the benefit of, the parties to it and their respective heirs, legal representatives, successors and assigns.

ARTICLE XII
Litigation Costs

12.1 If any legal action or any arbitration or other proceeding is brought for the enforcement of this Agreement or arises out of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties must be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

ARTICLE XIII
Nature and Survival of Representations and Obligations

13.1 All representations, warranties, covenants, and agreements of the parties contained in this Agreement, or in any instrument, certificate, or other writing provided for in it, must survive until the indebtedness secured is paid in full.

ARTICLE XIV
Notices

14.1 All notices, requests, demands and other communications under this Agreement must be in writing and must be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the second (2nd) day after mailing if mailed to the party to whom notice is to be given, by first-class mail, registered or certified, postage prepaid, and properly addressed as follows:

To Borrower at: _____

To Secured Party at: THE GLASS GURU FRANCHISE SYSTEMS, INC.
198 Cirby Way, Suite 120
Roseville, CA 95678

Any party may change its address for purposes of this paragraph by giving the other parties written notice of the new address in the manner described above.

ARTICLE XV
Severability

15.1 If any provision of this Agreement is held invalid or unenforceable by any court of final jurisdiction, it is the interest of the parties that all other provisions of this Agreement be construed to remain fully valid, enforceable, and binding on the parties.

ARTICLE XVI
Professional Advisors

16.1 Borrower acknowledges that Secured Party, and its attorney, Marc A. Carpenter, Esq., have advised Borrower that this Agreement, and any purchase related to this Agreement may be a complex matter and will require that Borrower engage its own independent advisors for legal, accounting, tax and related business matters and Borrower acknowledges that it will either secure such advice or rely on its own judgment and will not rely on any representation by Secured Party, or its attorney, in making a decision on any related matter. By its signature below Borrower acknowledges that Borrower has either consulted with its professional advisors or has determined that Borrower understands all consequences of this purchase and Borrower has made an independent decision to proceed with all obligations contemplated in this Agreement and all related documents, instruments and agreements signed by Borrower in connection with this Agreement.

“Borrower”

“SECURED PARTY”
THE GLASS GURU FRANCHISE SYSTEMS,
INC., a California corporation

DATED: _____, 20__

By: _____
DAN FREY, President

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If The Glass Guru Franchise Systems, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days (and 10 business days in Michigan, Oregon and Washington) before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale.

If The Glass Guru Franchise Systems, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit B.

The franchise seller for this offering is:

Dan Frey, 198 Cirby Way, Suite 120, Roseville, CA 95678 (916)786-4898

Glen Greenfelder, 198 Cirby Way, Suite 120, Roseville, CA 95678 (916)865-4417

Issuance Date: March 28, 2014

The Glass Guru Franchise Systems, Inc. authorizes the respective state agencies identified in Exhibit C to receive service of process for it in the particular state.

I received a disclosure document dated March 28, 2014 that included the following Exhibits:

- A. FRANCHISE AGREEMENT
- B. LIST OF STATE ADMINISTRATORS
- C. LIST OF STATE AGENTS FOR SERVICE OF PROCESS
- D. TABLE OF CONTENTS OF CONFIDENTIAL OPERATIONS MANUAL
- E. FINANCIAL STATEMENTS
- F. LISTS OF CURRENT AND FORMER FRANCHISEES
- G. FRANCHISEE DISCLOSURE QUESTIONNAIRE
- H. MULTI-STATE ADDENDA
- I. FINANCING DOCUMENTS

Please sign and print your name below, date and return one copy of this receipt to THE GLASS GURU FRANCHISE SYSTEMS, INC. and keep the other for your records.

Date of Receipt

Print Name, Title

Signature

a _____ corporation
(State of incorporation)

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