



FRANCHISE DISCLOSURE DOCUMENT

WOW 1 DAY PAINTING LLC
a Washington limited liability company
887 Great Northern Way, Suite 301,
Vancouver, B.C., Canada V5T 4T5
1-888-WOW-1DAY (1-888-969-1329)
franchise@wow1day.com
www.wow1day.com

We offer franchises for the operation of professional commercial and residential painting businesses under the name “WOW 1 DAY PAINTING”.

The total investment necessary to begin operation of a WOW 1 DAY PAINTING franchised business is \$94,150 to \$131,000. This includes initial fees of \$52,000 that must be paid to us or our affiliate.

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 government 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 disclosure in different formats, contact our Franchise Development Manager at 887 Great Northern Way, Suite 301, Vancouver, British Columbia, Canada, V5T 4T5; or by phone at 1-888-969-1329.

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

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

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

Issuance Date: April 10, 2014

STATE COVER PAGE

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 D for information about the franchisor, or about franchising in your state.

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.

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION ONLY IN VANCOUVER, BRITISH COLUMBIA AND LITIGATION IN SEATTLE, WASHINGTON. OUT-OF-STATE LITIGATION AND MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE WITH US IN BRITISH COLUMBIA AND TO LITIGATE WITH US IN WASHINGTON STATE THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT WASHINGTON LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. WE HAVE LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO PAY OUR OPERATING EXPENSES AND FUND OUR PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE.
4. YOU WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$94,150 TO \$131,000. THIS AMOUNT EXCEEDS OUR MEMBER'S EQUITY AS OF DECEMBER 31, 2013, WHICH IS REPORTED TO BE A DEFICIT OF \$356,210.
5. YOU MUST PAY SET MINIMUM ROYALTY PAYMENTS ANNUALLY FOR EACH SUBTERRITORY YOU PURCHASE, EVEN IF YOU HAVE NO EARNINGS. FAILURE TO PAY MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California:	May 6, 2014	New York:	
Hawaii:	May 1, 2014	North Dakota:	May 12, 2014
Illinois:	April 24, 2014	Rhode Island:	April 23, 2014
Indiana:	November 29, 2013	South Dakota:	April 23, 2014
Maryland:	May 27, 2014	Virginia:	May 8, 2014
Michigan:	November 20, 2013	Washington:	
Minnesota:	April 29, 2014	Wisconsin:	April 24, 2014

TABLE OF CONTENTS

Item	Page
ITEM 1. The Franchisor and any Parents, Predecessors, and Affiliates	1
ITEM 2. Business Experience.....	2
ITEM 3. Litigation	3
ITEM 4. Bankruptcy	3
ITEM 5. Initial Fees	3
ITEM 6. Other Fees	4
ITEM 7. Estimated Initial Investment.....	8
ITEM 8. Restrictions on Sources of Products and Services	11
ITEM 9. Franchisee’s Obligations.....	12
ITEM 10. Financing.....	14
ITEM 11. Franchisor’s Assistance, Advertising, Computer Systems and Training.....	14
ITEM 12. Territory	19
ITEM 13. Trademarks.....	20
ITEM 14. Patents, Copyrights, and Proprietary Information.....	22
ITEM 15. Obligation to Participate in the Actual Operation of the Franchise Business	22
ITEM 16. Restrictions On What the Franchisee May Sell	22
ITEM 17. Renewal, Termination, Transfer, and Dispute Resolution.....	23
ITEM 18. Public Figures.....	26
ITEM 19. Financial Performance Representations.....	26
ITEM 20. List of Outlets and Franchisee Information	26
ITEM 21. Financial Statements	29
ITEM 22. Contracts	30
ITEM 23. Receipt.....	30

EXHIBITS

A	Franchisee Lists
B	Franchise Agreement
C	Operations Manual Table of Contents
D	State Franchise Regulatory Authorities and Agents for Service of Process
E	Financial Statements
F	Guarantee
G	General Security Agreement
H	National Account Program Participation Agreement
I	State Specific Addenda (amends both disclosure document and Franchise Agreement)
J	Form of General Release
K	Receipts

ITEM 1. The Franchisor and any Parents, Predecessors, and Affiliates

To simplify the language in this disclosure document “Company,” “us,” “our” and “we” means WOW 1 DAY PAINTING LLC, a Washington limited liability company, the Franchisor. “1Day Corporate” means WOW-1DAY! Painting Inc., a British Columbia, Canada corporation, our parent company. “You” means the person who buys a franchise. If you are a corporation, partnership, or other entity, “you” includes your owners.

The Franchisor, its Predecessors and Affiliates

Company was formed on December 1, 2010 as 1-888-WOW-1DAY! LLC. On March 5, 2014 we changed our name to WOW 1 DAY PAINTING LLC and we conduct business under that name. Our principal business address is 301 – 887 Great Northern Way, Vancouver, BC, V5T 4T5. We grant franchises to qualified candidates in the United States for the operation of franchises (the “Franchised Business”) using the System and identified by the name WOW 1 DAY PAINTING and have offered these franchises since November 2010. We have no other business activities and have not operated businesses of the type being franchised. We are a wholly-owned subsidiary of 1Day Corporate whose principal business address is also 301 – 887 Great Northern Way, Vancouver, BC, V5T 4T5.

Our predecessor, One Day Franchising Inc., was formed in 2010 and in October 2010 sold its assets to our parent, 1Day Corporate, which now owns the System and related marks, including the trademark “WOW 1 DAY PAINTING,” and licenses them to us for our exclusive use and sublicensing in the United States. 1Day Corporate does not offer franchises in any line of business in the United States. One Day Franchising Inc. has a principal business address at 301 – 887 Great Northern Way, Vancouver, BC, V5T 4T5. One Day Franchising Inc. and 1Day Corporate do not have any prior business experience, do not offer franchises in any line of business, nor do they provide products or services to our franchisees.

Our agents for service of process are disclosed in Exhibit D to this disclosure document.

The System

The WOW 1 DAY PAINTING system is a unique method for operating and franchising professional commercial and residential painting services (the “System”). Our main competitive advantage over other painting companies is the way we deliver our service. We complete most projects in one day. WOW 1 DAY PAINTING projects are completed by means of combining a strategic operating plan and a sufficient number of trained staff to carry out the plan. The System includes proprietary software, brand development, training, business processes, marketing programs, and access to the exclusive service of the “Sales Center,” as well as the mark “WOW 1 DAY PAINTING” and related marks (collectively, the “Marks”). 1Day Corporate operates the Sales Center in Vancouver, BC on our behalf, which receives telephone, web-based and faxed orders and acts as a “point of sale” contact for each customer. The Sales Center schedules all appointments, maintains a detailed client database, conducts follow-up calls with all customers to gauge customer satisfaction and provides you with detailed reports so that you may more effectively manage the Franchised Business. We leverage a national Sales Center, operate a sophisticated web-based dispatch system, and provide you with a comprehensive training program and ongoing business coaching and support.

You will operate your WOW 1 DAY PAINTING franchised business in an assigned territory. Your Territory will generally consist of four subterritories. A subterritory is a geographic area we determine based on recently published census data. A territory consisting of four subterritories is typically the minimum territory you may purchase.

Market and Regulatory Matters

The market for your services is competitive and developed. You will be competing with other painting business, including local painting companies, individuals performing painting services, other franchised painting operations, as well as seasonal student painting companies. In particular, your main competitors include: Certa Pro Painters, Five Star Painting, 360 Painting, College Pro (and other student painting companies) and Fresh Coat Painting. All of these companies are franchised operations with a range of 13-300 franchises each.

Each municipality has divisions that monitor business and trades to ensure they follow all applicable laws. Each jurisdiction will issue a business license if required. You should consult your own local authority's licensing and standards division for licenses or permits to do business, assumed name registrations and obtain sales tax permits. We are aware of industry specific regulations including, but not limited to, labor and wage laws, health and safety and sanitation regulations, and safety requirements. There may be specific laws or regulations in your state or municipality regarding the operation of the Franchised Business. The laws in your state or municipality may be more or less stringent. You should examine these laws before purchasing a franchise from us. You may be required to obtain licenses, registrations, authorizations and permissions required under applicable federal, state or local laws to operate your Franchised Business. Some states, such as California, require that all contractors be licensed. Also, all employees are required by federal law to complete lead paint training.

You will be required to research and to follow all pertinent local, state and federal laws and regulations specific to your business. You will also be required to comply with all general business and commercial vehicle licensure laws and regulations. The Franchised Business will perform professional commercial and residential painting services. We urge you to make inquiries about laws that may be applicable to your Franchised Business. Because our industry is regulated, and regulations are subject to change, you must be aware of all regulations and keep apprised of changes that may have an impact on the Franchised Business. We have not determined the licensing requirements in your proposed Territory, or whether it is possible to obtain necessary licenses. You are solely responsible for determining licensing requirements in your proposed Territory before you sign the Franchise Agreement. You may want to obtain a complete copy of your state's and other applicable statutes and regulations and discuss them with your attorney.

ITEM 2. Business Experience

Chief Executive Officer/ Director; Member of Board of Directors: **Brian C. Scudamore**

Brian Scudamore co-founded Company in December 2010 and has served as its Chief Executive Officer and as director since its formation. He has served as the Chief Executive Officer of 1-800-GOT-JUNK? in Vancouver, B.C. since 1989.

Chief Operating Officer: **Erik Church**

Erik Church co-founded Company in December 2010 and became Chief Operating Officer in November 2011. Prior to his current post, from September 2007 to October 2011 Mr. Church was President of EF Education First in Toronto, Ontario.

Managing Director, Corporate Operations: **James Alisch**

James Alisch joined Company in February 2014 as Managing Director, Corporate Operations. Before joining Company, Mr. Alisch worked for 1-800-GOT-JUNK? LLC as Vice President, Operations from August 2006 to October 2009. From August 2009 to February 2014 he was an Owner of MIRA Floors and Interiors in Surrey, B.C.

Vice President, Marketing and Commercial Sales: **David St. James**

David St. James has been our Vice President, Marketing and Commercial Sales since September 2013. He has also been Vice President of Marketing and Commercial Sales for 1-800-GOT-JUNK? LLC and for You Move Me LLC since September 2013. Mr. St. James joined 1-800-GOT-JUNK? in March 2006 as Sales and Marketing Manager for the Toronto franchise. From January 2012 to May 2012, he was their Director of Local Commercial Sales and from May 2012 until September 2013, he was their Director for Commercial Sales.

General Counsel: **Amy Peck**

Amy Peck joined Company as General Counsel in August 2012. Prior to joining Company, Ms. Peck was a partner at the law firm of Borden Ladner Gervais LLP in Vancouver, B.C., Canada, having worked at that firm since 2002.

Franchise Development Manager: **Cameron Wears**

Cameron Wears joined us in January 2012 as Franchise Development Manager. He has also been Franchise Development Manager for 1-800-GOT-JUNK? since February 2011. From February 2010 to January 2011, Mr. Wears was Franchise Development Director at Tutor Doctor in Toronto, Ontario, Canada. Mr. Wears took a one year sabbatical from February 2009 to January 2010.

ITEM 3. Litigation

There is no litigation information required to be disclosed in this Item.

ITEM 4. Bankruptcy

There is no bankruptcy information required to be disclosed in this Item.

ITEM 5. Initial Fees

The initial franchise fee is a minimum of \$46,000, which includes \$19,000 for the first subterritory, plus \$9,000 for each of the three additional subterritories. The minimum initial investment is a territory consisting of four subterritories. The initial franchise fee of \$19,000 for the first subterritory is payable to us in a lump sum when you sign the Franchise Agreement. The fee for additional territories is payable to us on the due date mutually agreed upon and set forth in the Franchise Agreement. We will only refund the entire initial franchise fee paid to date (without interest) if you choose to terminate the franchise agreement for failure to meet the minimum revenue goals in the initial year of operations, as set out in the franchise agreement. Except as noted herein, each portion of the initial franchise fee is fully earned upon receipt.

The range of initial franchise fees payable for franchise agreements signed in the year ending December 31, 2013 was between \$37,000 and \$118,000.

If you are granted multiple subterritories within which to operate the Franchised Business, we may (in our sole discretion) allow you to pay the initial franchise fee with respect to some of the subterritories in equal monthly installments for a period not to exceed one year. We may not allow you to operate or service customers in any such subterritories until you pay the initial fees for those subterritories in full.

You will also pay us an Initial Marketing Fee of \$6,000 when you sign the Franchise Agreement. We will use this money to market and promote your Franchised Business prior to and during the first six months of operation. The timing, type and amount of marketing made with the Initial Marketing Fee are at our sole discretion, but the monies will be spent in your local area (as we define it). The Initial Marketing Fee is non-refundable, unless we do not approve your application.

ITEM 6. Other Fees

OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty	6% of Gross Revenue. See Note 1.	Semi-monthly on the third business day after the 15 th and last day of each month	Paid by electronic fund transfer.
Minimum Royalty	Depending upon your year of operation, the Minimum Royalty will range from \$1,500 to \$3,900 per Subterritory. The amount payable by you is the amount the Minimum Royalty exceeds the amount of Royalties actually paid by you in any year of operations. See Note 2.	On or before January 15 th each year	This is only payable if the Royalties actually paid by you in a year of operations are less than the Minimum Royalty.
Sales Center Fee	3% of Gross Revenue	Same as Royalty	This money goes into the Sales Center Cooperative Fund which pays the expenses of the Sales Center, web based booking system and Intranet. We manage the Sales Center on behalf of the Franchisees. Paid by electronic fund transfer.

Name of Fee	Amount	Due Date	Remarks
Marketing Fund	2% of Gross Revenue	Same as Royalty	This money goes into an Advertising/Promotions (Marketing) Fund which we use for regional and national advertising. Paid by electronic transfer.
Branding Cooperative	Up to 3% of Gross Revenue in aggregate	As determined by us	Only imposed if we authorize franchisees in a particular area to establish a branding cooperative and 75% of the involved franchisees (calculated on a gross revenue basis) subject to the branding cooperative consent to paying fees. This is paid as directed by the Franchisor. These amounts may be credited towards Local Marketing obligations. Any franchisor-owned outlets in an area subject to a branding cooperative will pay into and vote in the same manner as franchised outlets. You will not be required to contribute more than 3% of your Gross Revenue in the aggregate for all branding cooperatives to which you belong.

Name of Fee	Amount	Due Date	Remarks
Advertising Materials	\$800 to \$3,500	As incurred	Occasionally Franchisor will purchase advertising materials in-bulk on behalf of the franchisees. When this happens, franchisee will be required to purchase these advertising materials directly from us, usually at our cost. You may have additional local marketing obligations over an above the purchase of such materials.
Additional Training	Payment for additional training or retraining at up to \$500 per person per day for up to possibly 10 days	Within 30 business days of billing by Franchisor	There is no separate charge for initial training or for the training of one additional employee. The costs of transportation, accommodations, meals and living expenses associated with additional training, for which you are responsible, are not disclosed since they will vary greatly depending upon the timing of the training and your location in relation to Vancouver, BC, the site of training.
Transfer	\$10,000, unless the transfer is to a franchisee-controlled entity	You are required to pay \$2,500 upon announcing your intention to sell, and the balance upon transfer.	No charge if transferred to an entity you control.

Name of Fee	Amount	Due Date	Remarks
Renewal Fee	\$5,000	Within 3 months before expiration of current term.	This fee is partly intended to defray legal and administrative costs incurred by us when you renew your franchise agreement.
Audit Expenses	Costs of examination or audit (approximately \$1,500 to \$5,000 but may be more), plus any deficiency in amounts that should have been paid to us	Upon demand	Audit costs are payable only if the audit reveals a material deficiency on your part, whether monetary or otherwise.
Interest on late payments	Lower of 24% per annum or highest amount allowed under applicable law	Upon demand	Payable on all overdue amounts accruing from the date payment is due until payment is received by us.
Annual Conference	\$1,500 - \$2,000 plus costs associated with attendance	As incurred	This fee is intended to reimburse the Franchisor for the cost of holding annual conference. This will generally include hotel and some meals and will generally not include travel, entertainment, and salaries. You must send attendees for each Franchised Business.
Management Assistance	\$450 per day plus out of pocket expenses	Within 7 days of invoice	Payable if we exercise our right to run your franchised business.
Liquidated Damages	\$100 - \$1,000, depending upon the breach	Upon demand	Payable if we determine that you have contravened a standard set out in the Franchise Agreement or Operations Manual. Amount of damages depends upon the nature of the violation.

Name of Fee	Amount	Due Date	Remarks
Indemnity	Depends upon the size of the loss for which you are required to indemnify us.	Upon demand	You must indemnify us for losses incurred by us that arise out of your operation of the Franchised Business.

Note 1: Gross Revenue is defined in the Franchise Agreement to mean “the entire amount of the sale price, whether for cash, credit, payment in kind (valued at fair market value), or otherwise, of all sales from or in connection with the operation of the Franchised Business, including all sales by any concessionaire, licensee or otherwise at or from the Franchised Location. Deductions shall be allowed for: sums collected by Franchisee for any governmental authority and paid out by Franchisee to that authority on account of sales taxes or other taxes imposed upon the sale of goods or services (or both) by Franchisee in respect of the Franchised Business and which Franchisee is not entitled to recover; the amount of any refund or credit given in respect of any services provided to a customer of the Franchised Business for which a refund of the whole or part of the purchase price is made or for which a credit is given; amounts for uncollected or uncollectable credit accounts; and amounts uncollected due to discount coupons.”

Note 2: Minimum Royalty per Subterritory is \$1,500 in the first year of operations, \$2,100 in the second year of operations, \$2,700 in the third year of operations, \$3,300 in the fourth year of operations, and \$3,900 in the fifth and each subsequent year of operations.

Unless otherwise noted, all fees are imposed by and payable to Company, are uniformly imposed, and are non-refundable.

ITEM 7. Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee	\$46,000 (Note 1)	Lump sum.	At signing of Franchise Agreement.	Company
Initial Marketing Fee	\$6,000 (Note 2)	Lump sum	At signing of Franchise Agreement	Company
Computer Hardware and Software	\$3,000 (Note 3)	As arranged	As incurred	3 rd Party Vendors
Miscellaneous Opening Costs	\$1,000 - \$2,000 (Note 4)	As arranged	As arranged	3 rd Party Vendors
Vehicles & Graphics	Lease/purchase deposit: \$4,000 - \$6,000 (Note 5)	Monthly Lease	Monthly	Dealer/Seller/Lessor/ Finance Company
Real Estate/Rent	(Note 6)	As arranged	As arranged	Landlord/Lessor

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Training Expenses	\$2,700 - \$4,000 (Note 7)	As required by vendors	Before Opening	3 rd Party Vendors
Insurance	\$3,500 - \$4,500 (Note 8)	As arranged	As arranged	3 rd Party Vendors
Cell Phone & Accessories	\$150 - \$500 (Note 9)	As arranged	Before opening	3 rd Party Vendors
Office Equipment and Supplies	\$0 - \$1,000 (Note 10)	As arranged	Before opening	3 rd Party Vendors
Licenses and Permits	\$1,500 (Note 11)	As arranged	As incurred	Governmental authorities
Professional Fees	\$2,000 - \$5,000 (Note 12)	As arranged	As incurred	Lawyers, accountants, other professionals, etc.
Memberships to Local Organizations	\$300 - \$1,500 (Note 13)	As arranged	As incurred	Local organizations
Additional Funds – 6 Months	\$24,000 - \$50,000 (Note 14)	As required by vendors and employees	As incurred	Employees, Suppliers, Utilities
TOTAL	\$94,150 - \$131,000 (Notes 15 and 16)			

Notes:

- (1) This figure includes the Subterritory Initial Fee of \$19,000 for the first Subterritory, plus \$9,000 for each of the three additional Subterritories. See Item 5.
- (2) The Initial Marketing Fee will be used by us in our discretion to market and promote the Franchised Business prior to and/or during the first 6 months of operation. See Item 11.
- (3) You must obtain computer, telephone and other related equipment that meets our specifications. These amounts represent the estimated cost to purchase this equipment. Item 11 describes the required computer hardware and software in greater detail.
- (4) This estimates your initial miscellaneous or unexpected start-up expenses, including items such as industrial locks for your vehicle(s), hands-free cell phone devices, attendance at networking events, etc.

- (5) The above figures assume you lease one vehicle and represent the initial lease deposit for that vehicle. Costs may vary substantially, especially if you elect to purchase a vehicle rather than lease one. You must purchase or lease vehicles which meet our standards and specifications, and you are required to use only those vehicles in the operation of any part of the Franchised Business. You are permitted to use those vehicles only for the Franchised Business and for no other reason. You are required to abide strictly to our vehicle requirements and standards, including our requirements for the vehicles to be decorated with our approved graphics package. Your vehicles shall be outfitted, wrapped and/or decaled to our specifications, the cost of which is included in the above estimated figures. Please see Section 5 and Schedule C of the Franchise Agreement for further details.
- (6) You may want to operate from a home-based office, in which case, there would be no cost to you for rent. However, if you choose to rent office space, then you must pay all rent and other fees payable under the lease. We cannot estimate the amount of rent, as it will vary depending on a number of factors, including size, condition and location of the facility. If you do not have sufficient storage space at your designated office then we recommend that you rent a 20' by 10' storage garage, which we estimate would cost \$250 per month, although such prices may vary greatly.
- (7) Training fees for you and one additional employee is included in your Initial Fee; however, you are responsible for your travel, accommodations and meals while training at our training facility. Costs will vary depending on your proximity to British Columbia and the number of people attending training. These expenses are typically not refundable. Per person expected costs are based upon a 10-day estimated stay, with shared accommodations from \$100-200 per night; one meal per day (we provide breakfast and lunch during training); air transportation at \$500-1,000 per person, and shared local transportation at \$10-25 per day.
- (8) You must purchase insurance in accordance with our specifications:

Type	Coverage
Comprehensive Liability	not less than \$2,000,000 per occurrence
Business Interruption	As required by Franchisor
Vehicle Liability	Not less than \$1,000,000 or as required by Franchisor
Worker's Compensation	As required by state law
Other	As required by Franchisor

- (9) You must purchase a cell phone for use in connection with the Franchised Business, and you will be responsible for all costs associated with the use and maintenance of the cell phone. Upon termination or expiration of the Franchise Agreement, we may, at our option, purchase the cell phone number from you for fair market value, or require that you cancel the cell phone number, the costs or penalties of which will be your paid by you.
- (10) The cost of office equipment and supplies will depend on whether you already have such items (such as a desk, stationary, etc.).

- (11) Government agencies typically charge fees for permits and operating licenses. Your actual costs may vary from the estimates based on the requirements of federal, state and local government agencies. See also Item 1 of the Disclosure Document.
- (12) You will need to retain a lawyer, an accountant and 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 lawyers, accountants and consultants. These fees are typically non-refundable.
- (13) We recommend that you become a member of local business organizations such as the Better Business Bureau, Chamber of Commerce, and the Building Owners Management Association. Membership in these organizations are not mandatory.
- (14) This estimates your initial operating expenses, including working capital and marketing fees, during the initial start-up months. Your costs will depend on factors such as: following our methods and procedures; your management skill, whether you elect to hire a General Manager, experience and business knowledge; local economic conditions; local market for services; prevailing wage rate; competition; sales level reached during the initial period; lease rates for office space, vehicle and computer and telephone equipment. You are required to expend 5% of your Gross Revenue on local advertising, but in any event no less than \$3,000 per quarter on local advertising during your first year of operations. A significant amount of working capital may be allocated to additional marketing during the start-up phase of the business. The prices for these items will vary depending upon your location and on market prices. Additional Funds relate only to costs associated with the Franchised Business and do not cover any owners' draw or personal, "living," unrelated business or other expenses you may have, such as royalty payments, debt service on any loans, state sales and/or use taxes on goods and service, and a variety of other amounts not expressly described and included in the notes above.
- (15) We relied on our experience in Canada to compile these estimates. You should review these figures carefully with a business advisor before making any decision to invest in the franchise. Your expenses may vary substantially, upward or downward, depending upon the nature of your existing operations, whether you currently own computers and telephone equipment and whether you have a home office. You will also have to pay for insurance on your truck and equipment, public liability and property insurance for your franchise, and fuel and maintenance costs for your truck. These figures are estimates and we cannot guarantee that you will not have additional expenses in starting your business.
- (16) Unless otherwise noted, all fees payable to us are nonrefundable under any circumstances. Refundability of fees paid to third parties, however, will depend on your negotiation with each party. Neither Company nor its affiliates offer financing of all or part of the initial investment.

ITEM 8. Restrictions on Sources of Products and Services

You must purchase or lease certain items for your Franchised Business from our approved supplier(s) or satisfying our specifications. Items you must purchase from our approved suppliers include paint and painting supplies, vehicles, signage, uniforms, credit card processor, and marketing materials. Sometimes we will provide only specifications, and it will be up to you to find suppliers that meet our specifications for items such as vehicles, tools, equipment, computers, telephone equipment, and credit card processing software. Sometimes we may recommend a supplier, but we will not require you to use that supplier, while

other supplier relationships are mandatory. We reserve the right, in the future, to serve as, to change, or to designate, an approved supplier for any of these items.

Specifications and standards for these items are included in the Operations Manual, and may be updated or modified periodically by us. Our criteria for supplier approval, as may be needed, may also be included in the Operations Manual, or may be requested from us directly in writing on a case by case basis. The intent of the specifications, standards and supplier approval is to create brand consistency throughout North America. The criteria we apply to designate or approve a supplier include: the ability meet our standards, specifications and supply commitments; the integrity of ownership (to ensure that the supplier's association with us will not be inconsistent with our image or damage our goodwill); financial stability; and the negotiation of a mutually satisfactory license to protect our intellectual property.

We will advise you within a reasonable time (no more than 30 days) whether the proposed items and supplier(s) meet our specifications, and our approval will not be unreasonably withheld. You will be notified in writing of our approval or disapproval and any revocation of approved suppliers. Suppliers must maintain our standards in accordance with written specifications and any modifications. Failure to correct a deviation from the System's specifications will result in the termination of an approved supplier's status. We reserve the right to require you to reimburse us for reasonable expenses we incur in approving new items and/or suppliers.

We currently negotiate purchase arrangements with some suppliers for the benefit of our franchisees. We anticipate receiving a rebate of 7% off all expenditures with our paint suppliers. We will retain half of that rebate and the other half of that rebate goes to you. We reserve the right to change this arrangement at any time. We do intend to negotiate additional volume discounts for our franchise system, which will involve rebates paid directly to us. In the year ending December 31, 2013, our revenues from all required purchases and leases of products and services was \$0, since nothing was paid under the rebate program during 2013.

We are not currently an approved supplier of any of these items, nor are any of our affiliates. None of our officers own an interest in any of our suppliers. The purchase and lease of items from approved suppliers or that meet our specifications are anticipated to represent approximately 70% to 85% of your total expenses in connection with the establishment of the Franchised Business, and approximately 50% to 60% of your total expenses in connection with the ongoing operation of the Franchised Business.

There are no purchasing or distribution cooperatives.

We do not provide material benefits to you based solely on your use of designated or approved sources.

ITEM 9. Franchisee's Obligations

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

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	2.1(a); 4	Items 7, 8 and 11
b.	Pre-opening purchases/leases	4; 5.1; Schedule C	Items 7 and 8

	Obligation	Section in Agreement	Disclosure Document Item
c.	Site development and other pre-opening requirements	N/A	N/A
d.	Initial and ongoing training	12.1; 12.3; 12.4; 15	Item 11
e.	Opening	2.4	Item 11
f.	Fees	2.2; 3; 6; 7.1(s); 10.5(c); 11.3; 11.4; 11.5; 15; 18(b); 19.3(b) and (c); 21.2	Items 5 and 6
g.	Compliance with standards and policies/Operating Manual	4; 7.1; 9.6; 13.3; 13.4; 14.1; 16	Item 11
h.	Trademarks and proprietary information	2.1; 2.3; 7.1; 7.5; 13; Schedule A	Items 13 and 14
i.	Restrictions on products/services offered	2; 7; 13; 20	Items 8 and 16
j.	Warranty and customer service requirements	7	Item 11
k.	Territorial development and sales quotas	2.2; 6.3	Items 6 and 12
l.	Ongoing product/service purchases	N/A	N/A
m.	Maintenance, appearance and remodeling requirements	4; 5; 7.1	Item 11
n.	Insurance	14.5	Item 7
o.	Advertising	7.1; 11	Items 6 and 11
p.	Indemnification	21.1	Item 6
q.	Owner's participation/management/staffing	7.1; 12	Item 15
r.	Records and reports	6.2; 9	Item 11
s.	Inspections and audits	9.5; 14.2	Items 6 and 11
t.	Transfer	19	Item 17
u.	Renewal	18	Item 17
v.	Post-termination obligations	17; 19; 20	Item 17
w.	Non-competition covenants	20	Item 17
x.	Dispute resolution	21.13	Item 17
y.	Other (guarantee)	2.6	Item 15

*Notes: (1) If Franchisee is an entity, all directors, officers, shareholders, partners, or members shall each be required to sign an agreement guaranteeing the financial performance of the Franchisee under the Franchise Agreement. See Exhibit F to this disclosure document.

ITEM 10. Financing

We do not offer financing at this time. However, in exceptional circumstances we may, in our sole discretion, allow you to pay the initial franchise fee with respect to some of the subterritories upon terms acceptable to us.

We do not guarantee any debts, leases or other obligations for you. While not obligated to do so, we may, in our discretion, introduce you to third party financing sources that may, if you meet their qualifications, supply financing options for items required as part of the initial investment.

ITEM 11. Franchisor's Assistance, Advertising, Computer Systems, Training

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

- A. Before you open your business, we will:
1. designate a protected Territory (Franchise Agreement, Section 2.2);
 2. provide artwork for advertising use, a list of exclusive suppliers of marketing materials and a specification list for decals, signage and trucks (Franchise Agreement, Section 15.3). We do not deliver or install decals or signage;
 3. provide you with electronic access to the confidential and copyright-protected series of System manuals, as revised periodically (collectively, the "Operations Manual") (Franchise Agreement Section 2.1(c)) (A copy of the Table of Contents of the Operations Manual is attached as Exhibit C to the disclosure document.); You may not copy the Operations Manual other than in the normal operation of the Franchised Business without our permission; and
 4. provide an initial training program for you (or, if you are not an individual, your owner) and one employee, which you both must complete to our satisfaction. The training covers all aspects of the business operating system, consisting of both in-class training and in-field training. An outline of the training is as follows (Franchise Agreement, Section 15.1);

Site Selection

We estimate that you will need a minimum of 200 square feet of storage space plus administrative office space of at least 150 square feet. We do not provide you with any assistance in selecting the commercial site from which to operate your Franchised Business and we do not approve your site. We do not provide assistance in constructing, remodeling or decorating your premises; conforming the premises to local ordinances or building codes; or obtaining permits. We do not provide you with signs, fixtures or supplies for your premises. If you need to relocate your administrative office during the Term, you must give us prior written notice, including the reason for your move. We will not give you any assistance in locating new administrative office space.

Opening of Franchised Business

The typical length of time between the signing of the Franchise Agreement and the opening of the Franchised Business is 5 to 12 weeks. Factors affecting this length of time usually include your

availability for attending the training session in Vancouver, BC and obtaining the required storage and administrative space if you elect to use commercial space.

B. During the operation of the Franchised Business, we will:

1. operate the Sales Center (Franchise Agreement, Section 10.1);
2. provide access to OneWeb, our System intranet for two users (additional users will be subject to additional fees) (Franchise Agreement, Section 10.2);
3. expend funds advanced by you on account for the Initial Marketing Fee during your first 6 months of operation (Franchise Agreement, Section 11.4);
4. administer and maintain the Sales Center Cooperative Fund (Franchise Agreement, Section 10.5);
5. administer and maintain the Marketing Fund (Franchise Agreement, Section 11.3);
6. provide you with general advice, assistance and field support as we deem helpful to you in the ongoing operation, advertising and promotion of the Franchised Business (Franchise Agreement, Section 15.4);
7. continue efforts to establish and maintain high standards of customer satisfaction and professionalism in the System (Franchise Agreement, Section 15.4);
8. coordinate and conduct periodic training programs for franchisees as we in our sole discretion deem necessary, at franchisee's cost (Franchise Agreement, Section 15.2);
9. on a periodic basis, conduct inspections of the Franchised Business and its operations, and evaluations of the methods and staff employed at the Franchised Business (Franchise Agreement, Sections 9.5 and 14.2); and
10. take initiatives and steps to protect the integrity of the brand (Franchise Agreement, Section 13.6).

Advertising and Marketing

Initial Marketing Fee

You must pay an Initial Marketing Fee of \$6,000 upon execution of the Franchise Agreement (Franchise Agreement, Section 11.4). The Initial Marketing Fee will be spent by us, in our sole discretion, in your area (as we reasonably define it), in order to market and promote the Franchised Business prior to and during the first 6 months of the Franchised Business' start up. We will provide you with backup of these expenditures upon request.

Marketing Fund

We administer and maintain the Marketing Fund for regional and national advertising programs with monies collected from franchisees (Franchise Agreement, Section 11.3(a)). We select the types of media used and the location of the advertising campaigns administered through the Marketing Fund. We

use or may use the following media: print, radio, television, telephone, telephone directories, Internet and direct mail. We may also use the funds for general public relations, national accounts, and development of marketing materials, and to otherwise obtain and build brand awareness. The focus is on national coverage and marketing development and will be handled in-house at Company or outsourced to a professional advertising or public relations firm. You may always use your own advertisements beyond those produced by this Fund, subject to our prior written approval of the advertising, which will be granted or denied no more than 30 days after receipt of the materials you submit.

You must contribute 2% of Gross Revenue to the Marketing Fund. All franchisees and franchisor-owned operations will contribute on the same basis. We will prepare and make available to you an annual unaudited financial statement of the Marketing Fund. We administer the fund, but will not receive any compensation for providing services to the Marketing Fund, other than the reimbursement of ordinary and necessary expenses, which may include in-house staff.

We are not obligated to spend a specific amount on advertising in your area. Any unspent amounts in the Marketing Fund will be saved for later spending. No percentage of the Marketing Fund is used for the solicitation of franchisees; however, our advertising and marketing material does contain contact numbers for obtaining information about WOW 1 DAY PAINTING franchises.

During the fiscal year ended December 31, 2013, the Marketing Fund monies were used as follows: 35% on media placement, 10% on production/design, 25% on administrative expenses, including in-house media personnel, and 30% on other expenses (“other” includes programs and program management).

Advertising Council

There is no advertising council yet formed to advise us on advertising policies. If one is formed, we will have the power to select and approve the members and to change, dissolve or merge the advertising council.

Minimum Local Advertising/Promotion Expenditure

In addition to your contribution to the Marketing Fund, you must spend a minimum of 5% of Gross Revenue quarterly on local (in the vicinity of the Territory) advertising and promotions. In your first year of operation you must spend, on local advertising and promotions, 5% of Gross Revenue quarterly or \$3,000 per quarter, whichever is greater.

Branding Cooperatives

We may organize branding cooperatives consisting of any number of franchisees. Branding cooperatives may be organized geographically, or along any other parameters that we designate. If your franchise belongs to a branding cooperative established by us, then you will be obliged to participate in the branding cooperative, which may include traveling to attend meetings. If franchisees representing 75% of the revenue earned in a particular branding cooperative agree, then you will be required to contribute to the branding cooperative. However, you can never be required to contribute a total of more than 3% of your Gross Revenue for all branding cooperatives to which you belong.

Hardware, Software and Internet Connectivity

You must install and maintain a computer system according to our specifications, as listed in the Operations Manual (Franchise Agreement, Section 14.1). Your computer system must include either a laptop or tablet computer with the ability to run current versions of Windows, Microsoft Office, QuickBooks Pro, and anti-virus software. You must subscribe for cable or DSL broadband Internet service; your Internet connection must *not* be AOL, Prodigy, or any similar service that requires end user to use proprietary browser and email software. You must also purchase a printer and a digital camera. We estimate the cost to purchase a computer system and related equipment to our specifications will cost approximately \$3,000.

We will provide you with secure passwords to our proprietary software, OneWeb, through the internet. We will train you on how to use OneWeb. We will maintain OneWeb and will provide updates as needed. There is no cost to you for the OneWeb software for the first two users.

Your computer hardware and software must be kept up to date based on our specifications. There are no limitations on the frequency and cost of computer hardware and software upgrades. We are not responsible for providing on-going maintenance, repairs, upgrades or updates to your computer system, except to OneWeb. The cost for maintaining your computer system will vary based on the type of maintenance program, if any, you decide to purchase from third-party vendors.

We will have access at any time to information you enter into OneWeb but not to information entered or stored elsewhere on your computer system. OneWeb will collect sales data associated with the jobs you record and provide reports to you and us in order that we may more efficiently manage the business. Information collected on OneWeb includes financial information and is the information you collect from your customers including names, addresses, telephone numbers, and payment details. There are no contractual restrictions on our access to this data. Compiled sales data regarding all franchised businesses in the System will be made available to other franchisees.

General Outline of Training

You and/or your manager must complete training one (1) week before the projected launch date of your business. Six business days of training takes place at the head office of Company in Vancouver, BC, and three business days of training will take place within your Territory. Your first field visit from your Field Advisor (FA) will take place within a time frame of 3 weeks before your launch to three (3) weeks after your launch and will be approximately three (3) days in duration.

The initial training program is conducted by Jim Bodden of our development team who has 22 years of experience in the painting industry and is one of the founders of the System. The training tools used include the WOW 1 DAY PAINTING Operations Manual, on-site/hands on training, class room lectures by department heads and presentations from outside vendors.

If required, additional training may be scheduled at a later date. All expenses incurred by Company to conduct this additional training are borne by the franchisee. This may include airfare, hotel and meals.

The franchisee is required to do additional studying of the Operations Manual and associated documentation in order to be well prepared for launch. Painting often involves many one-off situations and cannot be learned entirely in initial training. Utilization of your FA and Manufacturer Paint Representatives will aid you in confidently handling nearly every situation that comes your way.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction to 1Day systems	1 hour		Vancouver, BC
Paint systems, Products and Failures	6 hours		Vancouver, BC
OneWeb application including Accounting and Reporting	6 hours		Vancouver, BC
Estimating	4 hours	12 hours	Vancouver, BC
Production, Job Site Management and Scheduling	2 hours	12 hours	Vancouver, BC
Sales and Marketing	6 hours	2 hours	Vancouver, BC
Customer Relations	2 hours		Vancouver, BC
Business Operations and Management	4 hours		Vancouver, BC
Paint Systems, Products and Failures		2 hours	In your Territory
OneWeb Application including Accounting and Reporting		2 hours	In your Territory
Estimating	2 hours	6 hours	In your Territory
Production, Job Site Management and Scheduling		4 hours	In your Territory
Sales and Marketing		2 hours	In your Territory
Business Operations and Management	1 hour		In your Territory

Note 1. Each day of training will begin at approximately 8:00 AM and will end at 5:00 PM.

Note 2. Members of our executive team and their staff conduct the initial training program and the additional training programs in Vancouver. Your Field Advisor will conduct your subsequent on-site training.

Note 3. Manuals, methods and tools used:

- One on one meetings
- Conference calls
- Field Training
- Self-study
- Peer Learning
- Role playing
- Demonstrations
- Guided Practice
- Online Training (eLearning)
- Operations Manual

We generally conduct the initial training program monthly or as often as the number of new Franchisees requires. There is currently no charge for attendance at initial training by you (or your

owner) and one of your employees. You must, however, pay for all travel and living expenses for you and your attendees; continental breakfasts and lunches will be provided on training days. At least one refresher training course is required each year. We reserve the right to offer and/or require additional training courses as we deem necessary. Initial training must be successfully completed at least 2 weeks before the commencement of the Franchised Business's operations.

The Table of Contents of our Operations Manual is located at Exhibit C. It contains a total of 322 pages not including the attached forms and documents.

ITEM 12. Territory

Protected Territory

You will receive a non-exclusive but protected Territory in which to operate the Franchised Business. Before signing the Franchise Agreement, we will determine your Territory by developing geographic areas with households of approximately 50,000 to 60,000 based on the most recently published data from the U.S. Census Bureau (or such other source as we may indicate to you). Your Territory will generally consist of four of these geographic areas, each of which will be considered a "subterritory." The minimum population in a subterritory will be 50,000 households.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, the non-exclusivity extends only to our reserved rights with respect to national accounts as described below. We will protect your territory to the extent that we will not operate a company location within your Territory; establish another franchisee in your Territory; or solicit or accept orders from non-national account customers from inside your Territory. We may, however, establish franchisor-owned locations, other franchises or sub-franchises outside your Territory, regardless of proximity to the boundaries of your Territory. We may also establish other franchises or company-owned outlets or other channels of distribution, including the Internet, offering similar services under names and trademarks other than the Marks, within or without your Territory, provided they are not in direct competition with you. We are not required to compensate you if we solicit or accept orders from inside your Territory. You are prohibited from soliciting or providing services to customers outside of your Territory. You do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside your Territory.

You may elect to operate your Franchised Business from a commercial site. We do not assist you to locate a site and we do not approve your site or any relocation of your site. However, if you need to relocate your administrative office, you must give us prior written notice.

Strategic, Regional and National Accounts

We reserve the right (for ourselves and our affiliates), at any time and upon written notice to you, to directly enter into and/or service national account contracts and/or strategic alliances, which are businesses that have locations in two or more territories or multiple locations within your Territory, or to indirectly establish national accounts with third party subcontractors who have customers in your Territory, regardless of whether you previously serviced such a customer in the past. We sometimes refer to national accounts as "Commercial Accounts," "Key Accounts" or "Strategic Accounts". You will be given the option to service the locations of the national account in your Territory, provided that you agree to do so, and continue to do so, under the terms and conditions of our (or our affiliate's) agreements with the national account and our National Account Program Participation Agreement. If you fail to agree to or are unable to service such

accounts, we may engage other franchisees or third-parties to service such accounts in your Territory without liability or payment of compensation to you. You may be restricted from soliciting business from or providing services to any national account unless you agree to abide by the terms of our National Account Program Participation Agreement. See Exhibit H to this disclosure document.

Additional Franchised Businesses/Subterritories

While we encourage you to expand to your maximum potential, including acquiring additional Franchised Businesses or subterritories, as appropriate, we have implemented the following minimum standards to encourage success. Of course, our approval of an additional Franchised Business or subterritory is not a guarantee that any Franchised Business will be successful, but to gain that approval, you must at minimum meet the following criteria:


- a) You must submit an annual financial statement and current personal net worth statement to show financial ability;
- b) You must have a minimum of 3 to 6 months' operating capital, based on your projections and living expenses;
- c) You must be in good standing and full compliance with all terms and conditions of the existing Franchise Agreement(s) (including minimum performance standards); and
- d) You must have been in operations in your current Franchised Business for at least 6 months before you may add additional subterritories and at least a year before you may acquire a whole new Franchised Business.

You do not receive options, rights of first refusal or similar rights to acquire additional franchises. We continue to reserve the right to grant or refuse to grant a Franchised Business or territory in our sole discretion. The list above are simply *minimum* standards and we will continue to make a determination of whether or not to grant a Franchised Business based on our own assessment of each franchisee's business acumen. If you wish to acquire an additional subterritory after you commence operations, as a condition to approving this, we may require that you terminate your existing franchise agreement(s) and execute our then-current franchise agreement covering all subterritories. The term of this new franchise agreement may, in our sole discretion, coincide with the remainder of the shortest terms left under your prior franchise agreement(s). We reserve the right to negotiate the initial fees for such an arrangements based on the facts and circumstances existing at the time.

ITEM 13. Trademarks

We have been granted the exclusive license by 1Day Corporate to use and license others to use the System and Marks in the United States. The license term expires in 2061 and will only terminate if we fail to pay royalties to 1Day Corporate, become bankrupt or otherwise insolvent, or breach the terms of the license which prohibit us from misusing or attempting to transfer the license. During the term of your Franchise Agreement, we will grant you the right to use the System and Marks in the operation of your Franchised Business within a Territory. By Marks we mean the trade names, trademarks, service marks and logos used to identify the System. There are no agreements currently in effect which significantly limit our rights to use or license the use of such trademarks, service marks, trade names, logotypes or other commercial symbols in any manner material to the Franchised Business.

1Day Corporate has applied for registration of the following Marks on the U.S. Patent and Trademark Office (“USPTO”) Principal Register, and the registrations are pending:

Mark	Application Date	Serial Number	Status
	February 24, 2014	86202704	Registration Pending
WOW 1 DAY PAINTING	February 25, 2014	86203995	Registration Pending

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

1Day Corporate has registered the following Marks on the U.S. Patent and Trademark Office (“USPTO”) Principal Register:

Mark	Registration Date	Registration Number	Status
1-888-WOW-1DAY!	July 3, 2012	4168698	Registered
	May 15, 2012	4143638	Registered

No affidavits are required to be filed with the USPTO at this time.

1Day Corporate and the Franchisor also claim common law rights to the Marks upon their continuous, exclusive and extensive use and advertising.

You must use the names and Marks in full compliance with the provisions of the Franchise Agreement and in accordance with our rules. You cannot use any name or Mark as a part of any corporate name with any prefix, suffix or other modifying words, terms, designs or symbols. In addition, you may not use any name or mark associated with the sale of any unauthorized product or service or in any other manner not explicitly authorized in writing by us.

You may not directly or indirectly oppose our right to our trademarks, trade names, trade secrets or business techniques that are part of our business. You must notify us immediately if you learn about a claim against your use of our trademarks. We will take whatever action, if any, we deem appropriate and we have the exclusive right to control any litigation or administrative proceeding involving the Marks licensed to you. We have no obligation to defend you or to take any legal action against others with respect to any claim related to your use of our trademark, but we will indemnify you against any losses or damages incurred by you as a result of a successful claim of infringement brought by a third party with respect to your use of the Marks in accordance with the terms of the Franchise Agreement.

We have the unlimited right to change the Marks. If we change the Marks, then you must comply with our instructions in this regard. Upon termination of the Franchise Agreement, you must immediately cease all use of the Marks.

There is no currently effective material determination of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition or cancellation proceeding or any pending material federal or state court litigation involving the trademarks, service marks, trade names, logotypes or other commercial symbols licensed to us. We do not know of any superior prior rights or infringing uses that could affect your use of the Marks.

ITEM 14. Patents, Copyrights, and Proprietary Information

We do not register claims in patents or copyrights that are material to our business, but 1Day Corporate does claim proprietary rights and copyright-protection to the confidential information contained in the Operations Manual. 1Day Corporate also claims copyright-protection on operational materials specifically associated with the System, including the proprietary advertisements, all materials presented to prospective customers, printed materials and forms associated with the operation of a Franchised Business. 1Day Corporate licenses to us the right to use the Marks in the operation of the System. You must promptly tell us when you learn about unauthorized use of any of this proprietary information. We are not obligated to take any action, but will respond to this information as we deem appropriate. Our interests are to protect the integrity of the brand. We will not indemnify you for losses claimed by a third party concerning your use of this information.

ITEM 15. Obligation to Participate in the Actual Operation of the Franchise Business

We require that your Franchised Business be under the direct supervision at all times of one full-time General Manager approved by us. If you are an individual, you will generally be the person who acts as General Manager, but the General Manager can be any person so long as they have been trained and approved by us. Our approval is based on the General Manager having prior sales, marketing and business management experience, and having successfully completed our initial training program. If you acquire territory that is not contiguous with the Territory you currently service, then we may require you to sign a separate franchise agreement for that territory, in which case it would be treated as a separate franchise requiring its own General Manager. During the term of the Franchise Agreement, you and/or your General Manager are prohibited from actively participating in any other business during the required hours of operation of the Franchised Business, unless you have our written approval. There is no requirement that a General Manager own equity in the franchisee or the Franchised Business. We may request that you cause your employees to sign a form of confidentiality agreement approved or provided by us.

You, or if you are an entity all your directors, officers, shareholders, partners or members, must guarantee personally all your obligations to us under the Franchise Agreement, including confidentiality and non-competition covenants. A copy of our current form of Guarantee is attached as Exhibit F.

ITEM 16. Restrictions On What the Franchisee May Sell

You must operate the Franchised Business and perform all services in accordance with the operating guidelines and quality standards that we establish. You may only sell the goods and services approved by us. You may only perform jobs properly processed through the Sales Center. You must operate your business during hours set by us, which may vary from territory to territory. We have the unlimited right to change the types of authorized goods and services. You may be required to refrain from soliciting business directly from any national accounts customer.

ITEM 17. Renewal, Termination, Transfer, and Dispute Resolution

This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

	Provision	Section in Franchise Agreement	Summary
a.	Length of the Franchise term	2.5, Schedule B	5 years, though we retain the right, but not the obligation, to extend the term up to 12 months.
b.	Renewal or extension of the term	18, Schedule B	Three additional 5 year terms.
c.	Requirements for franchisee to renew or extend	18	Give notice; meet our then-current requirements for franchisees; not be in default or have been habitually in default; sign current form of Franchise Agreement, which may be materially different from your current agreement; pay renewal fee.
d.	Termination by franchisee	2.8	Only in the Initial Year and only if the franchisee fails to generate the specified aggregate Gross Revenue. Otherwise, only in accordance with applicable law.
e.	Termination by Franchisor - without cause	2.5	If you don't renew, franchise will terminate at expiration of Term.
f.	Termination by Franchisor - with cause	16.2; 16.3	We may terminate by giving you written notice of Material Default. Cross-defaults may result in termination, as well.
g.	"Cause" defined – curable defaults	16.1	If we waive your default, you may cure it upon terms approved by us. We are not required to waive a "Material Default".

	Provision	Section in Franchise Agreement	Summary
h.	“Cause” defined – non-curable defaults	16.1	“Material Default” for failure to pay, comply with Franchise Agreement or commence operations after time to cure; default in Lease or Vehicle Lease; failure to comply with obligations under Security Agreement; insolvency; attempted assignment or transfer without consent; misuse of trademarks or other intellectual property; failing to offer approved services; false reports; illegal or misleading business acts; failure to cure order given by governmental authority; criminal conviction of your owners, officers or directors; franchisee receiving 3 or more notices of default in any 12 month period.
i.	Franchisee’s obligations on termination/non-renewal	16.7; 17; 20	Discontinue operations; payment of all accounts by bank draft; return all items belonging to Franchisor.
j.	Assignment of contract by Franchisor	19.8	We may assign at any time all or part of our rights.
k.	“Transfer” by franchisee – defined	19.1; 19.2; 19.4	Material change in ownership triggers a transfer if more than 25% of voting units in franchisee are transferred.
l.	Franchisor approval of transfer by franchisee	19.1	You must obtain our written approval before any transfer.
m.	Conditions for Franchisor approval of transfer	19.3; 19.4	Advertisement approved; transfer fee paid; transferee approved; assignment signed; materials returned; releases signed; completion of training; all agreements in good standing; assignment of Lease and Vehicle Lease signed; Security Agreement signed.
n.	Franchisor’s right of first refusal to acquire your business	17.4; 19.7	We have a right to buy your business if you decide to sell and we may buy your inventory.
o.	Franchisor’s option to purchase your business	19.7	We have the right to buy your business if you decide to sell.

	Provision	Section in Franchise Agreement	Summary
p.	Death or disability of franchisee	17.3; 19.6	Estate has 6 months to assign to qualified person.
q.	Non-competition covenants during the term of the franchise	20	Direct or indirect; within Territory, within the metropolitan area where the Territory is situate, within any territory within the System or any Affiliates’.
r.	Non-competition covenants after the franchise is terminated or expires	20	Direct or indirect; within Territory for 18 months, within the metropolitan area where the Territory is situate, within any territory within the System or any Affiliates’.
s.	Modification of the agreement	21.9	In writing signed by you and us.
t.	Integration/merger clause	21.8	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside the disclosure document and franchise agreement may not be enforceable. Nothing in the Franchise Agreement or in any related written agreement is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you.
u.	Dispute resolution by arbitration or mediation	21.13	All claims must be presented for period of 30 days before filing suit; during which time either party may demand non-binding mediation to be held at our Vancouver offices.
v.	Choice of forum	21.12	Subject to potential limitations of your state’s law, litigation must be in Seattle, Washington, except we may take action in other jurisdictions as may be necessary to obtain declaratory, injunctive, or other relief, subject to state law.
w.	Choice of law	21.12	Subject to potential limitations of your state’s law, Washington law applies for construction and interpretation of the franchise agreement, but does not give rise to statutory or regulatory claims that would not otherwise apply.

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

ITEM 18. Public Figures

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

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 actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to us by contacting Craig Jooste (301 – 887 Great Northern Way, Vancouver, BC, Canada, V5T 4T5, 604-639-8338), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. List of Outlets and Franchisee Information

References to years below each represent a full year ended on December 31.

**Table No. 1
System wide Outlet Summary
For years 2011-2013**

Outlet Type	Year	Franchised Businesses at the Start of the Year	Franchised Businesses at the End of the Year	Net Change
Franchised	2011	0	4	+4
	2012	4	11	+7
	2013	11	13	+2
Company-Owned	2011	0	0	0
	2012	0	0	0
	2013	0	0	0
Total Outlets	2011	0	4	+4
	2012	4	11	+7
	2013	11	13	+2

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

State	Year	Number of Transfers
All States	2011	0
	2012	0
	2013	0
Total	2011	0
	2012	0
	2013	0

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

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
California	2011	0	2	0	0	0	0	2
	2012	2	0	0	0	0	0	2
	2013	2	0	0	0	0	0	2
District of Columbia	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Florida	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Kansas	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Massachusetts	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Michigan	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Pennsylvania	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Texas	2011	0	1	0	0	0	0	1
	2012	1	2	0	0	0	0	3
	2013	3	1	0	0	0	0	4
Washington	2011	0	1	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Other States	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
Total	2011	0	4	0	0	0	0	4
	2012	4	7	0	0	0	0	11
	2013	11	2	0	0	0	0	13

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

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Total	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 30, 2013

STATE	AGREEMENTS SIGNED BUT BUSINESSES NOT OPEN	PROJECTED NEW FRANCHISEES IN THE NEXT FISCAL YEAR	PROJECTED COMPANY OWNED LOCATIONS IN NEXT FISCAL YEAR
California	0	0	0
Georgia	1	0	0
Hawaii	0	0	0
Illinois	0	1	0
Maryland	0	0	0
Minnesota	0	0	0
New Jersey	1	0	0
New York	1	1	0
Ohio	1	0	0
North Dakota	0	0	0
Rhode Island	0	0	0
South Dakota	0	0	0
Virginia	0	0	0
Washington	0	0	0
Other States	0	4	0
Totals:	4	6	0

The name of each of our franchisees and the address and telephone number of each of their outlets as of the end of our last fiscal year (unless another date is stated on the list) is in Exhibit A. The name and last known city, state and telephone number or email address of each franchisee whose Franchised Business has been terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business during the last fiscal year are also included in Exhibit A. There are no franchisees who have not communicated with us within 10 weeks of the date of this disclosure document, as amended.

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

During the last three fiscal years, no current or former franchisees of Franchisor have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

We are not currently aware of any trademark-specific franchisee organization associated with our franchise system.

ITEM 21. Financial Statements

Our audited financial statements for the fiscal years ended December 31, 2013, December 31, 2012 and December 31, 2011 are included in Exhibit E to this disclosure document.

ITEM 22. Contracts

All proposed agreements regarding the franchise offering are attached as follows:

Exhibit B Franchise Agreement
Exhibit F Guarantee Agreement
Exhibit G General Security Agreement
Exhibit H National Account Program Participation Agreement
Exhibit I State-Specific Addenda
Exhibit J Form of General Release

ITEM 23. Receipt

The last Exhibit to this disclosure document contains duplicate Receipts that will serve as an acknowledgement by you that you have received a copy of this disclosure document. You should sign both copies of the Receipt, return one copy to us and retain one for your records. If the Receipt pages, or any other page or Exhibit is missing from your copy of the franchise disclosure document, please contact us immediately.

EXHIBIT A

Lists of Current and Certain Former Franchisees

EXHIBIT A

**List of Franchisees
of WOW 1 DAY PAINTING LLC
as of December 31, 2013**

Owner	Business Name	Address	City	Zip	State	Phone
Sam Reisman		3930 Boone Street	San Diego	92117	CA	(619)-955-0071
Bronic Gold & Gary Rosyski	Wow One Day South Beach Inc.	1800 Wyatt Drive, Suite 13	Santa Clara	95054	CA	(408) 406-9312
Craig Merrills		822 E Street NW	Washington	20004	DC	(202) 361-8839
Robert Crawford		35 W. Dilido Drive	Miami Beach	33139	FL	(318) 382-5212
Tyler Staszak			Overland Park	66214	KS	(816) 678-9811
Jonathan Brent Palmisano		9 Highland Lane	Fiskdale	01518	MA	(407) 625-0303
Jennifer Leigh Moss		20659 Lexington Court	Northville,	48167	MI	(810) 397-0293
David A. Luptak		812 Blackburn Road	Sewickley	15143	PA	(412) 608-4321
Drax Marlow & Antony Vanwisse	Raptor Painting Inc.	112 Swiftcurrent Trail	Austin	78746	TX	(512) 382-5093
Koteswara Aluri	CA Painting Inc.	2400 Sully Creek Dr.	Austin	78748	TX	(703) 919-0225
Elizabeth King & Thomas Kanarellis	Highline Paint, LLC	6248 Longmont	Houston	77057	TX	(713) 248-6299
Nathaniel Johnson III		12203 Dry Creek Drive	San Antonio	78245	TX	(210) 275-2686
Craig Jooste	WOW Consumer Holdings (WA), Inc.	PO Box 1492	Blaine	98231	WA	(604) 649-6993

Franchisees Not Operating at December 31, 2013

Owner	Business Name	Address	City	Zip	State	Phone	Franchise Name
Gary Koester	Atlanta24, LLC	5341 Estate Office Drive, Suite 3	Memphis	38119	GA	(901) 684-1234	Atlanta
Alan Doyle Anderson & Thomas Jordan Jr.	Alto Colors LLC	17 Colonial Way	Short Hills	07078	NJ	(973) 216-3177	New Jersey North
Joseph A. Gallant & Harold W. Ehrlich	Midori Partners, LLC	31 Mead Place	Rye	10580	NY	(860) 930-7444	Westchester
Tammy Ricketson & Terry Ricketson	ECK Ventures Inc.	2710 Robindale Ave	Akron	44312	OH	(614) 882-7777	Cleveland – Akron

**List of Certain Former Franchisees
of WOW 1 DAY PAINTING LLC
as of December 31, 2013**

Franchisees who have transferred their franchise, or had a franchise terminated, cancelled, were not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our last fiscal year, or who have not communicated with us within 10 weeks are:

None

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

EXHIBIT B

Franchise Agreement

Franchise Agreement
WOW 1 DAY PAINTING LLC,
a Washington limited liability company

and

[2]

[3]

FRANCHISE AGREEMENT

Effective Date: [4]

TABLE OF CONTENTS

1. DEFINITIONS	2
1.1 <i>Definitions and Interpretation.</i>	2
1.2 <i>Cross-Reference Definitions.</i>	2
2. GRANT OF LICENSE, TERM AND TERRITORY	3
2.1 <i>Grant.</i>	3
2.2 <i>Territory and Subterritories.</i>	4
2.3 <i>Protected Territory.</i>	4
2.4 <i>Scheduled Opening Date and Subterritory Activation Dates.</i>	5
2.5 <i>Term.</i>	5
2.6 <i>Guarantee.</i>	5
2.7 <i>Security Agreement.</i>	5
2.8 <i>Franchisee Termination.</i>	5
3. INITIAL FEE	6
4. FRANCHISED LOCATION	6
5. VEHICLE LEASING REQUIREMENTS	7
5.1 <i>Form of Vehicle Lease.</i>	7
5.2 <i>Copy of Vehicle Lease.</i>	7
5.3 <i>Assignment of Vehicle Lease.</i>	7
5.4 <i>No Other Vehicles to be Used.</i>	7
6. CONTINUING ROYALTIES	7
6.1 <i>Royalty.</i>	7
6.2 <i>Calculation and Payments.</i>	7
6.3 <i>Minimum Royalty.</i>	8
7. OPERATION OF FRANCHISED BUSINESS	8
7.1 <i>Standards of Operation.</i>	8
7.2 <i>Proposed Services.</i>	11
7.3 <i>Sale of Services.</i>	12
7.4 <i>Pricing.</i>	12
7.5 <i>System Changes.</i>	12
7.6 <i>Franchisee Programs.</i>	12
8. SALES	12
8.1 <i>Credit Cards and Other Methods of Payment.</i>	12
8.2 <i>Payments to Suppliers.</i>	12
9. RECORDS AND REPORTING	13
9.1 <i>Sales Records.</i>	13
9.2 <i>Definition of "Gross Revenue."</i>	13
9.3 <i>Preservation of Records.</i>	13
9.4 <i>Semi-Monthly and Annual Reporting.</i>	13
9.5 <i>Inspection and Audit Rights.</i>	14
9.6 <i>Notice to Meet Standards.</i>	15
9.7 <i>Corporate Records.</i>	15
10. SALES CENTER AND INTRANET	15
10.1 <i>Order Processing.</i>	15
10.2 <i>Intranet Access.</i>	15

10.3	<i>No Other Sales.</i>	15
10.4	<i>Unsolicited Orders.</i>	15
10.5	<i>Sales Center Cooperative Fund.</i>	16
11.	LOCAL AND COOPERATIVE MARKETING	17
11.1	<i>Local Marketing.</i>	17
11.2	<i>Particulars of Local Marketing.</i>	17
11.3	<i>Marketing Fund.</i>	18
11.4	<i>Initial Marketing Fee.</i>	19
11.5	<i>Branding Cooperative.</i>	20
12.	MANAGEMENT AND EMPLOYEES	20
12.1	<i>Management Personnel.</i>	20
12.2	<i>Reliance on Management Personnel.</i>	20
12.3	<i>General Manager.</i>	20
12.4	<i>Other Employees.</i>	21
13.	LICENCE GRANTED TO FRANCHISEE	21
13.1	<i>Nature of Grant.</i>	21
13.2	<i>Inurement.</i>	21
13.3	<i>Use of Name and Marks.</i>	21
13.4	<i>Use of Copyright-Protected Materials.</i>	22
13.5	<i>Notification of Infringement.</i>	22
13.6	<i>Act in Derogation of Franchisor's Rights.</i>	22
13.7	<i>Changes in Marks and Copyright-Protected Materials.</i>	23
13.8	<i>Use of Know-How.</i>	23
13.9	<i>Confidential Information.</i>	23
13.10	<i>Operations Manual.</i>	24
14.	FURTHER OBLIGATIONS OF FRANCHISEE	24
14.1	<i>Use of Operations Manual.</i>	24
14.2	<i>Inspection Rights.</i>	24
14.3	<i>No Solicitation of Employees.</i>	25
14.4	<i>Use of Media.</i>	25
14.5	<i>Insurance.</i>	25
14.6	<i>Maintain Minimum Capital.</i>	26
15.	TRAINING AND OTHER OBLIGATIONS OF FRANCHISOR	26
15.1	<i>Training.</i>	26
15.2	<i>Retraining.</i>	27
15.3	<i>Initial and Ongoing Goods and Services.</i>	27
15.4	<i>Continuing Availability.</i>	27
16.	REMEDIES UPON DEFAULT BY FRANCHISEE	28
16.1	<i>Definition of "Material Default."</i>	28
16.2	<i>Cross Default.</i>	30
16.3	<i>Termination for Material Default.</i>	30
16.4	<i>Appointment of Receiver or Receiver-Manager.</i>	30
16.5	<i>Other Remedies for Default.</i>	31
16.6	<i>Damages based on Material Default.</i>	32
16.7	<i>Telephone Number(s).</i>	33
16.8	<i>Liquidated Damages for Breach of Franchise Agreement.</i>	33

16.9	<i>Remedies Cumulative</i>	33
17.	FRANCHISEE’S OBLIGATIONS UPON EXPIRATION OR TERMINATION	33
17.1	<i>Payment of Accounts</i>	33
17.2	<i>Discontinuance</i>	33
17.3	<i>Power of Attorney</i>	34
17.4	<i>Right of Franchisor to Repurchase</i>	34
18.	RENEWAL	34
19.	ASSIGNMENT OR TRANSFER	35
19.1	<i>Assignment or Transfer by Franchisee</i>	35
19.2	<i>Transfer of Interest in Corporate Franchisee</i>	36
19.3	<i>Conditions of Consent</i>	36
19.4	<i>Transfer to an Entity by Personal Franchisee</i>	37
19.5	<i>Franchisee’s Release of Claims</i>	38
19.6	<i>Death, Incapacity or Permanent Disability</i>	38
19.7	<i>Right of First Refusal</i>	38
19.8	<i>Assignment by Franchisor</i>	38
19.9	<i>Legend on Share Certificates</i>	39
20.	NON-COMPETITION	39
21.	MISCELLANEOUS	40
21.1	<i>Indemnity by Franchisee</i>	40
21.2	<i>Interest on Overdue Amounts</i>	40
21.3	<i>Application of Payments</i>	40
21.4	<i>Parties are Independent Contractors</i>	40
21.5	<i>Conformity with Laws</i>	40
21.6	<i>Additional Franchises</i>	41
21.7	<i>Waiver</i>	41
21.8	<i>Entire Agreement</i>	41
21.9	<i>Amendments</i>	41
21.10	<i>Further Assurances</i>	41
21.11	<i>Severability</i>	41
21.12	<i>Governing Law</i>	41
21.13	<i>Resolution of Disputes</i>	42
21.14	<i>Survival of Covenants</i>	42
21.15	<i>Inurement</i>	42
21.16	<i>Potential Earnings</i>	43
21.17	<i>Acknowledgements by Franchisee</i>	43
21.18	<i>Time of Essence</i>	43
21.19	<i>Notices</i>	43
21.20	<i>Schedules</i>	44
21.21	<i>Submission of Agreement</i>	44
21.22	<i>Signatures</i>	44

THIS **Franchise Agreement** (the "**Agreement**") is made effective on the effective date shown in Schedule B (the "**Effective Date**")

BETWEEN:

WOW 1 DAY PAINTING LLC, a Washington limited liability company having its head office at 301 – 887 Great Northern Way, Vancouver, BC, V5T 4T5, CANADA

(“**Franchisor**”)

AND:

[2], [3], having an office at [4]

(“**Franchisee**”)

WHEREAS:

- A. Franchisor has developed a system (the “**System**”) providing for the operation of a retail business offering painting services using confidential methods, procedures, and business techniques and known to the public under the name “WOW 1 DAY PAINTING”.
- B. The distinguishing characteristics of the System currently include, but are not limited to, the registered U.S. trademarks shown in Schedule A and related logos, designs, brands and slogans as may be added or modified from time to time (collectively the “**Marks**”) which are licensed to Franchisor by WOW-1DAY! Painting Inc. (“**1DAY Corporate**”), a British Columbia company and Affiliate of Franchisor, which Marks Franchisor in turn licenses to Franchisee under the terms and conditions set forth herein.
- C. The System includes, but is not limited to, use and promotion of the Marks, operating procedures, policies, manuals, and techniques designed to enable franchisees to compete in the market for painting services.
- D. Franchisee wishes to establish and operate a WOW 1 DAY PAINTING franchise (the “**Franchised Business**”) utilizing the System at the Franchised Location described in this Agreement, and to derive the benefits of Franchisor’s experience, name, advice and guidance.

NOW THEREFORE in consideration of the recitals and the covenants and agreements herein contained, the parties covenant and agree as follows:

1. DEFINITIONS

1.1 *Definitions and Interpretation.* In this Agreement and in every amendment hereto (unless otherwise specified in any particular amendment), the following shall apply:

- (a) “Affiliate” means any entity directly or indirectly controlling or controlled by one or more of Franchisor and shareholders or members of Franchisor, or an entity directly or indirectly controlled by 1Day Corporate (a “Control Group”). In this context, a corporation is “controlled” by a Control Group if the majority of the corporation’s outstanding voting equity is held by that Control Group.
- (b) “Business Day” means any day, other than a Saturday, Sunday or a U.S. federal holiday, “Week” means a calendar week, beginning on a Sunday and ending on the following Saturday; and “Month” means a calendar month, or portion thereof in the case of the first and last months of the Term and Renewal Term when the Term does not begin on the first day of a calendar month.
- (c) The words “Franchisor”, “Affiliate”, and “Franchisee” shall be applicable to one or more persons, firms, corporations, limited liability companies or other entities.
- (d) The singular number shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa.
- (e) All references to currency are expressed in U.S. Dollars.
- (f) The article, section and subsection headings are for convenience of reference only and shall not for the purpose of interpretation or any other purpose be deemed a part of this Agreement.
- (g) All grammatical variations of defined terms in this Agreement shall have the meaning corresponding to the grammatical variation.

1.2 *Cross-Reference Definitions.* The following terms have been defined in the recital, section or subsection noted opposite each:

<u>Term</u>	<u>Defined In</u>
1Day Corporate	Recital B
Assets	16.4(a)
Branding Cooperative	11.5
Confidential Information	13.9
Copyright-Protected Materials	13.4
Coverages	14.5
Effective Date	Schedule B
Franchised Business	Recital D
Franchised Location	2.1(a)
General Manager	12.3

Gross Revenue	9.2
Guarantee	2.6
Initial Fee	3
Initial Marketing Fee	11.4
Initial Year	2.8
Know-How	13.8
Marketing Fund	11.3(a)
Marketing Royalty	11.3(b)
Marks	Recital B
Management Personnel	7.1(a)
Material Default	16.1
Minimum Royalty	6.3
OneWeb	10.1
Operations Manual	2.1(c)
Password	10.2
Receiver	16.4
Renewal Term	18
Royalty	6.1
Sales Center	10.1
Sales Center Cooperative Fund	10.5(a)
Sales Center Fee	10.5(c)
Scheduled Opening Date	2.4
Security Agreement	2.7
Semi-Monthly Report	9.4(a)
Services	2.1(a)
Standards	16.8
Statement of Dispute	21.13(a)
Subterritories	2.2
Subterritory Initial Fees	2.2
Supplies	15.3(a)
System	Recital A
Territory	2.2
Term	2.5
Unsolicited Order	10.4
Vehicle	5.1
Vehicle Lease	5.1

2. GRANT OF LICENSE, TERM AND TERRITORY

2.1 **Grant.** Upon the terms, covenants and conditions set forth and referred to in this Agreement, Franchisor grants to Franchisee, and Franchisee accepts from Franchisor, the right and license, for the Term and any duly exercised Renewal Term:

- (a) to establish and operate the Franchised Business from the specific location named in Schedule B (the “**Franchised Location**”) in the Territory offering the services pursuant to the System (the “**Services**”);

- (b) to use the System, the Marks and the Copyright-Protected Materials in connection with the operation of the Franchised Business and in accordance with this Agreement and the provisions of the Operations Manual, or in such manner as may be approved in advance in writing by Franchisor; and
- (c) to use the copyright-protected series of System manuals, including online materials, developed and owned by Franchisor, as revised by Franchisor from time to time (collectively, the “**Operations Manual**”).

2.2 ***Territory and Subterritories.*** The license granted in this Agreement gives Franchisee the right to establish the Franchised Business at the Franchised Location and shall extend only to the borders of the geographical area specified in Schedule B, or such further area as may be agreed by Franchisor and Franchisee in writing from time to time (the “Territory”). The Territory may be divided into sub-areas (“Subterritories”) depending upon its size, for which the Franchisee shall pay additional initial franchise fees, as set forth in Schedule B, or such additional initial franchise fees for additional Subterritories as may be agreed by Franchisor and Franchisee in writing from time to time (the “Subterritory Initial Fees”). Absent Franchisor’s written consent, or unless otherwise indicated in Schedule B, each Subterritory Initial Fee must be paid in full prior to Franchisee offering Services in that Subterritory. In the event Franchisor and Franchisee desire to add one or more additional Subterritories to the Territory, Franchisor may require, as a condition of consent to granting such additional Subterritory, that Franchisee enter into Franchisor’s then-current form of franchise agreement, the term of which may coincide with the term of this Agreement. Without limiting the Franchisee’s obligation to perform due diligence prior to entering into this Agreement, in the event Franchisee is unable to operate in any one or more Subterritory due to government regulations, Franchisor may, but is not obliged, to grant one or more alternative Subterritories to Franchisee that are contiguous with or within 50 miles of the boundary of the Territory.

2.3 ***Protected Territory.*** Except as otherwise provided herein, Franchisor agrees not to grant a franchise for another franchised business within the Territory so long as this Agreement is in force and Franchisee is not in default hereunder. Notwithstanding this Section 2.3, Franchisor, for itself and its Affiliates, expressly reserves the right to:

- (a) offer the Services under the Marks through other franchised businesses outside of any Territory, but regardless of proximity to the boundaries of any Territory, and through channels of distribution other than other franchised businesses;
- (b) offer or establish other franchises or company-owned outlets or other channels of distribution, selling or leasing similar products or services under names and trademarks other than the Marks, within or without the Territory, provided it is not in direct competition with Franchisee; and
- (c) upon providing Franchisee with written notice of such intention, enter into and service strategic, regional, or national account contracts or strategic alliance contracts with businesses that have locations within the Territory, regardless of whether Franchisee previously serviced such businesses in the past. Franchisee may be required by Franchisor to service the strategic, regional, or national account locations in the Territory by agreeing to participate in Franchisor’s National Account Program

and signing Franchisor's then-current National Account Program Participation Agreement, as well as performing under the terms and conditions of the applicable agreement between Franchisor or its Affiliate(s) and the account customers, which agreements shall be negotiated and entered into by Franchisor in its sole discretion. If Franchisee fails to agree or is unable to service such accounts, Franchisor may engage other franchisees or third-parties to service such accounts in the Territory without liability to Franchisee.

2.4 ***Scheduled Opening Date and Subterritory Activation Dates.*** The parties intend that the Franchised Business shall commence operation on the date specified in Schedule B (the "Scheduled Opening Date"). Franchisee shall obtain and maintain all licenses, permits and inspection approvals required by law to operate the Franchised Business at the Franchised Location from and after the Scheduled Opening Date. Franchisor may extend the Scheduled Opening Date by up to 60 days on written notice from Franchisee. If the Territory consists of Subterritories, the Franchisee may not offer the Services in any given Subterritory until the later of: (i) such time as the Subterritory Initial Fee for such Subterritory has been paid in full, or (ii) the activation date for such Subterritory specified in Schedule B. The Initial Fee or any Subterritory Initial Fee may be paid in full at any time prior to the due date in the Franchisee's sole discretion. Franchisee may commence operations in a particular Subterritory prior to the Scheduled Opening Date, provided the Subterritory Initial Fee in respect of the particular Subterritory has been paid in full and the Franchisee has provided written notice to the Franchisor of its intended commencement date. Any extension or delay in the Scheduled Opening Date, whether or not approved by Franchisor, shall not thereby extend the due date for any Initial Fee or Subterritory Initial Fee.

2.5 ***Term.*** The term of this Agreement shall commence on the Scheduled Opening Date, whether or not the Franchised Location is open for business on that date and, unless sooner terminated as herein provided, shall continue for a term of 5 years until the expiration date shown in Schedule B (the "Term"), subject to the possibility of renewal pursuant to Article 18 of this Agreement. Franchisor reserves the right, but not the obligation, to extend the term by up to 12 months.

2.6 ***Guarantee.*** In the event that Franchisee is a corporation or other business entity, all such directors, officers, shareholders, partners or members of the Franchisee entity as shall be required by Franchisor shall sign Franchisor's current form of guarantee (each, a "Guarantee") at the same time as the Franchisee executes this Agreement.

2.7 ***Security Agreement.*** Franchisee shall execute and deliver concurrently with this Agreement a general security agreement (the "Security Agreement") in a form prescribed by the Franchisor, securing all present and future obligations of Franchisee to Franchisor under this Agreement, and any other agreement between Franchisor and Franchisee.

2.8 ***Franchisee Termination.*** At the completion of the first year of operation of the Franchised Business (the "Initial Year"), if Franchisee has not generated \$200,000 in aggregate Gross Revenue then, notwithstanding Section 2.2, Franchisee may elect to terminate this Agreement upon notice to Franchisor within 30 days of the end of the Initial Year, provided the following conditions are satisfied:

- (a) at the time Franchisee gives notice of termination, Franchisee is in full compliance with all Franchise Agreements and Security Agreements;
- (b) without restricting the generality of (a) above, all amounts owing by Franchisee under any Franchise Agreement on account of Royalties, Sales Center Fees, Marketing Royalties and amounts owing under any Branding Cooperative are paid in full and Franchisee has incurred all expenses on account of local advertising in accordance with Section 11.1 of all Franchise Agreements;
- (c) at the time Franchisee gives notice of termination, all guarantors in respect of the Franchisee are in compliance with all Guarantees;
- (d) all unpaid Initial Fees or Subterritory Initial Fees in respect of any Franchise Agreement, whether or not such amounts have become due, have been paid;
- (e) all Management Personnel have attended throughout the Initial Year, unless excused by Franchisor, the following events more particularly described in the Operations Manual: (i) at least 90% of Goal Setting and Review meetings, and (ii) the Annual Conference, all as defined in the Operations Manual; and
- (f) all Management Personnel must have provided full-time services to the Franchised Business throughout the Initial Year.

Upon provision of notice to terminate under this Section, and after a reasonable time for Franchisor to verify compliance with the conditions in (a) through (f), above, this Franchise Agreement will be terminated upon Franchisor and Franchisee entering into a mutual termination and release agreement in a form acceptable to Franchisor. Within 30 days of termination, Franchisor will refund the Initial Fee; provided that if the Territory consists of Subterritories, Franchisor will refund the Subterritory Initial Fee only in respect of Subterritory A, as set forth in Schedule B. This Section 2.8 shall not apply during any renewal term. If the Franchisee is party to more than one Franchise Agreement, this Section 2.8 shall only apply in respect of one Franchise Agreement.

3. INITIAL FEE

In consideration of Franchisor entering into this Agreement, Franchisee shall pay to Franchisor all portions of the initial fee shown in Schedule B (the “**Initial Fee**”) on or before the due dates set forth in Schedule B. The Initial Fee shall be deemed to be earned in full by Franchisor upon it executing this Agreement and thereafter shall be non-refundable, either in whole or in part, except as provided in Section 2.8.

4. FRANCHISED LOCATION

During the Term, Franchisee and all employees and other representatives of Franchisee shall manage the Franchised Business exclusively from the Franchised Location, which shall include administrative office space and associated equipment, in full compliance with any lease for the Franchised Location and the obligations and policies set out in this Agreement and in the Operations Manual as amended from time to time. Franchisee shall maintain the Franchised Location in a clean and attractive condition and maintain office equipment as required so as to comply with the

Operations Manual and to preserve, maintain and enhance the reputation and goodwill of the Franchisor and its franchisees and the value of the Marks. Franchisee may operate the Franchised Business from a different or additional location within the Territory only with the prior written notice to the Franchisor and at Franchisee's sole expense.

5. VEHICLE LEASING REQUIREMENTS

5.1 *Form of Vehicle Lease.*

Franchisee shall purchase or enter into leases or subleases (each a "Vehicle Lease") initially for at least one vehicle (each, a "Vehicle"), or such other number of Vehicles as Franchisor may require in accordance with policies set out in the Operations Manual for use in the Franchised Business. All Vehicles shall meet Franchisor's current specifications at the time of purchase or lease, which requirements are currently set out in Schedule C. Each Vehicle Lease shall only be entered into by Franchisee on the condition that Franchisor has approved the form of the Vehicle Lease prior to Franchisee executing any such document. Franchisor shall not unreasonably withhold its approval to the form of Vehicle Lease provided that Franchisee has delivered a complete copy of the proposed form of Vehicle Lease to Franchisor at least 10 days prior to executing the Vehicle Lease.

5.2 *Copy of Vehicle Lease.*

Franchisee shall provide to Franchisor a complete copy of all executed Vehicle Leases as soon as practicable after execution along with the associated serial numbers for each Vehicle.

5.3 *Assignment of Vehicle Lease.*

Franchisee shall not assign or sublet the Vehicle Lease or otherwise part with possession of the whole or any portion of the Vehicle during the Term without first obtaining the prior written consent of Franchisor, which consent shall not be unreasonably withheld.

5.4 *No Other Vehicles to be Used.*

Franchisee shall not use any vehicle other than the Vehicles in the operation of any part of the Franchised Business without Franchisor's prior written consent.

6. CONTINUING ROYALTIES

6.1 ***Royalty.*** Franchisee shall pay to Franchisor a continuing royalty equal to 6% of Franchisee's Gross Revenue semi-monthly (the "Royalty"). Franchisor may apply amounts received on account of Royalties to any other amounts payable by Franchisee to Franchisor pursuant to this Agreement.

6.2 ***Calculation and Payments.*** The Royalty, Marketing Royalty, Sales Center Fee, and any other amount payable to the Franchisor by the Franchisee, shall be paid by way of electronic transfer (automatic debit) to Franchisor within three (3) Business Days of the 15th day, and of the last day of each month. Any other future or recurring amounts owed by Franchisee to Franchisor, including any Subterritory Initial Fees, shall also be paid by electronic transfer, when due. Franchisee shall execute all banking forms and documents and do all other things necessary to facilitate such payments by way of electronic transfer (automatic debit). The automatic debit amount for each month shall be calculated by the Franchisor based upon the Semi-Monthly Reports submitted by the Franchisee according to Section 9.4 of this Agreement. Should Franchisee fail to

update OneWeb as required in accordance with Section 9.4 of this Agreement and the Operations Manual, Franchisor shall calculate the automatic debit amount based upon the most recent Semi-Monthly Report. Any necessary reconciliation will be made during the month following receipt of the Semi-Monthly Report that was not submitted in a timely way.

If the electronic transfer (automatic debit) of the Royalty, Marketing Royalty or Sales Center Fee transfers are declined by Franchisee's bank for any reason, Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in connection with such declination, including any reasonable administrative fee as may be set by Franchisor from time to time.

6.3 **Minimum Royalty.** If at the end of any calendar year of operations of the Franchised Business, the total of all Royalties Franchisor has received from Franchisee in the previous year of operations is less than the Minimum Royalty for that year, pro-rated as necessary to account for operations for a partial calendar year only, then Franchisee shall pay to Franchisor the amount that the Minimum Royalty for that year exceeds the total of all Royalties actually paid for that year. Amounts payable in respect of such difference, if any, shall be payable on or before January 15th of any given year, and shall be paid by way of electronic transfer (automatic debit).

For the purposes of this Agreement, "**Minimum Royalty**" shall mean:

- (a) In respect of the calendar year in which the original Scheduled Opening Date of the Franchised Business occurs, the equivalent of \$1,500 dollars, pro-rated as necessary to account for operations for a partial calendar year only, multiplied by the number of Subterritories in the Territory;
- (b) In respect of the second calendar year following the original Scheduled Opening Date of the Franchised Business, \$2,100 dollars multiplied by the number of Subterritories in the Territory;
- (c) In respect of the third calendar year following the original Scheduled Opening Date of the Franchised Business, \$2,700 dollars multiplied by the number of Subterritories in the Territory;
- (d) In respect of the fourth calendar year following the original Scheduled Date of the Franchised Business, \$3,300 dollars multiplied by the number of Subterritories in the Territory; and
- (e) Except as otherwise specified in any renewal agreement, in respect of each calendar year thereafter (including any calendar year during any Renewal Term), \$3,900 dollars multiplied by the number of Subterritories in the Territory.

7. OPERATION OF FRANCHISED BUSINESS

7.1 Standards of Operation.

Franchisee acknowledges that the Marks, the Services and every other component of the System are important to Franchisor and its franchisees, and Franchisee covenants and agrees to comply with the System, in its entirety as outlined in this Agreement, and the Operations Manual which may be

modified by the Franchisor from time to time. In particular, Franchisee covenants and agrees that Franchisee shall:

- (a) ensure that the operation of the Franchised Business is at all times under the direct control of the General Manager(s) as provided in Section 12.3. Where a General Manager is absent from the Franchised Location due to illness or vacation, Franchisee shall ensure that the Franchised Business is under the direct control of a member of the management personnel named in Schedule B (the “**Management Personnel**”) or other person who has undergone the employee training requirements applicable to Management Personnel pursuant to this Agreement;
- (b) operate the Franchised Business strictly in accordance with the standards of customer service, cleanliness, environmental safety, consistency, employee training, operation, advertising, promotion and management prescribed by Franchisor in this Agreement and the Operations Manual, and shall, in all dealings with customers, suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee shall respond to customer, supplier and public complaints in a prompt, courteous and efficient manner;
- (c) comply with all business policies, practices and procedures prescribed by Franchisor and outlined in the Operations Manual;
- (d) keep the Franchised Business continuously open for business during all hours and days specified in writing by Franchisor from time to time, in the Operations Manual or otherwise, subject to compliance with the hours of operation required by local laws, if applicable;
- (e) prepare and sell to the public only the Services and other services designated or approved in writing by Franchisor from time to time;
- (f) maintain the interior and exterior of each Vehicle in a safe, sound, clean and attractive condition and do all maintenance and repairs as necessary or as Franchisor or the lessor under each Vehicle Lease from time to time requires in writing;
- (g) store and handle any waste products strictly in accordance with applicable local, state and federal laws and regulations and in accordance with written specifications provided in this Agreement and the Operations Manual;
- (h) not alter, modify or otherwise change, add to or delete from any portion of the System, Marks, Copyright-Protected Materials or Services in use or exercised as licensed hereunder;
- (i) maintain at all times a sufficient number of properly trained employees to service customers of the Franchised Business, and maintain an inventory of goods and supplies sufficient to satisfy customer demand;
- (j) hire and supervise efficient, competent and courteous operators and employees for the operation of the Franchised Business and set and pay their wages, commissions,

benefits and incentives. Franchisor shall have no liability or any other obligation to any employee of Franchisee;

- (k) cause all employees, while engaged in the operation of the Franchised Business, to wear uniforms of the color, design and other specifications provided in the Operations Manual, or in such manner as may be approved in advance in writing by Franchisor, and to present a neat and clean appearance and render competent and courteous service to the customers of the Franchised Business;
- (l) use, publish or display in connection with the operation of the Franchised Business only those signs, advertising or other materials designated or approved by Franchisor from time to time. Franchisor shall provide written specifications for such signage, advertising or other materials to Franchisee upon request. When signage is procured pursuant to a lease, the lease must be assignable to Franchisor and Franchisee shall submit such lease to Franchisor for its written approval prior to executing it;
- (m) operate the Franchised Business only under the trade name “WOW 1 DAY PAINTING” and the Marks, as designated by Franchisor, without any accompanying words or symbols of any nature except as designated or approved in writing by Franchisor;
- (n) secure and maintain the currency of all required licenses, permits, approvals, and certificates relating to the operation of the Franchised Business and operate the Franchised Business in full compliance with all applicable laws, and regulations, including but not limited to all governmental regulations relating to environmental safety, occupational health and safety, ERISA, workers’ compensation insurance, unemployment insurance, withholding and payment of all federal and state taxes including without limitation FICA, FUTA, income tax, sales tax and personal property tax, use tax and license fees. In particular, Franchisee shall pay in a timely manner all local, state and federal sales, business, property, goods and services taxes and all other taxes, rates, levies and fees levied or assessed by any governmental authority directly or indirectly in connection with the Franchised Business;
- (o) advise all suppliers, contractors, employees and others with whom Franchisee deals, that Franchisee is an independent contractor and that all debts, liabilities and obligations incurred by it are for the account of Franchisee only, and not Franchisor;
- (p) faithfully observe and perform in a timely fashion all covenants to be observed and performed by Franchisee pursuant to each Vehicle Lease and any lease for the Franchised Location;
- (q) use the Vehicle(s) solely for the Franchised Business;
- (r) conduct all advertising and use all media including OneWeb in accordance with lawful business practices and only in accordance with the provisions of the Operations Manual, or in such manner as may be approved in advance in writing by Franchisor;

- (s) attend all franchise conferences and meetings as required by Franchisor from time to time at the Franchisee's sole cost and expense. The Franchisee shall pay to the Franchisor a non-refundable registration fee prescribed by the Franchisor for attendance at any such conference or meeting. In the event that Franchisee operates more than one franchised business, Franchisee shall send a separate attendee to all such franchise conferences and meetings for each separate franchise agreement;
- (t) participate in such programs as Franchisor may require from time to time, including the servicing of System-wide or other special accounts as may be designated in the Operations Manual, or in such manner as may be designated in advance in writing by Franchisor, including servicing in the Territory strategic, regional, or national account contracts or strategic alliance contracts entered into by Franchisor under the terms and conditions of the applicable agreement between the Franchisor or its Affiliate(s) and account customers, as well as the use and honoring of gift certificates and coupons;
- (u) replace such items of equipment which have become obsolete or otherwise mechanically impaired, to the extent they require replacement, or as required by Franchisor from time to time;
- (v) identify Franchisee by its legal name and as a "WOW 1 DAY PAINTING" Franchisee and the owner of the Franchised Business and identify Franchisee as an "independently owned and operated franchisee of WOW-1DAY! Painting Inc." on all Vehicles, invoices, contracts, agreements, correspondence and other materials and communications used in the Franchised Business and not make or attempt to make any registration of nor representation related to any of the Marks that would grant or suggest Franchisee has ownership of the Marks or any part of the Marks;
- (w) use the customer invoicing system provided by Franchisor; and
- (x) not subcontract performance of any part of the Services to any other person or entity without the prior written consent of Franchisor, which consent may be granted or withheld in Franchisor's sole discretion.

7.2 ***Proposed Services.*** If Franchisee proposes to offer for sale through the Franchised Business any services not previously designated or approved by Franchisor, then Franchisee must first submit the proposed service to Franchisor for consideration and approval. Franchisor shall consider the proposed service and respond to Franchisee within a reasonable time as to whether or not the service is approved for sale through the Franchised Business. Franchisor reserves the right to make alterations to the proposed service as a condition of approval. Franchisor also reserves the right to adopt any such service for use as a standard service forming part of the Services so as to maintain consistency and enhance the System and Marks without any compensation payable to Franchisee. Franchisee, in submitting any such proposal to Franchisor agrees that Franchisor may take such action, that each such submission by Franchisee to Franchisor shall constitute an irrevocable and perpetual assignment of the copyright and waiver of moral rights for the service to Franchisor, and each such adopted submission shall be deemed to be part of the Know-How.

7.3 ***Sale of Services.*** Franchisee acknowledges that the reputation and goodwill of the System is based upon, and can be maintained and enhanced only by, the continued sale and provision of high quality services and the satisfaction of customers who rely upon the uniformly high quality of services that are sold under the System and that such continued uniformity is essential to the goodwill, success and continued public acceptance of the System. Accordingly, Franchisee agrees to sell or otherwise deal in only the Services and such other services as Franchisor designates or approves in advance in writing, which approval may be given or withheld in the sole discretion of Franchisor.

7.4 ***Pricing.*** Franchisor shall deliver to Franchisee, prior to the Scheduled Opening Date, Franchisor's current list of suggested prices for the Services, which may vary among various franchises. Franchisor shall give Franchisee written notice of all changes to suggested prices (including any temporary promotional changes) and such changes shall be effective upon receipt, unless otherwise stated in the notice. Franchisee is under no obligation to adhere to the suggested prices, but should be aware that promotional and marketing materials and campaigns prepared and provided by the Franchisor may include such prices.

7.5 ***System Changes.*** Franchisor may, from time to time, by written notice to Franchisee, add to, subtract from, modify or otherwise change the System, including without limitation by deletion or adoption and use of new or modified Marks or Copyright-Protected Materials pursuant to Section 13.7, new or enhanced services, or new techniques in connection therewith. Franchisee shall, at its own cost, within a reasonable amount of time following receipt of such notice, accept, implement, use and display all such changes.

7.6 ***Franchisee Programs.*** Where Franchisor designates a voluntary program respecting the operation of the Franchised Business or the provision of Services to specified accounts, and the Franchisee consents to participate in such a program, then the respective obligations of Franchisor and Franchisee under such program shall be deemed to be obligations pursuant to this Agreement.

8. SALES

8.1 ***Credit Cards and Other Methods of Payment.*** Franchisee shall maintain arrangements with Visa, American Express, MasterCard and additional or replacement credit card and debit card issuers or sponsors nominated by Franchisor from time to time, in order that the Franchised Business may accept customers' credit cards and debit cards. Franchisee shall also accept checks and other commercially reasonable methods of payment. Whenever Franchisor designates a new payment system or financial institution for the System, Franchisee agrees to adopt and accommodate such changes promptly, at Franchisee's sole expense.

8.2 ***Payments to Suppliers.*** Franchisee shall make all payments to Franchisor and designated and approved suppliers promptly when due and shall provide proof of payment to other suppliers to Franchisor upon request. Franchisee acknowledges that failure of Franchisee to pay any other supplier in a timely manner could harm the reputation of the System and the relationship of Franchisor and its other franchisees with such supplier. If Franchisee fails to pay any other supplier in full when due, then Franchisor shall have the right, but not the obligation, to pay all or any portion of the sum due, together with accrued interest and penalties. If Franchisor makes any such payment,

then Franchisor shall invoice Franchisee for such payment and Franchisee shall reimburse Franchisor immediately upon receipt of the invoice.

9. RECORDS AND REPORTING

9.1 **Sales Records.** Franchisee shall keep, and shall disclose to Franchisor, true and accurate records and books of account in relation to the Franchised Business, including daily records of services provided to all customers and of Gross Revenue, in such form and detail as Franchisor in writing requires from time to time.

9.2 **Definition of "Gross Revenue."** The term "Gross Revenue" as used in this Agreement means the entire amount of the sale price, whether for cash, credit, payment in kind (valued at fair market value), or otherwise, of all sales from or in connection with the operation of the Franchised Business, including all sales by any concessionaire, licensee or otherwise at or from the Franchised Location. Deductions shall be allowed for:

- (a) sums collected by Franchisee for any governmental authority and paid out by Franchisee to that authority on account of sales taxes or other taxes imposed upon the sale of goods or services (or both) by Franchisee in respect of the Franchised Business and which Franchisee is not entitled to recover;
- (b) the amount of any refund or credit given in respect of any services provided to a customer of the Franchised Business for which a refund of the whole or part of the purchase price is made or for which a credit is given;
- (c) amounts for uncollected or uncollectable credit accounts; and
- (d) amounts uncollected due to discount coupons.

9.3 **Preservation of Records.** Franchisee shall keep and preserve for a period of at least 84 months after the end of each year all books and records (including point of sale records, computer generated records and evidence of all sources and amounts of individual sales and Gross Revenue) related to such year.

9.4 **Semi-Monthly and Annual Reporting.** Franchisee shall report to Franchisor as follows:

- (a) within three (3) Business Days of the 15th and last day of each Month, Franchisee shall update all records and data on OneWeb in order that Franchisor can produce from OneWeb a report in electronic form (the "**Semi-Monthly Report**") containing:
 - (i) a correct and complete statement of all sales and Gross Revenue for the 1st through the 15th day, or the 16th through the last day, of each month, as the case may be; and
 - (ii) such other financial information as Franchisor may require from time to time.

The Semi-Monthly Report shall contain all information noted therein and shall be certified as correct by Franchisee. Upon request by Franchisor, Franchisee shall supply copies of some or all of the sales records related to the operation of the Franchised Business in any given period; and

- (b) within 90 days after the end of each fiscal year of Franchisee, Franchisee shall submit to Franchisor (in electronic form whenever possible) the following information concerning such fiscal year, certified as correct by Franchisee and, on a review engagement basis, by a Certified Public Accountant retained by Franchisee at Franchisee's sole cost:
 - (i) a statement of Gross Revenue for such year as finally adjusted and reconciled after the close and review of Franchisee's books and records for the year. If such statement discloses any underpayment of Royalties for such year, then Franchisee shall pay to Franchisor, at the time of submitting such statement, the amount of such underpayment. Any overpayment disclosed by such statement shall be credited to Franchisee's Royalty account by Franchisor once verified and accepted by Franchisor;
 - (ii) complete financial statements, including balance sheet, income statement and statement of changes in financial position, all prepared in accordance with U.S. generally accepted accounting principles applied on a basis which is consistent with prior fiscal years of Franchisee; and
 - (iii) such other reports and financial information (including up-to-date personal financial information concerning guarantors of Franchisee, if applicable) as Franchisor may reasonably require from time to time.

9.5 ***Inspection and Audit Rights.*** Franchisor and any of its representatives shall be entitled, during the regular business hours of the Franchised Business and without undue disturbance to it, to enter the premises of the Franchised Business to inspect and take copies of all paper and electronic records of Franchisee relating in any way to the Franchised Business, whether or not of a financial nature, all without prior notice to Franchisee. Franchisor may cause its auditor to conduct an audit of the Franchised Business for any fiscal year of Franchisee or any calendar year or time period. Franchisee consents to the Franchisor directly contacting and obtaining information from any creditors or suppliers of the Franchisee. Upon request by Franchisor, Franchisee shall: (i) allow Franchisor and its representatives access to at all reasonable times; or (ii) forward to Franchisor by reputable overnight courier; any and all business and financial records of the Franchised Business, including financial statements, accounting records, federal and state income, sales, business and occupation and other tax returns of Franchisee and Franchisor at any time shall have the opportunity to take copies thereof at Franchisor's expense. Franchisee shall pay to Franchisor immediately on demand any amounts found owing by the Franchisee to the Franchisor by the audit. If any such audit reveals a material deficiency, as determined by the Franchisor in its sole discretion, in Franchisee's reporting, whether financial or otherwise, then the Franchisee shall reimburse the Franchisor for the reasonable costs of the audit and any related enforcement.

9.6 **Notice to Meet Standards.** Should any inspection or audit reveal any non-compliance with the System or failure to meet the standards of operation, management, production, employee training, service, cleanliness, environmental safety, consistency, quality control or advertising and promotion set by Franchisor from time to time, then Franchisee shall immediately upon receipt of notice from Franchisor specifying the particulars of the non-compliance or failure by Franchisee, do all things necessary to correct the non-compliance or failure, in addition to co-operating with the representatives of Franchisor in respect of any training or retraining determined necessary by Franchisor.

9.7 **Corporate Records.** If Franchisee is an entity, Franchisee shall complete and remit Franchisor's company information form, and provide such other information and certificates regarding the company structure of Franchisee as required by Franchisor, and Franchisee agrees to update such information from time to time and promptly upon any change in such information.

10. SALES CENTER AND INTRANET

10.1 **Order Processing.** Franchisor shall maintain a centralized call center and online booking system (the "Sales Center") to process all orders for the Services within the System, including all orders in the Territory and otherwise handle customer inquiries. Upon receipt of an order for the Services within the Territory, Franchisor shall post such order on a System-wide intranet system ("OneWeb"). Franchisee shall retrieve all orders for the Services in the Territory from OneWeb. Franchisor shall direct all aspects of planning and operation of the Sales Center and OneWeb that it believes to be in the best interest of the entire System in its absolute and uncontrolled discretion. Franchisee shall fully participate in all programs involving the Sales Center and OneWeb, as Franchisor may require from time to time.

10.2 **Intranet Access.** Franchisor shall provide Franchisee with access to OneWeb and a confidential password (the "Password") for OneWeb for a limited number of users as specified by Franchisor from time to time. Franchisee may purchase access for additional users or enhanced capabilities at rates specified by Franchisor from time to time. Franchisee shall keep and shall ensure that its users keep the Password confidential at all times during the term of this Agreement, any exercised renewal, and after the expiration or earlier termination of this Agreement. Franchisee shall not release the Password to any person, including employees of the Franchised Business, without the previous written consent of Franchisor, which consent may be withheld in Franchisor's sole discretion for any reason.

10.3 **No Other Sales.** Franchisee acknowledges and agrees that except as provided for in this Agreement, it is not permitted to solicit, receive or fill any order for the Services within the Territory other than those orders which are placed or processed through the Sales Center and posted on OneWeb. Should Franchisee receive orders through the use of Franchisee's local telephone number or any other method, Franchisee shall process these orders through OneWeb.

10.4 **Unsolicited Orders.** Notwithstanding the provisions of Section 10.3, if Franchisee receives a request to provide the Services to a new or returning customer (the "Unsolicited Order") while providing services to another customer, Franchisee shall immediately upon completion of the Unsolicited Order, notify Franchisor of the particulars of the Unsolicited Order (including, without

limitation, the name and address of the customer, the amount charged for the Services and the date on which the Unsolicited Order was made and completed) via OneWeb.

10.5 ***Sales Center Cooperative Fund.*** Franchisee acknowledges and agrees that:

- (a) Franchisor shall maintain a fund to operate the Sales Center (the “**Sales Center Cooperative Fund**”). The Sales Center Cooperative Fund shall be used and extended to cover the operating and development expenses of the Sales Center and OneWeb, including costs associated with the creation, staffing, purchase of equipment, and other ongoing operational and development costs of the Sales Center and OneWeb;
- (b) the Sales Center, OneWeb, and the Sales Center Cooperative Fund are intended to provide a uniform standard for placement of orders for Services and handling of customers throughout the System, and to maintain a complete client database which provides management reports to franchisees. Franchisor undertakes no obligation to ensure that any particular franchisee (including Franchisee) benefits on a pro-rata basis from the Sales Center, OneWeb or Sales Center Cooperative Fund;
- (c) Franchisee shall contribute to the Sales Center Cooperative Fund an amount equal to 3% of the Gross Revenue (the “**Sales Center Fee**”). The Sales Center Fee shall be paid by Franchisee to Franchisor semi-monthly in accordance with Section 6.2 of this Agreement;
- (d) the Sales Center Cooperative Fund and sales center cooperative funds of the Franchisor’s Affiliates may be aggregated and if so aggregated shall be accounted for separately from other funds of Franchisor and shall not be used to defray any of Franchisor’s general operating expenses, except for salaries, administrative costs and overhead (calculated on a fully allocated basis), if any, as Franchisor may incur in activities reasonably related to the administration, direction, and operation of the Sales Center, OneWeb and the Sales Center Cooperative Fund. An in-house statement of operation of the Sales Center Cooperative Fund shall be prepared annually and shall be made available to Franchisee upon request, the cost of preparing such statement to be paid by the Sales Center Cooperative Fund;
- (e) except as expressly provided for in this Article 10, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Sales Center, OneWeb or Sales Center Cooperative Fund. Franchisee is not a third party beneficiary and shall have no right to enforce any contributions from other franchisees or direct the administration of the Sales Center Cooperative Fund. Any obligation of Franchisor with respect to the Sales Center Cooperative Fund shall be contractual in nature, and Franchisee shall have no proprietary right in the Sales Center Cooperative Fund, and it shall not constitute a trust fund; and
- (f) Franchisor shall use commercially reasonable efforts to operate the Sales Center and OneWeb in a reasonable commercial manner. The Sales Center Cooperative Fund shall be accounted for separately in accordance with subsection (d), above. The

Sales Center Cooperative Fund is not intended to be a source of profit for the Franchisor. In the event of surplus funds at the end of any year, such funds shall be applied to one or more of the following, in any combination as may be determined in Franchisor's absolute discretion: (i) carried forward and applied to the next year's operating costs, (ii) transferred to the Marketing Fund, or (iii) distributed pro rata to Franchised Businesses that contributed to the Sales Center Cooperative Fund for that year. In the event that surplus funds are carried forward during three (3) consecutive years, the remaining surplus shall be applied to one or more of the following, in any combination as may be determined in Franchisor's absolute discretion: (i) distributed pro rata at the end of the third year to franchised businesses who contributed to the Sales Center Cooperative Fund during the surplus time period, or (ii) transferred to the Marketing Fund. Where the Franchisor elects to return funds from the Sales Center Cooperative Fund, the Franchisor may do so over such period of time as it deems prudent in order to preserve the solvency of the Sales Center Cooperative Fund. In the event of a shortage of funds in the Sales Center Cooperative Fund at the end of any year, the Franchisor shall have the right to contribute the shortage to the Sales Center Cooperative Fund and to deem such contribution an account receivable from the Sales Center Cooperative Fund, to be paid back in the next year, without interest.

11. LOCAL AND COOPERATIVE MARKETING

11.1 ***Local Marketing.*** During the Term and any exercised Renewal Term, Franchisee shall expend 5% of Gross Revenue in each quarter on local marketing and promotions in the Territory. Franchisee shall provide such details and evidence of expenditures under this Article 11 as may be required by Franchisor from time to time. During the first year of operation of the Franchised Business, the Franchisee shall not expend less than \$3,000 per quarter on local marketing.

11.2 ***Particulars of Local Marketing.*** Franchisee shall have the right to conduct such local marketing and promotions in respect of the Franchised Business as Franchisee shall, in its reasonable discretion choose, provided that:

- (a) Franchisee shall advertise and promote only in a manner that will reflect favorably on Franchisor, Franchisee, the Services and the good name, goodwill and reputation of the System;
- (b) Franchisee shall submit to Franchisor for its approval, which approval shall not be unreasonably withheld or unduly delayed, all local marketing and promotions material to be utilized by Franchisee and until such time as Franchisor shall give its written approval to the use of such marketing and promotions, Franchisee shall not utilize same in any manner. In no event shall Franchisor take more than thirty (30) days either to approve or to reject such local marketing or promotions material. Franchisor reserves the right to adopt any marketing or promotions submitted by Franchisee for approval for general use in marketing or promoting the Services in any part of the System. Franchisee, in submitting any such marketing or promotions, agrees that Franchisor may take such action, and that each such submission shall

constitute an irrevocable and perpetual assignment of the copyright and waiver of moral rights for such marketing or promotions, and each such adopted submission shall be deemed to be part of the Know-How;

- (c) Franchisee shall prominently display, at its expense, in connection with the Franchised Business signs of such nature, form, color, number, location and size and containing such information and identifying marks as Franchisor may direct or approve in writing from time to time and such signs shall be purchased from Franchisor or from suppliers designated or approved by Franchisor; and
- (d) Franchisee agrees to advertise the Franchised Business (at Franchisee's expense) in the white pages and classified section (yellow pages) of all local major telephone directories in the Territory, and, or alternatively, in one or more online Universal Business Listings, using only such information as is approved in advance by Franchisor in writing, the cost of which shall be credited towards Franchisee's obligations under Section 11.1. If other franchises are served by the same white pages or classified section, Franchisor shall have the right to require group listings therein, to make direct arrangements with the telephone company and to allocate an equitable part of the cost thereof to Franchisee.

11.3 **Marketing Fund.** Franchisee agrees that:

- (a) recognizing the value of uniform advertising and promotion to the goodwill and public image of the System, Franchisee agrees that Franchisor shall maintain and administer an advertising and promotion fund (the "**Marketing Fund**") for such regional and national marketing, advertising and promotions programs as Franchisor in its sole discretion deems appropriate for the benefit of the System. Franchisor shall direct all such programs, materials, endorsements and media used therein, and the placement and allocation thereof after consultation with such franchisees of the System as Franchisor in its sole discretion deems appropriate;
- (b) Franchisee shall contribute to the Marketing Fund an amount equal to 2% of the Gross Revenue for each month (the "**Marketing Royalty**"). The Marketing Royalty shall be paid to Franchisor semi-monthly in accordance with Section 6.2 of this Agreement;
- (c) the Marketing Fund shall be used and expended for media costs, commissions, market research costs, creative and production costs, including without limitation, the costs of creating promotions and artwork, printing costs, and other costs relating to advertising and promotional programs undertaken by Franchisor. Franchisor reserves the right to place and develop such advertisements and promotions and to market same as agent for and on behalf of Franchisee, either directly or through an advertising or public relations agency retained or formed for such purpose;
- (d) the Marketing Fund shall be accounted for separately from the other funds of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for reasonable salaries, administrative costs and overhead (calculated on a fully allocated basis), if any, as Franchisor may incur in activities

reasonably related to the administration or direction of the Marketing Fund and marketing programs (including, without limitation, conducting market research). An in-house statement of the operations of the Marketing Fund shall be prepared annually and shall be made available to Franchisee upon request, the cost of preparing such statement to be paid by the Marketing Fund;

- (e) Franchisee acknowledges and agrees that the Marketing Fund is intended to maximize general public recognition and patronage of the System for the benefit of all franchisees and that Franchisor undertakes no obligation to ensure that any particular franchisee (including Franchisee) benefits directly or pro-rata from the placement or conduct of such advertising and promotion;
- (f) except as expressly provided for in this Article 11, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Marketing Fund. Franchisee is not a third party beneficiary and shall have no right to enforce any contributions from other franchisees or the administration of the Marketing Fund. Any obligation of Franchisor with respect to the Marketing Fund shall be contractual in nature, and Franchisee shall have no proprietary right in the Marketing Fund, and it shall not constitute a trust fund; and
- (g) Franchisee shall fully participate in all sales and promotional activities (including the introduction of new products, initial, grand opening or other marketing programs directed and approved by Franchisor) as Franchisor may require.

11.4 ***Initial Marketing Fee.*** Franchisee acknowledges and agrees that:

- (a) Franchisee shall pay a fee of \$6,000 (the “**Initial Marketing Fee**”) to Franchisor upon execution of this Agreement, but not upon the execution of any renewal agreement, in recognition of the importance and unique marketing needs of the Franchised Business in the early months of operations;
- (b) the Franchisor shall expend the Initial Marketing Fee prior to and, or alternatively, during the first six months of operation of the Franchised Business on marketing and promoting the Franchised Business in the Territory, in such manner as Franchisor determines is appropriate for the System in its sole discretion. Franchisor shall take reasonable steps to target such marketing expenditures towards the market encompassing the Territory, as Franchisor reasonably defines such market;
- (c) the Initial Marketing Fee shall not be used to defray any of Franchisor’s general operating expenses. Franchisor shall provide an account of Initial Marketing Fee expenditures upon request;
- (d) except as expressly provided for in this Article 11, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Initial Marketing Fee. Franchisee is not a third party beneficiary and shall have no right to enforce the administration of the Initial Marketing Fee. Any obligation of Franchisor with respect to the Initial Marketing

Fee shall be contractual in nature, and Franchisee shall have no proprietary right in the Initial Marketing Fee, and it shall not constitute a trust fund. The Initial Marketing Fee shall not be applied in discharge of the Franchisee's obligations under Section 11.1 or Section 11.3 of this Agreement.

11.5 **Branding Cooperative.** Franchisee agrees that Franchisor may, but is not obliged to, form, and, if so formed, the Franchisee agrees to join in, a branding cooperative (a "Branding Cooperative") organized in a geographical area, or using such other parameters as the Franchisor may designate, but which may comprise the entire System. Each franchisee subject to a Branding Cooperative shall be required to comply with the terms of such Branding Cooperative including the requirement to attend periodic meetings of the Branding Cooperative. Further, if franchisees representing at least 75% of the revenue base generated by the members of the Branding Cooperative, which revenue base shall be calculated by Franchisor in such a manner as it in its sole discretion determines, consent, then the Franchisee shall be required to contribute to the Branding Cooperative such amounts and in such manner as determined by the Franchisor; provided that the Franchisee shall not be required to contribute more than 3% of Gross Revenue in the aggregate for all Branding Cooperatives to which the Franchisee belongs, and any amount contributed by the Franchisee to any Branding Cooperative may be credited towards local expense obligations under Section 11.1 of this Agreement. Each Branding Cooperative shall be organized and governed in the form and manner that the Franchisor determines in its absolute discretion from time to time and all branding and promotional plans or materials shall be subject to the Franchisor's written approval from time to time.

12. MANAGEMENT AND EMPLOYEES

12.1 **Management Personnel.** Franchisee or, if Franchisee is an entity, one of its directors or officers, and the Management Personnel, or any replacement(s) approved in advance in writing by Franchisor, shall complete initial training to the satisfaction of Franchisor prior to the Scheduled Opening Date, or such later date as agreed by Franchisor if related to a replacement Management Personnel, unless waived in writing by Franchisor in its sole discretion for any particular person(s). Once trained and approved by Franchisor, Franchisee shall cause Management Personnel to participate, on a full-time basis (i.e., a minimum of 40 hours per week), in the management and operation of the Franchised Business. Franchisee shall verify that all Management Personnel have the legal right to work in the United States, and are legally able to travel to Canada for training.

12.2 **Reliance on Management Personnel.** The grant of license to Franchisee to operate the Franchised Business is made by Franchisor in reliance on the personal attributes of the Management Personnel and in consideration of the trust and confidence which Franchisor places in the Management Personnel, who shall actively and substantially participate personally in the management of the Franchised Business.

12.3 **General Manager.** The individual named first in Schedule B under the heading "Management Personnel" shall be the initial general manager of the Franchised Business (hereinafter called the "General Manager", which term shall include every other person who in the future acts as general manager of the Franchised Business). Franchisee shall ensure that every person who acts as General Manager from time to time is not (while so acting) engaged in any retail business activity other than the Franchised Business. The General Manager must participate on a

full-time basis (i.e., a minimum of 40 hours per week) in the operation of the Franchised Business. Unless waived in writing by the Franchisor, Franchisee shall ensure that the Franchised Business employs one full-time General Manager. Franchisee shall not hire any person to act as General Manager without the prior written approval of Franchisor. As a condition of such approval, the managerial candidate must complete the Franchisor's training requirements to the satisfaction of Franchisor. Franchisor may charge Franchisee Franchisor's then-current standard training fee for any candidate who is proposed to replace the General Manager. In the event of the resignation, termination, death or incapacity of any person acting as General Manager or other Management Personnel, Franchisee shall have a period of 30 days after such resignation, termination, death or incapacity of that person in which to complete arrangements for hiring and training of a replacement.

12.4 ***Other Employees.*** Franchisee shall hire all employees of the Franchised Business, and shall be responsible exclusively for payment of wages, benefits, statutory remittances and compliance with other terms and conditions of their employment and for the proper training and direction of them in the operation of the Franchised Business. At the direction of Franchisor, Franchisee shall cause such other employees as may be designated by Franchisor to complete all applicable training programs developed by Franchisor. Franchisee shall be solely responsible for all direct and indirect costs of such training in accordance with Sections 15.1 and 15.2 of this Agreement. Franchisee shall verify that all employees have the legal right to work in the United States.

13. LICENCE GRANTED TO FRANCHISEE

13.1 ***Nature of Grant.*** The license granted by this Agreement is a license to use the System and Marks only in connection with operation of the Franchised Business in the Territory during the Term. Nothing in this Agreement shall give Franchisee any other right, title or interest in or to any part of the Marks or the System.

13.2 ***Inurement.*** Franchisee acknowledges that Franchisee's use of the System and Marks and any goodwill, including but not limited to customer information and data, established by such use inures to the exclusive benefit of Franchisor.

13.3 ***Use of Name and Marks.*** Franchisee shall operate the Franchised Business continuously throughout the Term and any duly exercised Renewal Term under the name "WOW 1 DAY PAINTING" or such alternate name or names as Franchisor may direct in accordance with the provisions of the Operations Manual, or in such manner as may be approved in advance in writing by Franchisor from time to time, and Franchisee's name shall be clearly marked on all documented and electronic representations of the Franchised Business as well as on all Franchisee's advertising, stationery, business cards, purchase orders, sales slips, checks, and other business documents in a manner specified or approved by Franchisor and which clearly indicates that Franchisee is the person, firm or corporation, as the case may be, operating the Franchised Business pursuant to a license from Franchisor. Franchisee shall use ®, TM or some other symbol directed by Franchisor, to indicate to the public that each of the Marks is a trademark belonging to Franchisor and shall in such usage clearly indicate this by using the phrase "Trademark owned and licensed by WOW-1DAY! Painting Inc., a British Columbia, Canada company" or some other phrase designated or approved by Franchisor. Franchisee shall not use, as part of the corporate name of any corporation or other business entity which may operate the Franchised Business (or any other corporation or

business entity in which Franchisee has any interest), any of the Marks or any variation or derivative thereof or any word or phrase or combination of words confusingly similar thereto or colorably imitative thereof, nor may Franchisee use the Marks in connection with the sale or offering for sale of any item or services which has not been properly approved for sale pursuant to the requirements of this Agreement. All provisions of this Agreement applicable to the Marks shall apply to any additional proprietary trade and service marks and commercial symbols hereafter authorized by Franchisor for use by Franchisee from time to time.

13.4 ***Use of Copyright-Protected Materials.*** Franchisee acknowledges that Franchisor is the owner of the copyright in the Operations Manual, OneWeb and all other systems, binders, videotapes, software, and printed materials which from time to time form part of the System (as well as all revisions and additions of or to any of the foregoing) (collectively, the “Copyright-Protected Materials”). Franchisee acknowledges that Franchisee’s right to use the Copyright-Protected Materials is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all applicable specifications, standards and operating procedures prescribed in writing by Franchisor during the Term and any exercised Renewal Term. Any unauthorized use of any of the Copyright-Protected Materials by Franchisee shall be an infringement of the rights of Franchisor in and to the Copyright-Protected Materials and shall constitute a breach of this Agreement. Franchisee agrees not to contest or oppose, nor to assist anyone else to contest or oppose, Franchisor’s application for registration or protection of any of the Copyright-Protected Materials in the United States, Canada or any other country. Franchisee shall ensure that all Copyright-Protected Materials used by Franchisee bear whatever copyright notice that may be prescribed by Franchisor from time to time in writing.

13.5 ***Notification of Infringement.*** Franchisee shall notify Franchisor immediately upon learning of any apparent or potential infringement of or challenge or claim to any of the Marks or any of the Copyright-Protected Materials or any claim to any rights in or to any of the Marks or Copyright-Protected Materials made by anyone which comes to the attention of Franchisee, and Franchisee shall not communicate with anyone other than Franchisor and its legal counsel in connection with any such infringement, challenge or claim. Franchisor shall have the ability to take such action as it in its sole discretion deems appropriate and shall have the right to control exclusively any litigation or other proceeding arising out of any such infringement, challenge or claim. Franchisee agrees to execute all documents, to render such assistance and to do all acts and things as may, in the opinion of Franchisor or its legal counsel, be necessary or advisable to protect and maintain the interests of Franchisor in any such litigation or other proceeding or otherwise to protect and maintain the interests of Franchisor in the Marks and Copyright-Protected Materials. Franchisor agrees to indemnify Franchisee against any losses or damages incurred by Franchisee as a result of a successful claim of infringement brought by a third party and related solely to Franchisee’s use of the Marks in accordance with the terms of this Agreement.

13.6 ***Act in Derogation of Franchisor’s Rights.*** Franchisee acknowledges that all goodwill and ownership rights arising out of the use by Franchisee of the Marks, the Copyright-Protected Materials and any other part of the System shall accrue solely to Franchisor and the system as a whole, and that now and hereafter Franchisee shall assert no claim to any goodwill by virtue of the licensed use thereof. Franchisee shall not dispute or impugn the validity of any of the Marks or the rights of Franchisor thereto, or do or assist others to do or permit any act or thing to be done in derogation of same. Franchisee shall take such action (including signature and assistance in

preparation of documents or the giving of testimony) as may be requested by Franchisor to evidence, transfer, vest or confirm the Franchisor or one or more of its Affiliates' rights and ownership in the Marks, the Copyright-Protected Materials and any other part of the System. If Franchisor is unable for any reason to secure Franchisee's signature to fulfill the intent of this paragraph, then Franchisee irrevocably appoints the Franchisor and its authorized agents as agent and attorney in fact, to transfer, vest or confirm Franchisor's rights and to execute and file any such applications and to do all other lawful acts to further the intent of this Article 13 with the same legal force as if done by Franchisee.

13.7 ***Changes in Marks and Copyright-Protected Materials.*** If, during the Term or any exercised Renewal Term, Franchisor deems it advisable to modify or discontinue use of any Marks or Copyright-Protected Materials or to adopt for use in the System any additional or substitute marks or copyrights, then Franchisor shall give written notice thereof to Franchisee whereupon Schedule A hereto shall be deemed to be amended accordingly and Franchisee shall promptly comply with such amendment. All provisions of this Agreement applicable to Marks and Copyright-Protected Materials shall apply to all additional, substituted or modified Marks and Copyright-Protected Materials hereafter adopted by Franchisor or its Affiliates and authorized for use by Franchisee by written notice.

13.8 ***Use of Know-How.*** Franchisee acknowledges that Franchisor possesses know-how comprised of methods, techniques, specifications, materials, procedures, information, systems and knowledge of and experience in the provision of the Services through the Franchised Business (collectively, the "Know-How"). Franchisor shall disclose the Know-How to Franchisee in the training program, the Operations Manual and in guidance furnished to Franchisee during the Term and any exercised Renewal Term. Franchisee shall not acquire any proprietary interest in the Know-How or any part of it, other than the right to use it in the development and operation of the Franchised Business during the Term and any duly exercised Renewal Term, in full compliance with this Agreement. Franchisee acknowledges that the Know-How is proprietary and, except to the extent that it is or becomes generally known in the painting industry, the Know-How and every part of it comprises a valuable trade secret of Franchisor.

13.9 ***Confidential Information.*** Franchisee acknowledges that the designs, materials and other features of the Services, the information, techniques, procedures, methods, systems and formats now and hereafter comprised in the System, including, without limitation, the Password and the Know-How, and revealed within or pursuant to this Agreement and the Operations Manual, as well as any and all System, customer or prospective customer information or data delivered or provided to Franchisee (collectively, the "Confidential Information"), are so revealed in strictest confidence and Franchisee covenants to keep and respect the confidence so reposed. Franchisee shall neither use nor permit any of its directors, officers, shareholders, employees, agents or other representatives to use for any purpose inconsistent with this Agreement nor reveal to any person, firm or corporation, both while this Agreement is in force and for an unlimited time thereafter, any Confidential Information which Franchisee has acquired through or as a result of its relationship with Franchisor including, without limitation, any contents of this Agreement or agreement ancillary to this Agreement, any amendment to this Agreement or agreement ancillary to this Agreement, OneWeb and the Operations Manual. Franchisor reserves the right at any time upon written notice to Franchisee to more particularly specify or define any items of information or materials which Franchisor considers to be Confidential Information for the purposes of the ongoing application and

survival of Franchisee's covenants herein. Upon request by Franchisor, Franchisee shall cause the employees of the Franchised Business to sign a form of confidentiality covenant prepared by Franchisor. Notwithstanding the foregoing, Confidential Information does not include information that: (a) Franchisee establishes through written records, is known to Franchisee prior to disclosure by Franchisor or its personnel; (b) is or becomes publicly available through no act or omission of the Franchisee or its personnel; or (c) Franchisee establishes through written records, is lawfully received by Franchisee from a third party that is not under any confidentiality obligation to Franchisor.

13.10 *Operations Manual.* Franchisor may make additions, deletions and other revisions to the Operations Manual that it determines are in the best interest of the System in its sole discretion. The provisions of the Operations Manual, as revised from time to time, shall constitute provisions of this Agreement to be observed and performed by Franchisee as though incorporated specifically in this Agreement. Franchisee shall not at any time copy or permit to be copied the whole or any portion of the Operations Manual other than in the normal operation of the Franchised Business. When Franchisor makes revisions to the Operations Manual, it shall make revisions available online. Franchisee shall at all times maintain a complete and up-to-date hard copy of the Operations Manual by filing revised pages and deleting pages replaced, upon their being revised by Franchisor. In the event of a dispute as to the contents of the Operations Manual, the master copy maintained by Franchisor shall govern.

14. FURTHER OBLIGATIONS OF FRANCHISEE

14.1 *Use of Operations Manual.* Franchisee shall conduct the Franchised Business strictly in accordance with all of the provisions set out in the Operations Manual as amended from time to time. In particular, Franchisee shall promptly adopt, apply and use the specifications, standards, methods and policies contained in the Operations Manual, as modified by Franchisor from time to time. Franchisee acknowledges that Franchisor is the sole and exclusive owner of all proprietary rights in and to the System and that the information revealed in the Operations Manual, in its entirety, constitutes Confidential Information and Copyright-Protected Material. Without the prior written consent of Franchisor, Franchisee shall not use the contents of the Operations Manual for any purpose not related to this Agreement, and shall not disclose the contents of the Operations Manual to any person, except to employees of Franchisee on a need to know basis for purposes related solely to the operation of the Franchised Business, nor shall Franchisee publish, reprint or reproduce the Operations Manual in whole or in part for any purpose other than the operation of the Franchised Business. Franchisee shall take all safeguards and precautions specified by Franchisor from time to time or as would be expected to be exercised by a careful person entrusted with valuable property of another, to protect and maintain the confidentiality of the Operations Manual. The covenants contained in this Section 14.1 shall survive the termination of this Agreement for such period of time as such information remains confidential to Franchisor and does not fall into the public domain. Franchisee hereby acknowledges that the Operations Manual is and shall at all times remain the sole and exclusive property of Franchisor, and upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall forthwith return any printed copies of any portion of the Operations Manual which Franchisee may have made to Franchisor.

14.2 *Inspection Rights.* Franchisee authorizes Franchisor and its representatives to enter the Franchised Location or the Territory at any reasonable time or times, without undue disturbance

of the Franchised Business, to inspect the Franchised Location or the Territory and the Vehicle(s), inventory, fixtures, furnishings, and equipment therein, to confer with or otherwise contact Franchisee's employees, to examine and inspect the operation of the Franchised Business to determine compliance with this Agreement and the Operations Manual.

14.3 **No Solicitation of Employees.** Franchisee shall neither employ nor solicit employment of anyone who is employed by Franchisor, by any of its Affiliates, by any other franchisee of the System or by any other franchisee of another system operated from time to time by Franchisor or any of its Affiliates, without the prior written consent of the employer, unless the employee in question has ceased to be employed by such employer for a period of 90 days prior to such solicitation. The Franchisor shall not solicit Franchisee's employees unless the employee in question has ceased to be employed by the Franchisee for a period of 90 days.

14.4 **Use of Media.** Franchisee agrees that for purposes of advertising and public relations related to the System, Franchisor may make, reproduce and publish in good taste photographs, videos and other media utilizing the Franchised Location, the Vehicle(s) and the employees and customers of Franchisee on an individual or collective basis. Franchisee shall cooperate with Franchisor in this regard.

14.5 **Insurance.** Franchisee shall ensure that the following insurance coverages are placed and maintained during the entire Term and any duly exercised Renewal Term:

- (a) reasonable comprehensive public liability and property damage insurance, including personal and bodily injury liability, contractual liability, employers' liability, and owners' and contractors' protective insurance coverage with respect to the activities conducted by Franchisee and any employee, agent or other person performing work on behalf of Franchisee with respect to the Franchised Business, with a policy limit of not less than \$2,000,000 per occurrence or such greater amount as may be specified in writing by Franchisor from time to time;
- (b) reasonable business interruption insurance in respect of the Franchised Business with a policy limit not less than that which may be prescribed by Franchisor from time to time;
- (c) reasonable owned, hired and non-owned vehicle liability insurance with a policy limit of not less than \$1,000,000 combined single limit or such other amount as may be specified in writing from time to time by Franchisor for any vehicle used to any extent in the Franchised Business; and
- (d) such other insurance as required by Franchisee's home state or Territory and such revised minimum standards and limits for insurance coverage and other terms as may be specified by Franchisor from time to time.

The insurance providers and types of insurance shall be subject to prior written approval of Franchisor, which Franchisee shall seek in a timely fashion. Franchisor may from time to time require that Franchisee cause such coverages to be added to or otherwise amended in accordance with recommendations of Franchisor's independent insurance advisor. The foregoing insurance coverages, as so amended from time to time, are hereinafter called the "**Coverages.**"

Franchisor, acting reasonably, may elect, at any time, upon the recommendation of its independent insurance advisor, to require Franchisee, either individually or as part of a group of franchisees, to place the Coverages (or any them) through Franchisor, in which case Franchisee shall pay its proportionate share (with other franchisees of the System) of all costs thereof, upon receiving invoice(s) therefor.

All policies of insurance for the Coverages shall expressly include Franchisor as well as its officers, directors, employees, subsidiaries, and affiliates as “franchisor/additional insured” and shall require the insurers to defend Franchisee and Franchisor, jointly and severally, in all claims and actions to which the Coverages are applicable. The policies shall further provide that Franchisee’s insurance coverage is primary and non-contributory to any coverage maintained by Franchisor. Such policies shall require provision of 30 days’ notice to Franchisor prior to any amendment, termination, cancellation or modification, and shall require the insurer to defend Franchisee and Franchisor in any action based on personal injury or property damage suffered as a result of or arising out of the operation of the Franchised Business. Within 10 days of entering into any policy of insurance, and from time to time as such policies are renewed or entered into, Franchisee shall cause insurer to forward a certificate of insurance directly to Franchisor confirming the terms and Coverages set forth in this Section 14.5.

Each policy must be issued by an insurance carrier that is licensed in the State in which the Franchised Business is located and must carry a rating of A- or better by A.M. Best Company. Each policy should contain a waiver by the insurance company of all subrogation rights against the Franchisor. Franchisor shall have the opportunity to approve the insurance carrier.

Franchisee understands and acknowledges that Franchisor is not an insurance broker. Nothing done by Franchisor pursuant to this Section 14.5 shall constitute an assurance that Franchisee has adequate insurance for its assets, business and potential liabilities at the Franchised Business and Franchisee may place additional insurance as it sees fit, upon the advice of its own insurance broker.

14.6 ***Maintain Minimum Capital.*** Franchisee shall maintain, throughout the Term and any exercised Renewal Term, sufficient capital to operate the Franchised Business and which amount may be determined by the Franchisor from time to time.

15. TRAINING AND OTHER OBLIGATIONS OF FRANCHISOR

15.1 ***Training.*** Franchisor shall provide one initial training session of ten (10) Business Days for up to two (2) employees of Franchisee selected by Franchisee (who must include the prospective initial Management Personnel specified in Schedule B). The format and content of the training program shall be determined solely by Franchisor. The cost of such initial training is included in the Initial Fee. Additional prospective employees of Franchisee may be accommodated for such initial training or for subsequent equivalent training at Franchisee’s request and cost. Franchisee may provide initial training to Management Personnel, but Management Personnel must attend Franchisor’s training within six (6) months of commencing employment. Franchisor may charge its current training fee to Franchisee for providing training, other than the cost of training included in the Initial Fee. All training shall be given at times and at a location or locations designated by Franchisor. All expenses incurred by Franchisee and other trainees in connection with

and during such training including without limitation those related to transportation, accommodation, meals and other living expenses, wages and other employment benefits shall be at the sole expense of Franchisee. Neither Franchisor nor any owner of an existing business at which the training is given shall provide wages or employee benefits to Franchisee or other trainees during the training period.

15.2 ***Retraining.*** In the event that Franchisee is not operating the Franchised Business in full accordance with the System and this Agreement, which determination Franchisor shall make in its sole discretion, Franchisor shall have the right to send its representatives to the Franchised Location to conduct such retraining of the representatives and employees of Franchisee as Franchisor determines to be appropriate in the circumstances. Franchisee shall reimburse Franchisor upon demand for all out-of-pocket costs incurred by Franchisor in connection with such retraining, including all transportation, lodging and meal expenses incurred by and reasonable hourly charges for representatives of Franchisor providing the retraining.

15.3 ***Initial and Ongoing Goods and Services.*** Franchisor shall provide to Franchisee:

- (a) an initial inventory of supplies to be used in connection with the Franchised Business (the “**Supplies**”), in such types and quantities determined by Franchisor in its sole discretion;
- (b) login and Password for access to OneWeb;
- (c) additional training materials developed by Franchisor from time to time;
- (d) marketing materials and other sales aids developed by Franchisor from time to time (to be provided at Franchisee’s cost);
- (e) promotional assistance at the time when the Franchised Business opens for business and ongoing promotional assistance on a reasonable basis thereafter;
- (f) regular communications to keep Franchisee up to date with respect to important developments in the System; and
- (g) ongoing reviews and a summary annual review of the operation and management of the Franchised Business which shall be conducted by one or more representatives of Franchisor.

15.4 ***Continuing Availability.*** Franchisor shall make one of its representatives at its head office available to Franchisee during Franchisor’s normal business hours, for consultation and guidance with respect to operation or management of the Franchised Business. Reasonable consultation and guidance shall be given by correspondence, telephone, and email. One or more representatives of the Franchisor shall make a minimum of one field visit a year to the Franchised Business for purposes of performing a review. Franchisor shall also co-ordinate and conduct periodic training programs for franchisees as Franchisor, in its sole discretion, deems necessary.

16. REMEDIES UPON DEFAULT BY FRANCHISEE

16.1 **Definition of “Material Default.”** For the purposes of this Agreement, the phrase “Material Default” shall mean any one of the following defaults by the Franchisee:

- (a) failure to pay any sum due to Franchisor, any Affiliate or nominee of Franchisor, Franchisee’s landlord, any governmental authority, the lessor of any Vehicle, supplier of any item of Supplies or other inventory to the Franchised Business, or any other third party providing any goods or services to the Franchised Business, for a period of fifteen (15) days after written notice of such default has been delivered to Franchisee;
- (b) failure to comply with any other obligation of Franchisee contained in this Agreement or any other agreement between Franchisee and Franchisor or any Affiliate or nominee of Franchisor for a period of thirty (30) days after written notice of such default has been delivered by Franchisor to Franchisee; provided, however, that if the nature of such default is such that it cannot be cured within a 30-day period, and Franchisee takes reasonable action to cure such default immediately upon receiving such notice and diligently continues to do so, then Franchisee shall have such additional period of time as is reasonably necessary to cure such default;
- (c) failure to commence operation of the Franchised Business on the Scheduled Opening Date as provided herein or doing anything or omitting to do anything which causes the Franchised Business to be closed for business or otherwise not operating in full compliance with this Agreement for five (5) consecutive Business Days or any five (5) Business Days in any thirty (30) consecutive day period, without the prior written consent of Franchisor, unless the Franchised Business ceased operation by reason of force majeure, strike, fire, natural disaster, unavoidable casualty or any other cause beyond Franchisee’s control and not caused or continued, directly or indirectly, by an act or omission of Franchisee or any of its employees, directors, officers, agents or other representatives. In such a case, Franchisee shall diligently employ all reasonable measures to resume the Franchised Business as soon as possible;
- (d) failure to remain in good standing under all Vehicle Leases, or doing or omitting to do anything which gives anyone the right to terminate a Vehicle Lease or take possession of any Vehicle;
- (e) failure to comply with any of Franchisee’s obligations under the Security Agreement;
- (f) (i) Franchisee becoming insolvent (as revealed by its books and records or otherwise) in that it is unable generally to meet all of its obligations as they become due, (ii) the Franchisee files, or has filed against it, a petition (or similar pleading) in bankruptcy under federal bankruptcy laws or any similar legislation, (iii) a receiver, receiver-manager, trustee in bankruptcy or similar officer is temporarily or permanently appointed to take charge of Franchisee’s affairs or any of Franchisee’s property, (iv) dissolution proceedings are commenced by or against Franchisee or it otherwise ceases its corporate existence (whether voluntarily or involuntarily), (v) Franchisee goes into liquidation, either voluntarily or under an order of a court of competent

jurisdiction, (vi) Franchisee makes a general assignment for the benefit of creditors or otherwise acknowledges insolvency, (vii) Franchisee sells or purports to sell or transfer or otherwise loses possession or ownership or control of all or a substantial part of the assets used in the Franchised Business, (viii) Franchisee allows any item of personal property used in the Franchised Business to become attached, executed against, levied upon or subject to sequestration or extent, without obtaining the release of such attachment, execution, levy, sequestration or extent within 5 days, (ix) Franchisee allows any judgment to be entered against Franchisee or any of its Affiliates of which Franchisee has notice (actual or constructive) arising out of or relating to operation of the Franchised Business without satisfying such judgment or securing it by payment into Court within 30 days, or (x) Franchisee is enjoined from operating the Franchised Business and such injunction is not dismissed, stayed or set aside within thirty (30) days;

- (g) an assignment or attempted assignment, at law or at equity, of this Agreement by Franchisee, including an involuntary assignment under applicable matrimonial laws, in whole or in part, without obtaining the prior written consent of Franchisor as required by this Agreement;
- (h) Franchisee or any of its directors, officers, employees, agents or other representatives attempting to assign, transfer or convey any part of its interest in the System, including any of the Marks, Know-How, Copyright-Protected Material or other copyrights, Operations Manual, trade secrets, systems, methods of operation or format, or discloses, copies or uses or permits the use of any of the foregoing, or if Franchisee uses or permits the use of any of the foregoing in a manner or at a location not authorized in advance in writing by Franchisor;
- (i) thirty (30) days after Franchisee's receipt of notice from Franchisor, Franchisee continually failing to offer for sale any approved Service, or offering to sell any service from the Franchised Location that is not part of the Services or has not been designated or approved in writing by Franchisor;
- (j) Franchisee intentionally falsifying, misrepresenting, or misstating to Franchisor any information contained in a financial statement, report or other document which Franchisee provides to Franchisor whether prior to or after the execution of this Agreement;
- (k) Franchisee engaging in misleading advertising or operating the Franchised Business in a dishonest, illegal or unethical manner, or having its business license for the Franchised Business suspended or revoked;
- (l) Franchisee failing to rectify diligently any order issued by a governmental or regulatory authority concerning breach of any health, safety or other regulation or legal requirement applicable to the Franchised Business within the time frame required by the government authority;
- (m) a personal or corporate Franchisee or any director or officer of a corporate Franchisee being convicted of an offence which in the reasonable opinion of

Franchisor could bring the System, any of the Marks or any other part of the goodwill established thereby into disrepute; and

- (n) Franchisee receiving three (3) or more notices of default under this Section 16.1 or Section 16.2 in any 12 month period, whether or not such defaults are cured after notice.

For greater certainty the defaults which do not have an opportunity to cure specified, shall be deemed incurable.

16.2 Cross Default. *If one or more of Franchisee, a member of its Management Personnel, or any partnership or joint venture or corporation in which one or more of Franchisee and a member of its Management Personnel has a controlling interest, is a franchisee pursuant to another franchise agreement with Franchisor respecting another franchised business, a default under this Agreement shall constitute a default under such other franchise agreement, and vice-versa, with the like remedies available to Franchisor; and should such other franchise agreement for any reason therein be terminated, Franchisor may, at its option, terminate this Agreement.*

16.3 Termination for Material Default. Franchisor may terminate this Agreement, forthwith upon giving written notice to Franchisee, if Franchisee commits any single Material Default.

16.4 Appointment of Receiver or Receiver-Manager. Upon a Material Default by Franchisee, Franchisor may in writing appoint a receiver or receiver-manager (in either case, the "Receiver") of the assets of Franchisee and may remove any Receiver so appointed and appoint a replacement from time to time. A Receiver shall be deemed the agent of Franchisee and Franchisor shall not be responsible for any misconduct or negligence on the part of the Receiver. The Receiver shall have power to:

- (a) enter upon and take possession of the inventory of Supplies, the Vehicle Lease, the Vehicle(s), all other inventory and all other assets used in or offered for sale by the Franchised Business (collectively, the "Assets") with power to exclude Franchisee, its employees, agents and other representatives therefrom, without becoming liable as a creditor in possession;
- (b) preserve, protect and maintain the Assets and make such replacements thereof and repairs and additions thereto as Franchisor may deem advisable;
- (c) sell, lease, assign or otherwise dispose of or concur in selling, leasing, assigning or otherwise disposing of all or any part of the Assets, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefor and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to Franchisor may seem reasonable, provided that Franchisee shall not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies therefor are actually received; and

- (d) exercise all other rights and remedies provided to Franchisor by this Agreement, the Security Agreement and any Guarantee to the extent permitted by law or to such lesser extent permitted by its appointment, the Receiver shall have all the powers of Franchisor hereunder, and in addition shall have power to carry on the Franchised Business of Franchisee and for such purpose from time to time to borrow money either secured or unsecured, and if secured by a security on any of the Assets, any such security may rank in priority to or behind the security constituted by the Security Agreement. Subject to applicable law and the claims, if any, of the creditors of Franchisee ranking in priority to the security constituted by this Agreement and the Security Agreement, all amounts realized from the disposition of the Assets pursuant to this Agreement and the Security Agreement shall be applied as Franchisor, in its sole discretion, may direct as follows:
- (i) in or toward payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and own client basis) incurred by Franchisor in connection with or incidental to:
 - (1) the exercise by Franchisor of all or any of the powers granted to it pursuant to this Agreement or the Security Agreement; and
 - (2) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted to the Receiver pursuant to this Agreement or the Security Agreement, including the Receiver's reasonable remuneration and all out goings properly payable by the Receiver;
 - (ii) in or toward payment to Franchisor of all interest referred to in this Agreement and unpaid;
 - (iii) in or toward payment to Franchisor of all principal and other monies (except interest) due as provided or referred to in this Agreement; and
 - (iv) any surplus shall be paid to Franchisee.

If the amounts realized from the disposition of the Assets are not sufficient to pay Franchisee's obligations in full to Franchisor, then Franchisee shall immediately pay to Franchisor the amount of such deficiency.

16.5 ***Other Remedies for Default.*** In the event of a default of this Agreement, whether or not a Material Default, and in addition to the other remedies provided in this Agreement, at law or in equity, Franchisor may:

- (a) bring such action for restraining order, injunction (including an interim injunction), decree of specific performance or other similar relief, without the need to post any bond or other security in connection therewith, as may be necessary to compel Franchisee to comply with Franchisee's obligations contained or referred to in this Agreement. Franchisee acknowledges that certain breaches of this Agreement would result in loss to Franchisor for which Franchisor could not be adequately compensated in damages by a monetary award. Accordingly, Franchisee agrees that

in the event of any such breach of this Agreement, Franchisor shall, in addition to all the remedies available to Franchisor at law or in equity, be entitled as a matter of right to the relief outlined in this Subsection 16.5(a) to ensure compliance by Franchisee with the provisions of this Agreement and preservation of Franchisor's rights;

- (b) without waiving any claim for default hereunder and without prior notice to Franchisee, take whatever steps Franchisor deems necessary to cure any default by Franchisee hereunder for the account of and on behalf of Franchisee, and Franchisee hereby irrevocably appoints Franchisor as its attorney to do so, and the related expenses incurred by Franchisor shall be due and payable forthwith by Franchisee upon demand and shall be deemed to be an amount owing to Franchisor hereunder;
- (c) without waiving any claim for default hereunder and without prior notice to Franchisee, enter upon any premises upon which the Franchised Business is conducted without being liable to Franchisee in any way for such entry, for the purposes of securing the return of any of Franchisor's property, performing or compelling performance of Franchisee's obligations to Franchisor and protecting Franchisor's rights upon expiration or termination of this Agreement;
- (d) (i) reduce the Territory; (ii) remove the exclusivity provided in the Territory (allowing Franchisor to grant or operate other Franchised Businesses in the Territory); (iii) withhold, postpone, or forgo any services, licenses, rights, payments, orders, access to strategic, regional, or national accounts, any electronic systems or other materials (including without limitation OneWeb or any successor system used to communicate orders to Franchisee), or any other obligations imposed on Franchisor by this Agreement until Franchisee cures its violation or otherwise remedies the default to Franchisor's satisfaction; or (iv) any combination of (i), (ii), and (iii);
- (e) require attendance of Franchisee and, or alternatively, one or more of its employees at such training programs as Franchisor in its sole discretion deems necessary or appropriate, and Franchisee shall pay Franchisor's then-applicable fee for such training as well as all costs related to attendance at such training; and, or alternatively
- (f) send a dedicated field advisor or trainer to the Franchised Location to perform such training with such employees as Franchisor determines is necessary for such time period specified by Franchisor, and Franchisee shall pay the costs related to the attendance of such field advisor or trainer, including travel-related costs and applicable training fees as specified by Franchisor.

16.6 Damages based on Material Default. In the event of a termination of this Agreement by Franchisor based on a Material Default, Franchisor shall have the right to claim and recover damages from Franchisee and such damages shall include, without limitation, loss of the benefit of Franchisor's bargain hereunder. It is acknowledged by Franchisee that the benefit of

Franchisor's bargain hereunder shall include the Royalties which Franchisor would have expected to receive for the unexpired balance of the Term (or Renewal Term, if it is then in-force).

16.7 **Telephone Number(s).** Rights to the telephone or facsimile number or numbers which are utilized in connection with the Franchised Business from time to time shall be held by Franchisee in trust for Franchisor and, on expiration or earlier termination of this Agreement, Franchisee hereby irrevocably authorizes Franchisor to do whatever is necessary (including executing documents in the name of Franchisee) to transfer all rights to such number or numbers to Franchisor or an assignee of Franchisor. Franchisee shall not use any personal or residential telephone numbers in the operation of the Franchised Business. If Franchisee does so, those numbers shall be subject to the provisions of this Section 16.7.

16.8 **Liquidated Damages for Breach of Franchise Agreement.** Compliance by Franchisee and all of its employees with all standards and obligations set out in this Agreement and the Operations Manual (collectively, the "Standards") is integral to the goodwill of the System. Franchisee agrees to pay as liquidated damages such amounts as set forth in the Operations Manual from time to time should Franchisor discover that Franchisee has breached any such Standard, which liquidated damages Franchisee acknowledges are a reasonable pre-estimation of the internal and, or alternatively, external cost to Franchisor related to such breaches. Such liquidated damages will range from \$25 to \$2,000 for each violation, and may be assessed for each day Franchisee is found to be in violation. Any liquidated damages assessed shall be immediately due and payable by Franchisee within ten (10) days of Franchisor providing notice to Franchisee of a violation. Franchisee's obligation to pay liquidated damages as provided for herein is not an exclusive remedy. Franchisor may elect to pursue any other remedies available to it, including without limitation the right to enjoin continuing violations or termination of this Agreement.

16.9 **Remedies Cumulative.** The rights and remedies of Franchisor contained in this Article 16 and elsewhere in this Agreement or in a document referred to in this Agreement are cumulative and no exercise or enforcement of any right or remedy by Franchisor shall preclude its exercise or enforcement of any other right or remedy to which Franchisor is entitled by law, in equity or otherwise.

17. FRANCHISEE'S OBLIGATIONS UPON EXPIRATION OR TERMINATION

17.1 **Payment of Accounts.** Within fifteen (15) days after expiration or termination of this Agreement (or on such later date as such debts are due), Franchisee shall pay all outstanding Royalties, Marketing Royalties, Sales Center Fees, amounts owing under any Branding Cooperative, all amounts due for Supplies and all other amounts payable by Franchisee (whether to Franchisor or any of its Affiliates) together with accrued interest charges thereon in accordance with Section 21.2.

17.2 **Discontinuance.** Upon expiration or termination of this Agreement, Franchisee shall immediately discontinue use or display of the Marks, OneWeb, the Operations Manual, Copyright-Protected Materials and other materials provided by Franchisor such as advertising materials and training materials, trade secrets, systems, methods of operation, formats, customer information and data and goodwill of the System. Franchisee shall also forthwith change the color scheme of the Franchised Location and any Vehicle to one that differentiates it from the color scheme of the System and shall remove all signage related to the System from the Franchised Location and any

Vehicle. Franchisee shall not thereafter operate or do business under any name or in any manner that might tend to give the general public the impression that Franchisee is directly or indirectly associated, affiliated, licensed by or related to Franchisor or the System, and Franchisee shall not, directly or indirectly, use any Mark, or any other name, logo, signage, symbol, insignia, slogan, advertising, copyright, Copyright-Protected Materials, design, trade secret, process, system, method of operation or format confusingly similar to or colorably imitative of those used by the System. Franchisee acknowledges the proprietary rights of Franchisor as set out in this Agreement and agrees to return to Franchisor the Operations Manual, all advertising and training materials and all other confidential information relating to the System, as well as all other property of Franchisor, forthwith upon expiration or earlier termination of this Agreement. Additionally, Franchisee shall, upon termination or expiration of this Agreement, promptly remove any signage and murals from the Franchised Location and any other premises from which the Franchised Business is conducted which uses the Marks or otherwise and refers, directly or implicitly, to the System.

17.3 **Power of Attorney.** Following expiration or earlier termination of this Agreement, Franchisor may execute in Franchisee's name and on Franchisee's behalf all documents necessary or advisable in Franchisor's judgment to terminate Franchisee's use of the Marks and Franchisor is hereby irrevocably appointed as Franchisee's attorney to do so, and such appointment, to the extent permitted by applicable law, shall survive the incapacity or death of an individual Franchisee.

17.4 **Right of Franchisor to Repurchase.** In the event of expiration or termination of this Agreement, Franchisor shall have the option, exercisable by written notice to Franchisee, to purchase from Franchisee free and clear of any lien, charge, encumbrance or security interest (except the Security Agreement) not previously approved by Franchisor, all or any portion of Franchisee's supplies or equipment for the Franchised Business at a price equal to 50% of Franchisee's originally invoiced cost thereof.

18. RENEWAL

If Franchisee is in full compliance with this Agreement, has not at any time committed any Material Default, whether or not remedied, and meets Franchisor's then-current standard requirements for franchisees, and the Franchisee has not been habitually in default under this Agreement or any other franchise agreement between Franchisee and Franchisor, whether or not the Franchisor has issued notices of default, then Franchisor shall enter into a new franchise agreement with Franchisee for the renewal term(s) specified in Schedule B (the "**Renewal Term**"), upon the following terms and conditions:

- (a) Franchisee must give written notice of the right of renewal to Franchisor not more than twelve (12) calendar months nor less than nine (9) calendar months prior to expiration of the Term;
- (b) Franchisee shall, not less than six (6) calendar months prior to expiration of the Term, execute Franchisor's then-current form of franchise agreement, and not less than thirty (30) days prior to expiration of the Term Franchisee shall pay to Franchisor a non-refundable renewal fee of \$5,000;
- (c) Franchisee shall execute and, if Franchisee is a corporation, partnership or joint venture, shall cause all of its then current shareholders (both legal and beneficial),

directors, officers, partners and joint venturers to execute a general release, in a form provided by Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, employees, agents and other representatives with respect to the Term; and

- (d) at the time of execution of a renewal franchise agreement, Franchisee shall not have been given notice of a default under this Agreement or any other agreement or obligation Franchisee may have with Franchisor (such as, but not limited to, another franchise agreement within the System) including, but not limited to, all obligations to pay Royalties, Marketing Royalties, Sales Center Fees, interest charges, audit fees and other amounts, and all obligations to comply with the Operations Manual, including trade name and logo guidelines.

If Franchisee fails to comply with the provisions of this Section 18 prior to the expiration of the Term, Franchisee shall immediately comply with all post-expiration obligations described in Section 17 above.

19. ASSIGNMENT OR TRANSFER

19.1 *Assignment or Transfer by Franchisee.* Franchisee acknowledges that the rights and duties created by this Agreement are personal to Franchisee and that Franchisor has entered into this Agreement in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Franchisee (or its principals, in the case of a corporate Franchisee). Therefore, except as expressly provided herein, neither this Agreement nor any of the rights and privileges of Franchisee contained herein, nor the Franchised Business or any part of it, nor any share or interest in Franchisee (if a corporate entity) may be voluntarily, involuntarily, directly or indirectly (including by operation of law) assigned, sold, pledged, hypothecated, subdivided, sublicensed, optioned, diluted (such as by stock allotment) or otherwise transferred or encumbered, at law or at equity. Any assignment or transfer not expressly permitted by this Agreement shall constitute a breach of this Agreement and shall not be effective to convey any interest in this Agreement or the Franchised Business.

Without limiting the foregoing, Franchisee shall not assign or transfer, in whole or in part, Franchisee's interest in this Agreement or the Franchised Business except upon the terms and conditions provided in this Article 19. Any such assignment or transfer shall require the prior written consent of Franchisor, which Franchisor will not withhold unreasonably. Franchisor may refuse to consent to an assignment or transfer if any Material Default has occurred and has not been remedied. By way of illustration and not limitation, Franchisor may withhold its consent if the proposed assignee or transferee does not meet Franchisor's then-current requirements for new franchisees, is and will remain involved in any way in another business similar to the Franchised Business, is not in Franchisor's opinion financially or operationally capable of performing the then-current obligations of System franchisees, or has had previous business experience or lack of experience which, in the sole discretion of Franchisor, suggests that the proposed assignee or transferee may not be a suitable franchisee of the System. Franchisor's consent to any assignment or transfer shall not constitute a waiver of any claim, demand, action or cause of action which it may have against Franchisee, and shall not constitute a release of any Guarantee or other third party guarantee or covenant for performance of this Agreement by Franchisee.

19.2 ***Transfer of Interest in Corporate Franchisee.*** Without limiting Section 19.1, in the event that Franchisee is a corporation, partnership or other form of business organization, any material change in the legal or beneficial ownership of Franchisee, whether by agreement, court order, or by operation of law shall be deemed to be an assignment or transfer of this Agreement by Franchisee. For the purposes of this paragraph, a material change in ownership shall be any cumulative change in the legal or beneficial ownership of voting shares (or comparable voting units) representing more than 25% of all outstanding voting shares (or comparable voting units).

19.3 ***Conditions of Consent.*** Any consent given to Franchisee to assign, transfer, sell or otherwise alienate or modify Franchisee's interest in this Agreement, in whole or in part, and the Franchised Business shall be subject to the following conditions (none of which limit in any way the discretion of Franchisor to grant or reasonably withhold its consent to any proposed assignment or transfer):

- (a) Franchisee shall submit all proposed advertisements for the sale of the Franchised Business and all the material terms and conditions of any proposed transfer or assignment to Franchisor for prior written approval;
- (b) Franchisee shall pay a non-refundable transfer fee of \$10,000 to Franchisor, of which \$2,500 shall be payable upon the Franchisee's declaration of an intent to sell the Franchised Business and the remainder payable on execution by the proposed assignee of Franchisor's then-current form of assignment of franchise agreement, and, or alternatively, Franchisor's then-current form of franchise agreement, at Franchisor's election;
- (c) Franchisor may charge the assignee a non-refundable administration fee of \$5,000, which shall be payable prior to and as a condition of any assignment;
- (d) Franchisee and assignee shall execute Franchisor's then-current form of assignment of franchise agreement or, at the election of Franchisor, the assignee shall execute Franchisor's then-current form of franchise agreement for a term equal to the remainder of the Term or such other term as agreed to by the Franchisor and the assignee;
- (e) Franchisee shall return to Franchisor all manuals and materials provided hereunder, for re-issuance to the assignee or destruction, at Franchisor's sole discretion;
- (f) Franchisee and its principals shall each execute a release in the form provided by Franchisor and described in Section 19.5. Notwithstanding any assignment or transfer, Franchisee shall not be released from any of its obligations by Franchisor;
- (g) the assignee or transferee and its designated management personnel shall have completed to Franchisor's satisfaction Franchisor's then-current training program;
- (h) all obligations of Franchisee under this Agreement and under all documents relating hereto and any or all other agreements then in effect between Franchisor or its nominee and Franchisee shall be in good standing;

- (i) Franchisee shall provide evidence sufficient to Franchisor, acting reasonably, that the assignee has either taken an assignment or deemed assignment of the Vehicle Lease (with the consent of the lessor), or that the Vehicle Lease has been terminated and the proposed assignee has entered into a new Vehicle Lease meeting Franchisor's then current specifications; and
- (j) the assignee and, if the assignee is a corporation or other business entity, all such directors, officers, shareholders holding 25% or more of the voting equity of the entity, partners or members of the assignee entity as shall be required by Franchisor, shall execute each of Franchisor's then-current forms of security agreement and guarantee agreement.

19.4 ***Transfer to an Entity by Personal Franchisee.*** If Franchisee is an individual, then his or her assignment of this Agreement to an entity formed solely for the purpose of owning and operating the Franchised Business pursuant to this Agreement, including but not limited to a corporation, limited liability company, limited liability partnership, limited partnership or any other form of entity, shall not be deemed to be an assignment of this Agreement, on condition that at least 21 days prior to an assignment being effected, Franchisee provides full written details of the proposed assignment to Franchisor and both Franchisee and proposed assignee certify in such writing that:

- (a) Franchisee is possessed of and shall retain at all times during the Term and any exercised Renewal Term, indefeasibly vested legal and beneficial ownership of not less than 75% of the outstanding voting equity of the assignee entity;
- (b) Franchisee is and shall remain the principal officer, chairman, director, member, partner, or manager of the assignee entity;
- (c) Franchisee shall remain liable, jointly and severally with the assignee entity and guarantors, for all obligations of Franchisee contained herein, and concurrently with the assignment, the Franchisee shall execute and become bound by the Franchisor's then-current form of guarantee;
- (d) all equity holders (both legal and equitable), members, partners, managers, directors and officers of the assignee entity as directed by Franchisor shall execute Franchisor's then-current form of guarantee whereby they shall jointly and severally guarantee performance of this Agreement by the entity;
- (e) the assignor assigns to the assignee all Security Agreements related to this Agreement;
- (f) the assignor assigns to the assignee all Assets, leases, intangibles (including without limitation, insurance contracts), and all other assets held by the assignor that are necessary for or used in the Franchised Business; and
- (g) the assignee has no material liabilities that would affect the ability of the assignee to carry on the Franchised Business.

19.5 **Franchisee's Release of Claims.** It shall be a condition of Franchisor's consent to any assignment that Franchisee and its principals each deliver to Franchisor a complete release of all claims against Franchisor and its Affiliates and their respective directors, officers, shareholders, members, managers, partners, employees, agents and other representatives in respect of all obligations arising under or pursuant to this Agreement, such release shall be in a form provided by Franchisor.

19.6 **Death, Incapacity or Permanent Disability.** In the event of the death or permanent disability of a personal Franchisee (or a principal of Franchisee where Franchisee is an entity or other entity), then Franchisee or estate of a deceased personal Franchisee shall have the right, within six (6) months after such event, to assign this Agreement to an assignee who is, in Franchisor's opinion, financially and operationally capable of performing the obligations of Franchisee hereunder, provided that each of the conditions set out in Section 19.3 are fulfilled to the reasonable satisfaction of Franchisor. For the purposes of this Section 19.6, permanent disability means the inability of the personal Franchisee or principal to manage effectively the day-to-day operation of the Franchised Business for a period of thirty (30) days. During any period of disability (permanent or otherwise) or pending assignment or in the event of death, in the event the Franchisee does not or is unable to replace the General Manager as required by Section 12.3, Franchisor may appoint a competent and trained manager to operate the Franchised Business for the account of Franchisee. The substitute manager shall be deemed for all purposes to be the agent or employee of Franchisee. Franchisor shall not be liable to Franchisee or to any creditor of the Franchised Business for any debt, obligation, contract, loss or damage incurred, or for any purchase made during any period in which the Franchised Business is so managed.

19.7 **Right of First Refusal.** If Franchisee or its shareholders shall at any time determine to sell, assign or transfer this Agreement or an interest in the Franchised Business or any equity interest in Franchisee (if an entity), then Franchisee shall provide Franchisor with a copy of the written offer from a fully disclosed purchaser. Franchisor shall have the right, exercisable by written notice delivered to Franchisee within 15 days from the date of delivery of a bona fide offer, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that Franchisor may substitute cash for any form of payment proposed in such offer and shall have not less than sixty (60) days to prepare for closing. Franchisor may, at closing, pay any of Franchisee's trade creditors out of the purchase price, and set off against the purchase price any unpaid debts of Franchisee to Franchisor. If Franchisor does not exercise its right of first refusal, Franchisee (or other vendor) may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to compliance with the consent and approval requirements of this Article 19; provided, however, that if the sale to such purchaser does not complete within ninety (90) days after delivery of such offer to Franchisor, or if there is a material change in the terms of the sale, then Franchisor shall again have a new right of first refusal as herein provided.

19.8 **Assignment by Franchisor.** This Agreement may be assigned in whole or in part by Franchisor and, if Franchisor makes a full assignment to a third party and the third party agrees in writing to assume all of the obligations and liabilities of Franchisor hereunder, then Franchisor shall automatically be released from all obligations and liabilities hereunder. A partial assignment by Franchisor may include an assignment of the Royalties payable by Franchisee.

19.9 **Legend on Share Certificates.** If Franchisee is a corporate entity, Franchisee shall cause all shares of its capital stock, unit certificates or similar agreements or indications of ownership, to include the following legend, with necessary changes:

The Corporation and the securities evidenced by this certificate are subject to, and the disposition and transfer of such securities are restricted by, a franchise agreement dated as of [Effective Date], between the Corporation and WOW 1 DAY PAINTING LLC, a Washington limited liability company, a copy of which may, at the request of any shareholder of the corporation, be examined at the principal business office of the Corporation during normal business hours.

20. NON-COMPETITION

Except as expressly permitted by this Agreement or by any other written agreement between Franchisor and Franchisee, during the currency of this Agreement and for a period of twenty-four (24) months after expiration of the Term or any exercised Renewal Term or earlier termination of this Agreement, Franchisee and its principals shall not:

- (a) directly or indirectly,
- (b) in any capacity whatsoever,
- (c) either alone or in any relationship with any other person, firm, corporation or other business organization,
- (d) as an employee, consultant, principal, agent, member, partner, shareholder, investor, lender, director, officer, guarantor, indemnitor, creditor, supplier, landlord or sublandlord,
- (e) within the Territory,
- (f) within the territory of any franchised business of the System (including one owned by Franchisor or one of its Affiliates) which is in existence at the date of expiration or sooner termination of this Agreement, or
- (g) within the metropolitan area in which the Territory is situated, more particularly described in Schedule B,

compete with the System (or any similar system owned by Franchisor or its Affiliates) or (i) carry on, engage or be financially concerned or interested in, or (ii) advise, supervise, manage, supply, loan money to or guarantee or indemnify the duties or obligations of any other person, firm, corporation or other entity engaged in or concerned with or interested in any business engaging in any enterprise similar in nature to the System, or offering for sale any products or services similar to the Services. This Article 20 shall also continue to apply to Franchisee in the case of any assignment of this Agreement or any sale of the Franchised Business or transfer or allotment of shares of Franchisee. This Article 20 shall survive the expiration or sooner termination of this Agreement and any assignment, transfer or sale hereunder. Franchisee acknowledges that by reason of the unique nature and considerable value of the Marks and the business reputation associated with Franchisor

and the System, including methods of operating, format and related proprietary rights and by reason of Franchisee's knowledge of and association and experience with the System, the provisions of this Article 20 are reasonable and commensurate for the protection of the legitimate business interests of Franchisor, its Affiliates and franchisees. Franchisor may, by written notice to Franchisee, reduce one or more of the temporal, territorial or scope of restricted activities aspects of non-competition provided in this Article 20.

21. MISCELLANEOUS

21.1 ***Indemnity by Franchisee.*** Except as otherwise provided in this Agreement, Franchisee agrees to indemnify and save harmless Franchisor, its subsidiaries, Affiliates, shareholders, directors, officers, employees, agents, assignees and other franchisees from and against, and to reimburse them for, all liabilities, obligations, and consequential damages, taxes, costs, losses and actual legal expenses incurred by them in connection with any claim, litigation or other action or proceeding arising out of the operation of the Franchised Business by Franchisee including any action or other proceeding related to a breach of this Agreement or any other agreement between Franchisee and Franchisor or any of its Affiliates. Franchisee shall be responsible for and shall pay and satisfy any judgment or settlement that may arise out of any such claim, litigation, action or proceeding. Without limiting the generality of the foregoing, Franchisee agrees that if Franchisor is made a party to any lawsuit or any other action or proceeding in connection with the Franchised Business or the activities of Franchisee or any of its affiliates, Franchisor may, at its sole option, either (a) permit Franchisee to conduct the defense or prosecution of the matter at the cost of Franchisee; or (b) take conduct of the defense or prosecution, in which case all expenses thereof shall be borne or reimbursed by Franchisee. This indemnity shall continue in full force after termination or expiration of this Agreement.

21.2 ***Interest on Overdue Amounts.*** All payments required to be made by Franchisee to Franchisor under or pursuant to this Agreement shall bear simple interest from and after their respective due dates until paid in full at the rate of 24% per annum or such other rate as Franchisor may specify in writing from time to time or the maximum rate permitted by law if lower.

21.3 ***Application of Payments.*** Franchisor shall have sole discretion to apply any payments made by Franchisee to any past due indebtedness of Franchisee, including but not necessarily limited to Royalties, Marketing Royalties, Sales Center Fees, purchases from Franchisor, or any of its Affiliates, interest or other indebtedness. Payments towards any particular account shall first be applied towards interest on arrears, if any, then towards principal.

21.4 ***Parties are Independent Contractors.*** The parties intend by this Agreement to establish the relationship of franchisor and franchisee, each as an independent contractor, and it is not the intention of either party to establish a fiduciary relationship, to undertake a joint venture, to make Franchisee in any sense an agent, employee, affiliate, associate or partner of Franchisor or to confer on Franchisee any authority to act in the name of or on behalf of Franchisor.

21.5 ***Conformity with Laws.*** If any statute, law, by-law, ordinance or regulation promulgated by any competent authority with jurisdiction over any part of this Agreement or the Franchised Business or any court order pertaining to this Agreement requires a longer or different notice period than that specified herein, the notice period shall automatically be deemed to be

amended so as to conform with the minimum requirements of such statute, law, by-law, ordinance, regulation or court order.

21.6 **Additional Franchises.** Franchisee acknowledges that Franchisor may from time to time grant franchises for additional franchised businesses under terms that may differ materially from the terms of this Agreement and that consequently Franchisor's obligations and rights with respect to its various franchises may differ materially from those provided in this Agreement.

21.7 **Waiver.** Franchisor reserves the right to waive observance or performance of any obligation imposed on Franchisee by this Agreement. No waiver of any default of any term, proviso, covenant or condition of this Agreement by Franchisor shall constitute a waiver by Franchisor of any prior, concurrent or subsequent default of the same or any other term, proviso, covenant or condition hereof. No waiver shall be effective unless executed by Franchisor in writing.

21.8 **Entire Agreement.** Unless acknowledged and agreed in writing by both parties, this Agreement, all Security Agreements, and all Guarantees set forth the entire agreement between Franchisor and Franchisee and contain all of the representations, warranties, terms, conditions, provisos, covenants, undertakings and conditions agreed upon by them with reference to the subject matter hereof. All other representations, warranties, terms, conditions, provisos, covenants, understandings and agreements, whether oral or written (including without limitation any letter of intent between the parties and other pre-contractual representations), are waived and are superseded by this Agreement. However, nothing in this Agreement or related agreements is intended to disclaim any representation made by Franchisor in the franchise disclosure document furnished to Franchisee as required prior to entering into this Agreement.

21.9 **Amendments.** This Agreement can be amended or added to only by a writing executed by both Franchisor and Franchisee.

21.10 **Further Assurances.** Franchisor and Franchisee shall each acknowledge, execute and deliver all such further documents, instruments or assurances and shall each perform such further acts or deeds as may be necessary or advisable to give full effect to this Agreement.

21.11 **Severability.** If any article, section or subsection of this Agreement or any portion thereof is determined to be indefinite, invalid, illegal or otherwise void, voidable or unenforceable, then it shall automatically be severed from this Agreement and the balance of this Agreement shall continue in full force and effect.

21.12 **Governing Law.** This Agreement shall be construed and interpreted according to the laws of the state of Washington, except that no Washington statute or regulation shall apply or shall give rise to any right or claim unless the Territory is in the State of Washington and such statute or regulation would apply to this Agreement by its own terms in the absence of any choice of law provision. The King County Superior Court in Seattle or the U.S. District Court in Seattle, as appropriate, shall have exclusive jurisdiction to entertain any proceeding relating to or arising out of this Agreement, and Franchisee and Franchisor each consent to the jurisdiction of such Courts in all matters related to this Agreement; provided that Franchisor may obtain relief in such other jurisdictions as may be necessary or desirable to obtain declaratory, injunctive or other relief to enforce the provisions of this Agreement.

21.13 *Resolution of Disputes.*

(a) Except for matters described in clauses (i) through (iii), inclusive, in Section 21.13(c) below, upon which Franchisor may take immediate action, Franchisor and Franchisee agree to use their best efforts to settle all disputes between them quickly, amicably and in the most cost effective and discreet fashion. To that end, each party agrees that before filing suit or pursuing similar legal action, it shall notify the other party in writing of any dispute or claim arising out of or relating to this Agreement that the notifying party wishes to resolve. Such notice shall include a statement of the dispute, describing to the fullest extent possible the notifying party's version of the facts surrounding the dispute or claim together with an explanation of its position and all elements of any claim (the "**Statement of Dispute**"). The parties shall then use their best efforts to communicate with each other to try to resolve the dispute or claim. If the dispute or claim has not been resolved within thirty (30) days after receipt of the written notification of dispute, the parties may then turn to other dispute resolution alternatives.

(b) At any time during the thirty (30) day period following receipt by the recipient party of the Statement of Dispute, either party may demand non-binding mediation before an independent mediator on the basis of the Statement of Dispute and, if such demand is made by a party, the other party agrees to participate. Such mediation shall be held at the offices of Franchisor or such other site designated by Franchisor within thirty (30) days of receipt of the notifying party's mediation demand. The parties shall meet face-to-face for a minimum of four (4) hours before a representative of a mediation organization approved by all such parties and/or entities or a court-appointed mediator if the parties cannot agree on a mediation organization. At least one principal of each party, with authority to settle the dispute, shall attend the mediation meeting. The Franchisor and Franchisee shall share equally the cost of the mediator, regardless of the outcome of the mediation, or the ultimate resolution of any dispute. The parties agree not to take any further steps in any lawsuit between them during mediation, unless necessary to avoid irreparable harm or required by law.

(c) To the extent (i) Franchisor seeks injunctive or other equitable relief pursuant to this Agreement, or (ii) Franchisor is a party to litigation brought by third parties as a direct or indirect result of or in connection with the operation of the Franchised Business, or (iii) this Agreement is terminated pursuant to the provisions of Article 16 of this Agreement, the dispute resolution requirements under Subsections 21.13(a) and (b) above do not apply. In addition, the application of the dispute resolution provisions set forth above in Subsections 21.13(a) and (b) shall not preclude Franchisor from terminating this Agreement for any Material Default pursuant to Article 16 after any applicable cure period has expired and Franchisee has failed to cure such Material Default.

21.14 *Survival of Covenants.* The terms, provisions, covenants, conditions and obligations contained in or imposed by this Agreement which, by their terms, require performance by Franchisee after the expiration or other termination of this Agreement, shall be and remain enforceable after such termination.

21.15 *Inurement.* This Agreement inures to the benefit of and is binding upon Franchisor and Franchisee and their respective heirs, executors, administrators, legal personal representatives, permitted successors and permitted assigns.

21.16 **Potential Earnings.** Franchisee fully understands and acknowledges that the success of the Franchised Business to be established hereunder shall, to a great extent, be dependent upon the personal time and efforts contributed by Franchisee and Franchisee's employees (as well as Franchisee's partners or directors if Franchisee is a partnership or a corporation). Franchisee acknowledges that neither Franchisor nor anyone else has represented, warranted or guaranteed to Franchisee that Franchisee shall enjoy financial success in owning and operating the Franchised Business. Franchisee also acknowledges that all sales, income and profit projections (whether verbal, in writing or a combination of the two) which have been made by the Franchisee are based on the Franchisee's own expectations and assumptions about future economic conditions (excluding, however, potential competition by third parties which the Franchisee cannot predict) which Franchisee believes to be reasonable, but neither Franchisor nor anyone else has made any representation, warranty or guarantee regarding the level of Gross Revenue, net income or profit margins which may be achieved at the Franchised Business and that, in the final analysis, the results achieved at the Franchised Business will be particular to it, in the same way that financial results individually achieved by existing franchised businesses are particular to them. Franchisee accepts the risk of the Franchised Business not achieving the levels of Gross Revenue and net income during the Term which Franchisee hopes to achieve.

21.17 **Acknowledgements by Franchisee.** Franchisee acknowledges that he, she or it has received, has had ample time to read and study, and has read and studied this Agreement and fully understands its provisions. Franchisee further acknowledges that it has had an adequate opportunity to be advised by legal counsel and accounting professionals of its own choosing regarding all aspects of this Agreement and the relationship created thereby.

Franchisee acknowledges that all restrictions in this Agreement are necessary and fundamental to the protection of the legitimate business interests of Franchisor and all of its franchisees and, having regard to the interests of Franchisor and Franchisee, are reasonable, and all defenses to the strict enforcement thereof by Franchisor are hereby waived by Franchisee.

Franchisee acknowledges that it is solely responsible for investigation of all regulations applicable to the Franchised Business and for obtaining all necessary permits to operate the Franchised Business, and Franchisor makes no representation as to such regulations, if any, or that such licenses or permits are available, nor has Franchisor undertaken any such investigation on its own.

Franchisee acknowledges that Franchisor may conduct investigations and make inquiries of any persons as Franchisor, in its reasonable judgment, deems appropriate concerning the credit standing, character and personal qualifications of Franchisee and the partners, shareholders, directors and officers of Franchisee, and Franchisee, by its execution hereof, hereby on its own behalf and on behalf of its partners, shareholders, directors and officers (whose authorization to do so Franchisee expressly represents that it has) consents and agrees to Franchisor conducting any investigations and making any inquiries that Franchisor considers appropriate.

21.18 **Time of Essence.** Time shall be of the essence for all purposes of this Agreement.

21.19 **Notices.** Any notice required or permitted to be given by this Agreement shall be in writing and shall be deemed to have been duly given if delivered by hand, sent by confirmed

facsimile (with concurrent mailing of the original thereof), nationally-recognized overnight courier, or mailed by certified or registered mail, postage prepaid, addressed to Franchisor and to Franchisee at their respective addresses set out on page 1 hereof or to such other address as the respective parties may give notice of in the same manner. Any such notice shall be deemed to have been given and received, if delivered when delivered, or, when sent if sent by confirmed facsimile (and mailing of the original thereof) if mailed, on the third Business Day following the mailing thereof; provided, however, that no notice which is mailed shall be deemed to be received if between the time of mailing and the third Business Day thereafter there is any labor dispute, strike or lockout affecting mail in the geographic areas in which the notice is mailed or intended to be received.

21.20 **Schedules.** Schedules and other documents attached or referred to in this Agreement are incorporated into and form an integral part of this Agreement.

21.21 **Submission of Agreement.** The submission of this Agreement to Franchisee does not constitute an offer by Franchisor. This Agreement shall only become effective when it has been executed by both Franchisor and Franchisee.

21.22 **Signatures.** A digital or fax copy of any signature to this Agreement and any related agreement or amendment thereto shall be deemed to be an original signature and shall be effective as such.

[signature page follows]

IN WITNESS WHEREOF Franchisor and Franchisee have executed this Agreement on the date or dates set forth below, with effect from the Effective Date shown in Schedule B.

FRANCHISOR:

FRANCHISEE:

WOW 1 DAY PAINTING LLC, a Washington limited liability company

[2], a [3]

By: _____
(authorized signatory)

By _____

[6]

Dated: _____

ACKNOWLEDGEMENT AND EXECUTION BY FRANCHISEE

FRANCHISEE ACKNOWLEDGES THAT PRIOR TO THE DATE OF EXECUTING THIS AGREEMENT OR PAYING ANY NON-REFUNDABLE CONSIDERATION FOR IT, FRANCHISEE HAS RECEIVED, READ AND UNDERSTOOD A COMPLETE COPY OF THIS AGREEMENT (WITH ALL BLANKS COMPLETED) AND A FRANCHISE DISCLOSURE DOCUMENT IN CONSULTATION WITH PROFESSIONAL ADVISORS OF FRANCHISEE'S OWN CHOOSING AND, ACCORDINGLY, THAT FRANCHISEE IS AWARE OF ALL PROVISIONS OF THIS AGREEMENT AND IS AWARE OF THE BUSINESS RISKS INVOLVED IN ENTERING INTO THIS AGREEMENT AND ESTABLISHING AND OPERATING THE FRANCHISED BUSINESS CONTEMPLATED HEREBY.

Dated: _____

FRANCHISEE:

[2], a [3]

By _____

[6]

SCHEDULE A

This is Schedule A to a Franchise Agreement
between
WOW 1 DAY PAINTING LLC, a Washington limited liability company and
[2], a [3]

MARKS



Application Serial No: 86/202704
Filing Date: February 24, 2014
Status: Registration Pending

WOW 1 DAY PAINTING

Application Serial No: 86/203995
Filing Date: February 25, 2014
Status: Registration Pending

SCHEDULE B

This is Schedule B to a Franchise Agreement
between
WOW 1 DAY PAINTING LLC, a Washington limited liability company and
[2], a [3]

FRANCHISED BUSINESS - PARTICULARS

Effective Date: [4]

Franchised Location (Subsection 2.1(a)): [5]

Territory (Section 2.2): [7]

All of which are more particularly described on the following pages. Where zip codes are used to describe a Territory or Subterritory, the area represented shall be determined having reference to the zip codes in effect as of 2007. In the event of a discrepancy between the zip codes and the map for a particular Territory or Subterritory, the map shall govern.

Scheduled Opening Date of Franchised Business (Section 2.4): [8], which Franchisor may extend by up to 60 days under Section 2.4.

Term (Section 2.5): 5 years from the Scheduled Opening Date.

Renewal Term (Article 18): Three renewal terms of 5 years.

Initial Fee (Article 3): Total: \$[9], due as follows

Subterritory	Territory Active Date	Subterritory Initial Fee	Date Due
1A		\$19,000	
1B		\$9,000	
1C		\$9,000	
1D		\$9,000	

Management Personnel (Sections 7.1(a) and 12.1): [11], or such other person(s) as may be approved in writing by Franchisor.

Restrictive Covenant:

For the purposes of Section 20(g), the metropolitan area is more particularly described as follows:

[12]

SUBTERRITORY 1A

[13]

SUBTERRITORY 1B

[14]

SUBTERRITORY 1C

[15]

SUBTERRITORY 1D

[16]

SCHEDULE C

This is Schedule C to a Franchise Agreement

between

WOW 1 DAY PAINTING LLC, a Washington limited liability company and

[2], a [3]

VEHICLE SPECIFICATIONS:

Sprinter Van with 144 to 170 inch wheel base. White in color. No aftermarket parts. No rear window or panel windows. May be up to 3 years old

EXHIBIT C

Operations Manual Table of Contents

WOW 1 DAY PAINTING - Operations Manual

Table of Contents

	<u>Topic</u>	<u>No. of Pages</u>
Chapter 1:	Welcome to One Day Painting History of Company The One Day Painting Management Team Legal Advisory and Franchisor's Management Support One Day Painting Values, Vision & Mission Statement Statement of Legal and Ethical Business Conduct Support Resources- Franchisee Support Matrix	(13)
Chapter 2:	Pre-Opening Timetable and Obligations One Day Painting Pre-Opening Timetable	(3)
Chapter 3:	Franchisee Training Requirements One Day Painting Orientation Training Additional Training / Refresher courses Annual One Day Painting National Sales Meeting	(7)
Chapter 4:	Human Resources Staffing Your One Day Painting Franchise Setting Clear expectations Position Descriptions Avoiding bad hires Building Relationships with other Contractors Team Building One Day Painting Painter Certification Program Employee Manual - training what to say/what not to say.	(17)
Chapter 5:	Office Policies Setting up Your Office Quality Standards of Services Service and Courtesy to Clients Handling Typical Complaints and Problems Employee Appearance and Hygiene Computer Usage	(6)
Chapter 6:	Office Equipment, Computer System and Supplies Office Equipment Approved Vendors One Day CRM System Proprietary and Non-Proprietary Software Estimating, prospects, project managing, labor tracking, scheduling, calendar, accounting software	(6)

Chapter 7:	Administration Record Keeping Banking Forms ----Marketing materials order form Paper Management	(3)
Chapter 8:	Reports, Audits and Inspections Franchisee Reports Records and Reports Failure to Report Audits and Inspections Contact with Others	(4)
Chapter 9:	Vehicle Administration Type, Age of Vehicle Purchase or Lease of Vehicle Number of Vehicles Vehicle Wrap / Graphics Maintenance of Vehicles Vehicle Insurance Employee Use of Vehicle	(4)
Chapter 10:	Marketing Overview GAF Plan Target Market Profile Utilizing Past Clients Target Marketing with Selected Media Main Marketing Tactics Secondary Market Tactics Commercial Marketing Tactics Executing Your Marketing Plan Marketing Materials Order form	(25)
Chapter 11:	Estimating Residential Repaints Interior Exterior New Construction Interior Exterior Commercial Site Estimation Quoting off Drawings Quick Quoting One Day Painting Software	(23)

Chapter 12:	Sales and Pricing Referral System Customer Contract One Day Painting 2-Year Warranty and Quality Assurance Program Pricing Policies and Fee Structures Customer FAQ's	(14)
Chapter 12a:	Commercial Sales Overview Sales Tactics Implementing Your Commercial Marketing Plan Getting Paid Pitfalls of Commercial Painting. National Sales	(6)
Chapter 12c:	Sales Center Overview Expectations of Franchise Partners-----response time Supporting of Franchise Partners---quoting on the phone. Booking Estimates Communicating with your Sales Centre Trouble Tickets Financial Management of your Call Centre FAQ's from Callers	(13)
Chapter 13:	Insurance Requirements and Risk Management General Insurance Coverage Sub-Contractor Insurance requirements Managing Risk at Your Job Sites Franchisee Site Security Reporting Incidents and Injuries	(4)
Chapter 14:	Trademarks and Brand Integrity- Protection Policies Proprietary Information and Copyrights Trademarks and Service Marks Branding Standards Use of Logo and Trademarks Examples of Trademark / Service Mark Misuse Vehicle Graphics Uniforms *Creative Request Form	(10)
Chapter 15:	Field Operations Safety Policy Flow Chart of Field Operations One Day Painting Interior Painting Process One Day Painting Exterior Painting Process One Day Painting Commercial Painting Process Standards and Definitions	(51)
Chapter 16:	Paint Systems, Failures and Solutions	(60)

Chapter 17:	Equipment	(16)
Chapter 18:	Wall Coverings	(3)
Chapter 19:	Decorative Finishes	(4)
Chapter 20:	Financial Management & Accounting	(8)
	*Overview	
	*Accounting Set-up	
	*Quickbooks Set-up	
	*Customer Terms	
	*L.O.C,	
	*Payment terms with suppliers	
	*Accounts Receivable Management	
	*Collections	
	*Accounts Payable Management	
	*Keys for Financial Success	
Chapter 21:	Time Management	(8)
	*Definition of Time Management	
	*Guide to Time Management	
	*Time Saving Tips in the Field.	
Chapter 22:	IT	(12)
Chapter 23:	QFA's	(8)
Chapter 24:	Glossary	(11)
Appendices		
Forms		
Documents		

Total Pages in Manual 322

EXHIBIT D

**Franchisor's Agents for Service of Process
and State Regulatory Authorities**

EXHIBIT D
NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES
AND AGENTS FOR SERVICE OF PROCESS IN CERTAIN STATES

STATE	STATE REGULATORY AUTHORITY	AGENT FOR SERVICE OF PROCESS
California	Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 (866) 275-2677 One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559	Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 (866) 275-2677 One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559
Connecticut	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	[Not Applicable]
Florida	Dept of Agriculture & Consumer Services Division of Consumer Services 2005 Apalachee Pkwy. Tallahassee, FL 32399-6500 (850) 410-3800	[Not Applicable]
Hawaii	Business Registration Division Department of Commerce & Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii, Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street Room 203 Honolulu, HI 96813 (808) 586-2722
Illinois	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana	Indiana Secretary of State Securities Division, E-111 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360	Maryland Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360

STATE	STATE REGULATORY AUTHORITY	AGENT FOR SERVICE OF PROCESS
Michigan	Consumer Protection Division, Antitrust and Franchising Unit Michigan Department of Attorney General G. Mennen Williams Building, 1 st Floor 525 W. Ottawa Street Lansing, MI 48933 (517) 373-7117	Michigan Department of Consumer and Industry Services Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, MI 48909 (517) 241-6470
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 539-1600
Nebraska	Staff Attorney Department of Banking and Finance Commerce Court 1230 "O" Street, Suite 400 Lincoln, NE 68508-1402 (402) 471-3445	[Not Applicable]
New York	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, NY 10271-0332 (212) 416-8000	Secretary of the State of New York 41 State Street Albany, NY 12231 (518) 474-4750
North Dakota	North Dakota Securities Department Fifth Floor 600 East Boulevard Avenue State Capitol, Fifth Floor, Department 414 Bismarck, ND 58505 (701) 328-4712	North Dakota Securities Commissioner Fifth Floor 600 East Boulevard, Department 414 Bismarck, ND 58505 (701) 328-4712
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	[Not Applicable]
Rhode Island	Department of Business Regulation in the Service of Process, Disclosure Document and State Administrators Sections Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920 (401) 222-3048	Director Department of Business Regulation State of Rhode Island Securities Division 1511 Pontiac Avenue John O. Pastore Center Cranston, RI 02920 (401) 462-9588
South Dakota	Department of Labor and Regulation Division of Securities 445 E Capitol Avenue Pierre SD 57501 (605) 773-4823	Director, Department of Labor and Regulation Division of Securities 445 E. Capitol Avenue Pierre, SD 57501 (605) 773-4823

STATE	STATE REGULATORY AUTHORITY	AGENT FOR SERVICE OF PROCESS
Texas	Secretary of State Statutory Document Section 1019 Brazos Austin, Texas 78701 (512) 475-0775	[Not Applicable]
Utah	Division of Consumer Protection Utah Department of Commerce 160 East 300 South Salt Lake City, UT 84111 (801) 530-6601	[Not Applicable]
Virginia	State Corporation Commission Division of Securities and Retail Franchising Ninth Floor 1300 East Main Street Richmond, VA 23219 (804) 371-9051	Clerk, State Corporation Commission 1300 East Main Street, First Floor Richmond, VA 23219 (804) 371-9733
Washington	Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, WA 98501 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, WA 98501 (360) 902-8760
Wisconsin	Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4th Floor Madison, WI 53703 (608) 261-9555	Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4th Floor Madison, WI 53703 (608) 261-9555
Federal Trade Commission	Bureau of Consumer Protection 600 Pennsylvania Avenue, NW Washington, D.C. 20580 (877)-382-4357	[Not Applicable]

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process.

There may also be additional agents appointed in some of the states listed.

EXHIBIT E

Financial Statements



Financial Statements

(Expressed in U.S. dollars)

1-888-WOW-1DAY! LLC

December 31, 2013

Contents

	Page
Report of the Independent Auditor	1 - 2
Statements of Operations and Comprehensive Loss	3
Balance Sheets	4
Statements of Changes in Member's Equity (Deficiency)	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 - 11

Report of the Independent Auditor

Grant Thornton LLP
Suite 1600, Grant Thornton Place
333 Seymour Street
Vancouver, BC
V6B 0A4
T +1 604 687-2711
F +1 604 685-6569
www.GrantThornton.ca

To the Member of
1-888-WOW-1DAY! LLC

We have audited the accompanying balance sheets of 1-888-WOW-1DAY! LLC as at December 31, 2013 and December 31, 2012, and the related statements of operations and comprehensive loss, changes in member's equity (deficiency), and cash flows for the years ended December 31, 2013 and December 31, 2012, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 in our audits 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 1-888-WOW-1DAY! LLC as at December 31, 2013 and December 31, 2012, and the result 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.

Vancouver, Canada
March 31, 2014

Grant Thornton LLP

Chartered Accountants

1-888-WOW-1DAY! LLC

Statements of Operations and Comprehensive Loss

(Expressed in U.S. dollars)

Years ended December 31

	2013	2012
Revenue		
Initial franchise fees	\$ 309,000	\$ 433,000
Royalty fees	150,278	37,729
Sales Centre fees	66,242	19,596
Ad Fund fees	59,373	27,636
	<u>584,893</u>	<u>517,961</u>
Expenses		
Management and administration fees (Note 4)	391,951	198,728
Franchise development fees (Note 4)	209,157	160,467
Ad Fund fees (Note 4)	144,493	36,833
Sales Centre fees (Note 4)	132,736	93,905
Licensing fees (Note 4)	68,469	52,209
Accounting and legal	42,215	40,752
	<u>989,021</u>	<u>582,894</u>
Loss before income taxes	<u>(404,128)</u>	<u>(64,933)</u>
Income taxes (recovery)		
Current	(3,706)	(1,200)
Deferred (Note 3)	(126,480)	6,120
	<u>(130,186)</u>	<u>4,920</u>
Net loss and comprehensive loss	<u>\$ (273,942)</u>	<u>\$ (69,853)</u>

See accompanying notes to the financial statements.

1-888-WOW-1DAY! LLC

Balance Sheets

(Expressed in U.S. dollars)

December 31

2013

2012

Assets

Current

Cash	\$ 174,458	\$ 72,928
Accounts receivable (allowance for doubtful accounts: (2013: \$Nil; 2012: \$Nil))	195,660	63,197
Prepaid expenses	1,883	-
Deferred income tax assets (Note 3)	134,300	7,820

506,301 143,945

Long-term receivable

26,500 5,250

\$ 532,801 \$ 149,195

Liabilities

Current

Accounts payable and accrued liabilities	\$ 27,710	\$ 29,886
Income taxes payable	-	3,706
Deferred franchise fees	395,000	80,000
Payable to related parties (Note 4)	466,301	117,871

889,011 231,463

Member's equity (deficiency)

Member equity (Note 5)

1 1

Deficit

(356,211) (82,269)

(356,210) (82,268)

\$ 532,801 \$ 149,195

Economic dependence (Note 1)

Contingent liabilities (Note 7)

Subsequent events (Note 8)

On behalf of the member

_____ Member _____ Officer

1-888-WOW-1DAY! LLC**Statements of Changes in Member's Equity (Deficiency)**

(Expressed in U.S. dollars)

Years ended December 31, 2013 and 2012

	<u>Member Equity</u>	<u>Deficit</u>	<u>Total Member's Deficiency</u>
December 31, 2011	\$ 1	\$ (12,416)	\$ (12,415)
Net loss and comprehensive loss for the year	<u>-</u>	<u>(69,853)</u>	<u>(69,853)</u>
December 31, 2012	1	(82,269)	(82,268)
Net loss and comprehensive loss for the year	<u>-</u>	<u>(273,942)</u>	<u>(273,942)</u>
December 31, 2013	<u>\$ 1</u>	<u>\$ (356,211)</u>	<u>\$ (356,210)</u>

1-888-WOW-1DAY! LLC

Statements of Cash Flows

(Expressed in U.S. dollars)
Years ended December 31

	2013	2012
Cash provided by (used in)		
Operating		
Net loss	\$ (273,942)	\$ (69,853)
Items not affecting cash		
Deferred income taxes	<u>(126,480)</u>	<u>6,120</u>
	(400,422)	(63,733)
Changes in non-cash operating working capital		
Accounts receivable	(132,463)	(62,171)
Prepaid expenses	(1,883)	-
Long-term receivable	(21,250)	(5,250)
Accounts payable and accrued liabilities	(2,176)	19,698
Deferred franchise fees	315,000	47,000
Income taxes payable	(3,706)	(9,376)
Increase in payable to related parties	<u>348,430</u>	<u>26,154</u>
Net increase (decrease) in cash	101,530	(47,678)
Cash, beginning of year	<u>72,928</u>	<u>120,606</u>
Cash, end of year	<u>\$ 174,458</u>	<u>\$ 72,928</u>
Supplemental cash flow information		
Income taxes paid	\$ -	\$ 8,176

1-888-WOW-1DAY! LLC

Notes to the Financial Statements

(Expressed in U.S. dollars)
December 31, 2013

1. Operations and economic dependence

1-888-WOW-1DAY! LLC ("1DAY" or the "LLC") was incorporated under the laws of the State of Washington as a limited liability company. 1DAY was created to sell franchise rights throughout the United States of America for the operation of businesses that provide residential and commercial painting services. 1DAY is dependent upon O2E Brands Inc. ("Holdco"), a company incorporated under the laws of British Columbia, Canada, for financial and administrative support. Holdco and 1DAY are under common control.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The financial statements were approved for issue by the member on March 26, 2014.

Use of estimates

The presentation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as reported revenues and expenses for the periods being reported. Estimates include the valuation of trade receivables, deferred income tax assets and contingent liabilities. Actual results may differ significantly from those estimates.

Revenue recognition

Initial franchise fee deposits are deferred and not recognized as revenue until all material services and conditions related to the sale have been substantively completed. Substantial completion is deemed to occur when the franchise commences operations. A portion of the initial franchise fee is refundable if the franchise fails to generate a minimum of \$200,000 in revenue after one year of business and has complied with all requirements of the franchise agreement. Initial franchise fees collected which are subject to refund are deferred and not recognized as revenue until all refund provisions terminate or expire. Costs relating to initial franchise sales are expensed as incurred.

Royalty revenue is based on a fixed percentage of sales earned by the U.S. franchisees. Royalties are recorded as revenue as the fees are earned and become receivable from the franchisees.

The Sales Centre schedules sales opportunities for individual franchisees. The LLC charges fees to U.S. franchisees based upon a fixed percentage of their individual sales to cover the cost of maintaining and developing the Sales Centre and related software. These charges are recorded as revenue as the fees are earned and become receivable from the franchisees.

Costs related to supporting and administering the franchise system including those related to the Sales Centre are expensed as incurred.

1-888-WOW-1DAY! LLC

Notes to the Financial Statements

(Expressed in U.S. dollars)
December 31, 2013

2. Summary of significant accounting policies (continued)

Accounts receivable

Receivables are recorded at contractual prices. Accounts receivable generally reflect amounts due for ongoing royalty, Sales Centre, and Ad Fund fees. An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of franchisees and other certain customers to make required payments.

Advertising/promotion fund

The advertising/promotion fund ("Ad Fund") is used to finance marketing campaigns and promotional programs that the LLC undertakes on behalf of its franchisees. Franchisees contribute 2% of their gross revenue to the Ad Fund and these contributions are recorded as revenue when the fees are earned and become receivable from the franchisees.

The LLC recognizes advertising expenses as they are incurred.

Income taxes

1DAY has elected to be a taxable entity. 1DAY follows the liability method of accounting for income taxes. Under this method, current taxes are recognized for the estimated income taxes payable for the current period. Deferred income taxes are provided based on the estimated future tax effects of temporary differences between financial statement carrying amounts of assets and liabilities and their respective tax bases as well as the benefit of losses available to be carried forward to future years for tax purposes.

Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is recorded for deferred tax assets when it is more likely than not that such deferred tax assets will not be realized.

The LLC recognizes interest and penalties related to certain tax positions in income tax expense. The LLC had no provision for uncertain tax positions nor for interest or penalties related to uncertain tax positions at December 31, 2013 and 2012.

Foreign currency transactions

The functional currency of the LLC is the United States dollar.

Monetary assets and liabilities denominated in foreign currencies are translated at the year end exchange rates. Revenue and expense items denominated in foreign currencies are translated using the monthly average exchange rate. Exchange gains and losses, if any, are recognized in the statements of operations and comprehensive loss.

1-888-WOW-1DAY! LLC

Notes to the Financial Statements

(Expressed in U.S. dollars)
December 31, 2013

2. Summary of significant accounting policies (continued)

Reacquired or repossessed franchise rights

Upon reacquisition or repossession of franchise rights that constitute a cancellation by the LLC of the original sale, any refunds issued are accounted for as a reduction of revenue in the period that the franchise rights are reacquired or repossessed. Any deferred revenue remaining is written-off at the time of cancellation.

Related party transactions

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

3. Deferred income tax assets

Deferred income tax assets reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for income tax purposes. The deferred income tax asset relates to income taxes paid on deferred franchise fees.

	<u>2013</u>	<u>2012</u>
Deferred income tax assets		
Deferred revenue	\$ 134,300	\$ 7,820
Non-capital losses available for carryforwards	<u>17,020</u>	<u>-</u>
	151,320	7,820
Less valuation allowance	<u>17,020</u>	<u>-</u>
	<u>\$ 134,300</u>	<u>\$ 7,820</u>

The LLC has non-capital losses totalling \$50,060 which are available to reduce its taxable income in future years. Non-capital losses of \$17,932 and \$32,128 expire in 2032 and 2033, respectively.

The ultimate realization of deferred tax assets is dependent on the generation of future taxable income by 1DAY during the period in which those temporary differences become deductible. Deferred tax assets are carried at their estimated net realizable value. Management considers the scheduled realization of deferred tax assets, projected future taxable income and tax planning strategies when assessing realizable value. Carrying values of deferred tax assets are subject to change in the event that management's estimates of taxable income through the carryforward period change.

1-888-WOW-1DAY! LLC

Notes to the Financial Statements

(Expressed in U.S. dollars)
December 31, 2013

4. Related party transactions

During the year ended December 31, 2013, WOW-1DAY! PAINTING Inc. (1 DAY's parent company) charged 1DAY the following:

	<u>2013</u>	<u>2012</u>
Licensing fees	\$ 68,469	\$ 52,209
Sales Centre fees	132,736	93,905
Management and administration fees	391,951	198,728
Franchise development fees	209,157	160,467
Ad Fund expenses	144,493	36,833
	<u>\$ 946,806</u>	<u>\$ 542,142</u>

Amounts charged to 1DAY by WOW-1DAY! PAINTING Inc. are pursuant to formulas and calculation methodologies believed by management to result in fees that approximate those that third party service providers or licensors would charge in similar situations. Management expenses charged by WOW-1DAY! PAINTING Inc. are based on a transfer pricing agreement between WOW-1DAY! PAINTING Inc. and 1DAY.

Sales Centre expenses are allocated based on the proportion of total Sales Centre calls that relate to U.S. franchisees. Franchise development expenses during a period are allocated based on the number of franchisees signed in the U.S. relative to total franchisees signed during that period. Franchise operations, finance, information technology and all other administration costs are allocated based on the number of franchisees operating in the U.S. relative to all franchisees operating.

Intellectual property related expenses incurred by WOW-1DAY! PAINTING Inc. are deemed not to be subject to transfer pricing and are, therefore, not allocated to 1DAY.

The payable to related parties includes \$366,302 (2012: \$17,872) due to WOW-1DAY! PAINTING Inc. and \$99,999 (2012: \$99,999) due to O2E Brands Inc. All three companies share a common controlling shareholder. The payables are unsecured, non-interest bearing, and have no fixed terms of repayment.

5. Member equity

Since incorporation, 1DAY has one membership unit with nominal value of \$1. The membership unit is owned by WOW-1DAY! PAINTING Inc., a company incorporated under the laws of British Columbia, Canada.

1-888-WOW-1DAY! LLC

Notes to the Financial Statements

(Expressed in U.S. dollars)
December 31, 2013

6. Financial instruments

Fair value

The carrying value of cash, accounts receivable, long-term receivables, and accounts payable and accrued liabilities approximate their fair value due to the short-term maturities of these instruments.

The fair value of the amounts due to and from related parties is impracticable to determine due their related party nature and the absence of a secondary market.

Management does not believe that 1DAY's financial instruments are exposed to any significant interest rate risk or foreign exchange risk.

Credit risk

Management evaluates its customers to assess credit risk and believes it has made adequate provisions for uncollectible amounts.

7. Contingent liabilities

The LLC may, from time to time, be subject to claims and legal proceedings brought against it in the normal course of business. Management believes that adequate provisions have been made in the accounts where required and that the ultimate resolution of such contingencies will not have a material adverse effect on the financial position of the LLC.

8. Subsequent events

Events and transactions occurring subsequent to December 31, 2013, through the date that the financial statements were issued, have been evaluated for potential recognition or disclosure in the accompanying financial statements. No events or transactions have been identified that should be recognized or disclosed in the accompanying financial statements.



Grant Thornton

Financial statements

(Expressed in U.S. dollars)

1-888-WOW-1DAY! LLC

December 31, 2012

Contents

	Page
Report of the independent auditor	1-2
Statements of operations, comprehensive loss and deficit	3
Balance sheets	4
Statements of cash flows	5
Notes to the financial statements	6-9



Report of the independent auditor

Grant Thornton LLP
Suite 1600, Grant Thornton Place
333 Seymour Street
Vancouver, BC
V6B 0A4
T (604) 687-2711
F (604) 685-6569
www.GrantThornton.ca

To the member

1-888-WOW-1DAY! LLC

We have audited the accompanying balance sheets of 1-888-WOW-1DAY! LLC (the “LLC”) as at December 31, 2012 and December 31, 2011, and the related statements of operations, comprehensive loss and deficit, and cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 in our audits 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 1-888-WOW-1DAY! LLC as at December 31, 2012 and December 31, 2011, and the result 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.

Grant Thornton LLP

Vancouver, Canada

March 25, 2013

Chartered accountants

1-888-WOW-1DAY! LLC

Statements of operations, comprehensive loss and deficit

(Expressed in U.S. dollars)

Years ended December 31	2012	2011
Revenue		
Franchise fees	\$ 433,000	\$ 5,000
Royalty fees	37,729	3,448
Ad Fund fees	27,636	1,149
Sales Centre fees	19,596	1,724
	<u>517,961</u>	<u>11,321</u>
Expenses		
Management and administration fees (Note 4)	505,308	5,575
Accounting and legal	39,997	14,695
Ad Fund expenses (Note 4)	36,833	-
Bank charges	755	271
	<u>582,893</u>	<u>20,541</u>
Loss before income taxes	<u>(64,932)</u>	<u>(9,220)</u>
Income taxes (recovery)		
Current	(1,200)	13,082
Deferred (Note 3)	6,120	(13,940)
	<u>4,920</u>	<u>(858)</u>
Net loss and comprehensive loss	\$ <u>(69,852)</u>	\$ <u>(8,362)</u>
Deficit, beginning of year	\$ (12,416)	\$ (4,054)
Net loss and comprehensive loss	<u>(69,852)</u>	<u>(8,362)</u>
Deficit, end of year	\$ <u>(82,268)</u>	\$ <u>(12,416)</u>

See accompanying notes to the financial statements.

1-888-WOW-1DAY! LLC

Balance sheets

(Expressed in U.S. dollars)

December 31

2012

2011

Assets

Current

Cash \$ 72,928 \$ 120,606

Accounts receivable (allowance for doubtful accounts:
(2012: \$Nil.; 2011: \$Nil.)) 63,198 1,026

Deferred income taxes (Note 3) 7,820 13,940

143,946 135,572

Long-term receivable 5,250 -

Due from related party (Note 4) - 8,282

\$ 149,196 \$ 143,854

Liabilities

Current

Accounts payable and accrued liabilities \$ 29,886 \$ 10,188

Income taxes payable 3,706 13,082

Deferred franchise fees 80,000 33,000

Payable to related parties (Note 4) 117,871 99,999

231,463 156,269

Member's equity (deficiency)

Member equity (Note 5) 1 1

Deficit (82,268) (12,416)

(82,267) (12,415)

\$ 149,196 \$ 143,854

Economic dependence (Note 1)

Contingent liabilities (Note 7)

Subsequent events (Note 8)

On behalf of the member

_____ Member _____

_____ Officer

See accompanying notes to the financial statements.

1-888-WOW-1DAY! LLC

Statements of cash flows

(Expressed in U.S. dollars)
Years ended December 31

	2012	2011
Cash provided by (used in)		
Operating		
Net loss and comprehensive loss	\$ (69,852)	\$ (8,362)
Items not affecting cash		
Deferred income tax assets	6,120	(13,940)
Changes in non-cash working capital		
Accounts receivable	(62,172)	(1,026)
Long-term receivable	(5,250)	-
Accounts payable and accrued liabilities	19,698	1,345
Deferred franchise fees	47,000	33,000
Income taxes payable	(9,376)	13,082
	<u>(73,832)</u>	24,099
Financing		
Increase (decrease) in net payable to related party	<u>26,154</u>	<u>(3,489)</u>
Net (decrease) increase in cash	(47,678)	20,610
Cash, beginning of year	<u>120,606</u>	<u>99,996</u>
Cash, end of year	\$ <u>72,928</u>	\$ <u>120,606</u>
Supplemental cash flow information		
Income taxes paid	\$ 8,176	\$ -

See accompanying notes to the financial statements.

1-888-WOW-1DAY! LLC

Notes to the financial statement

(Expressed in U.S. dollars)
December 31, 2012

1. Operations and economic dependence

1-888-WOW-1DAY! LLC ("1DAY" or the "LLC") was incorporated under the laws of the State of Washington as a limited liability company. 1DAY was created to sell franchise rights throughout the United States of America for the operation of businesses that provide residential and commercial painting services. 1DAY is dependent upon O2E Brands Inc. ("Holdco"), a company incorporated under the laws of British Columbia, Canada, for financial and administrative support. Holdco and 1DAY are under common control.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The financial statements were approved for issue by the member on March 25, 2013.

Use of estimates

The presentation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as reported revenues and expenses for the periods being reported. Estimates include the valuation of trade receivables, deferred income tax assets and contingent liabilities. Actual results may differ significantly from those estimates.

Revenue recognition

Initial franchise fee deposits are deferred and not recognized as revenue until all material services and conditions related to the sale have been substantively completed. Substantial completion is deemed to occur when the franchise commences operations. A portion of the initial franchise fee is refundable if the franchise fails to generate a minimum of \$100,000 in revenue after one year of business and has complied with all requirements of the franchise agreement. Initial franchise fees collected which are subject to refund are deferred and not recognized as revenue until all refund provisions terminate or expire. Costs relating to initial franchise sales are expensed as incurred.

Royalty revenue is based on a fixed percentage of sales earned by the franchise locations. Royalties are recorded as revenue as the fees are earned and become receivable from the franchisees.

Sales centre fee revenue is based upon a fixed percentage of sales earned by the franchise locations. Sales centre fees are recorded as revenue as the fees are earned and become receivable from the franchisees. Sales centre fees are charged to franchisees to cover 1DAY's costs of maintaining and developing the sales centre and related software. The sales centre schedules sales opportunities for individual franchisees.

Costs related to supporting and administering the franchise system including those related to the sales centre are expensed as incurred.

1-888-WOW-1DAY! LLC

Notes to the financial statement

(Expressed in U.S. dollars)
December 31, 2012

2. Summary of significant accounting policies (continued)

Accounts receivable

Receivables are recorded at contractual prices. Accounts receivable generally reflect amounts due for ongoing royalty, sales centre and Ad Fund fees. An allowance of doubtful accounts is maintained for estimated losses resulting from the inability of franchisees to make required payments.

Advertising/promotion fund

The advertising/promotion fund ("Ad Fund") is used to finance marketing campaigns and promotional programs that the LLC undertakes on behalf of its franchisees. Franchisees contribute 2% of their gross revenue to the Ad Fund and these contributions are recorded as revenue when the fees are earned and become receivable from the franchisees.

Expenditures incurred by the Ad Fund are expensed as incurred.

Income taxes

1DAY has elected to be a taxable entity. 1DAY follows the liability method of accounting for income taxes. Under this method, current taxes are recognized for the estimated income taxes payable for the current period. Deferred income taxes are provided based on the estimated future tax effects of temporary differences between financial statement carrying amounts of assets and liabilities and their respective tax bases as well as the benefit of losses available to be carried forward to future years for tax purposes.

Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is recorded for deferred tax assets when it is more likely than not that such deferred tax assets will not be realized.

The LLC recognizes interest and penalties related to certain tax positions in income tax expense. The LLC had no provision for uncertain tax positions nor for interest or penalties related to uncertain tax positions at December 31, 2012 and 2011.

Foreign currency transactions

The functional currency of the company is the United States dollar.

Monetary assets and liabilities denominated in foreign currencies are translated at the yearend exchange rates. Revenue and expense items denominated in foreign currencies are translated using the exchange rates as at the reporting date. Exchange gains and losses, if any, are recognized in the statements of operations and comprehensive loss.

Related party transactions

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

1-888-WOW-1DAY! LLC

Notes to the financial statement

(Expressed in U.S. dollars)
December 31, 2012

3. Deferred income taxes

Deferred income tax assets reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for income tax purposes. The deferred income tax asset relates to income taxes paid on deferred franchise fees.

The ultimate realization of deferred tax assets is dependent on the generation of future taxable income by 1DAY during the period in which those temporary differences become deductible. Deferred tax assets are carried at their estimated net realizable value. Management considers the scheduled realization of deferred tax assets, projected future taxable income and tax planning strategies when assessing realizable value. Carrying values of deferred tax assets are subject to change in the event that management's estimates of taxable income through the carryforward period change.

4. Related party transactions

During the year ended December 31, 2012, WOW-1DAY! PAINTING Inc. (1DAY's parent company) charged 1DAY management fees of \$448,840 (2011: \$Nil), licensing fees of \$52,032 (2011: \$Nil) and Ad Fund expenses of \$36,833 (2011: \$Nil).

Amounts charged to the 1DAY by WOW-1DAY! PAINTING Inc. are pursuant to formulas and calculation methodologies believed by management to result in fees that approximate those that third party service providers or licensors would charge in similar situations. Management expenses charged by WOW-1DAY! PAINTING Inc. are based on a transfer pricing agreement between WOW-1DAY! PAINTING Inc. and 1DAY.

Intellectual property related expenses incurred by WOW-1DAY! PAINTING Inc. are deemed not to be subject to transfer pricing and are, therefore, not allocated to 1DAY.

The receivable due from related party at December 31, 2011 was due from WOW-1DAY! PAINTING Inc. The receivable was unsecured, non-interest bearing and had no fixed terms of repayment.

The payable to related parties includes \$17,872 (2011: \$Nil) due to WOW-1DAY! PAINTING Inc. and \$99,999 (2011: \$99,999) due to O2E Brands Inc. All three companies share a common controlling shareholder. The payables are unsecured, non-interest bearing, and have no fixed terms of repayment.

5. Member equity

Since incorporation, 1DAY has one membership unit with nominal value of \$1.00. The membership unit is owned by WOW-1DAY! PAINTING Inc. (formerly 0892041 B.C Ltd.), a company incorporated under the laws of British Columbia, Canada.

1-888-WOW-1DAY! LLC

Notes to the financial statement

(Expressed in U.S. dollars)
December 31, 2012

6. Financial instruments

Fair value

The carrying value of cash, accounts receivable, long-term receivables, and accounts payable and accrued liabilities approximate their fair value due to the short-term maturities of these instruments.

The fair value of the amounts due to and from related parties is impractical to determine due to the absence of a secondary market.

Management does not believe that 1DAY's financial instruments are exposed to any interest rate risk, foreign exchange risk, or credit risk.

Credit risk

Management evaluates its customers to assess credit risk and believes that there are no uncollectable amounts.

7. Contingent liabilities

The LLC may, from time to time, be subject to claims and legal proceedings brought against it in the normal course of business. Management believes that adequate provisions have been made in the accounts where required and that the ultimate resolution of such contingencies will not have a material adverse effect on the consolidated financial position of the LLC.

8. Subsequent events

Events and transactions occurring subsequent to December 31, 2012, through the date the financial statements were issued, have been evaluated for potential recognition or disclosure in the accompanying consolidated financial statements. No events or transactions have been identified that should be recognized or disclosed in the accompanying consolidated financial statements.

EXHIBIT F

Guarantee

GUARANTEE

THIS AGREEMENT is made effective [31]

BETWEEN:

[32], [33]

(the "**Guarantor**")

AND:

WOW 1 DAY PAINTING LLC, a Washington limited liability company having its office at 301 – 887 Great Northern Way, Vancouver, B.C. V5T 4T5

(the "**Franchisor**")

RE: [34] (the "**Franchisee**")
[35] (the "**Location**")

WHEREAS:

A. By one or more franchise agreements and related agreements (the "**Franchise Agreement**"), the Franchisor granted a license to operate a "WOW 1 DAY PAINTING" franchise at the Location, to the Franchisee.

B. The Guarantor is a shareholder, member, director or officer of the Franchisee. In order to induce the Franchisor to enter into the Franchise Agreement and the Assignment with the Franchisee, the Guarantor has agreed to guarantee personally all obligations of the Franchisee from time to time under the Franchise Agreement and any other obligations of Franchisee to Franchisor from time to time (the "**Obligations**") and also to give the postponements and personal covenants set out in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the sum of \$1.00 and of the Franchisor entering into the Franchise Agreement (the receipt and sufficiency of which are hereby acknowledged by the Guarantor), the Guarantor covenants and agrees as follows:

PART 1 - GUARANTEE

1. The Guarantor warrants that the facts contained in recital B are correct. The Guarantor unconditionally guarantees all of the Obligations and accordingly covenants and agrees with the Franchisor that all Obligations of the Franchisee shall be fully observed and performed, such guarantee being upon the following terms:

a. the liability of the Guarantor to the Franchisor shall be for all purposes as if the Guarantor was primary obligor under the Franchise Agreement, and not merely a surety for the Obligations of the Franchisee; and the Franchisor shall not be obliged to resort to or exhaust

any recourse which it may have against the Franchisee or any third party before being entitled to claim against the Guarantor;

b. no dealings between the Franchisor and the Franchisee of any kind, including without limitation any amendment of the Franchise Agreement or any waiver or release of any of the Obligations therein or performance thereof by the Franchisee, whether with or without notice to the Guarantor, shall affect the liability of the Guarantor hereunder;

c. any account settled or stated or any other settlement made between the Franchisor and the Franchisee, and any determination made pursuant to any of the Obligations which is expressed to be binding upon the Franchisee shall be binding upon the Guarantor;

d. the Guarantor shall make payment of any amount properly payable by the Franchisee to the Franchisor in respect of the Obligations upon demand by the Franchisor, and shall, upon demand by the Franchisor, perform every part of the Obligations which the Franchisee has failed to perform;

e. no complete or partial assignment of the Franchise Agreement, or any other dealings therewith by the Franchisee, whether with or without the consent of the Franchisor, shall affect this Guarantee;

f. this Part 1 constitutes a continuing guarantee of performance of the Obligations by the Franchisee and the obligations of the Guarantor contained in this Part 1 are not limited to any particular period of time but shall continue until all of the terms, covenants and conditions of the Franchise Agreement, have been fully and completely performed by the Franchisee or otherwise discharged by the Franchisor, and the Guarantor shall not be released from any liability under this Part 1 so long as there is any claim of the Franchisor against the Franchisee arising out of the Obligations that has not been fully performed, settled or discharged, subject to Section 1b, above, nor shall this guarantee be affected by the death, disability or reorganization (whether by way of amalgamation, transfer, sale, lease or otherwise) of the Franchisee or any of its directors, officers or shareholders, or any change in the Guarantor's financial condition or in the business or financial condition of the Franchisee or any of its directors, officers or shareholders (including by way of insolvency, bankruptcy or receivership); and

g. in the event of any payment by or recovery from the Guarantor under the provisions of this Part 1, the rights of the Guarantor shall in respect of such payment rank subsequent to the rights of the Franchisor and in the event of any recovery from the Franchisee or realization of any assets of the Franchisee, the Guarantor shall not be entitled to rank for payment in competition with the Franchisor. Until the Franchisor shall have received payment in full of all moneys due and owing by the Franchisee in respect of the Obligations, the Guarantor shall not have any right, claim or demand against the Franchisee ranking equally with or in priority to the rights of the Franchisor against the Franchisee.

2. Until all Obligations of the Franchisee have been satisfied in full, the Guarantor unconditionally waives any benefit of, and any right to participate in, any security which is now held or may hereafter be held by the Franchisor. The Guarantor unconditionally waives any right to receive from the Franchisor any communication whatsoever with respect to performance of

the Obligations by the Franchisee (including any subsequently created obligation or liability of the Guarantor to the Franchisor). The Guarantor assumes the entire responsibility for remaining informed as to the business, financial condition and liabilities of the Franchisee, and of all other circumstances bearing upon the risk of non-satisfaction of any of the Obligations by the Franchisee.

PART 2 - POSTPONEMENT

3. The Guarantor defers, postpones and subordinates in the manner hereinafter set forth all debts and liabilities, whether direct or indirect, absolute or contingent, which are now or at any time hereafter owing by the Franchisee to the Guarantor, including without limitation all loans, interest, security interests dividends of all kinds, salaries, bonuses, fees, gifts, advances, benefits or otherwise (collectively the "**Guarantor's Claims**") to the obligations guaranteed hereby and the Guarantor hereby assigns and transfers to the Franchisor every right and power of the Guarantor relating to the Guarantor's Claims.

4. So long as the provisions of this Guarantee continue in effect, any right of the Guarantor to receive at any time any payment of or on account of any of the Guarantor's Claims will be subordinated to every right of the Franchisor to receive payment of or on account of any of the Obligations and the Guarantor shall not commence any action, take any proceeding, collect or receive any payment upon, by set-off or counterclaim or in any other manner, any of the Guarantor's Claims, or assign, charge, mortgage, pledge, sell, transfer or otherwise encumber or give a security interest in or to any of the Guarantor's Claims.

PART 3 - PERSONAL COVENANTS

5. As additional personal covenants (and without limiting the generality of the other provisions of this Agreement), the Guarantor as primary obligor unconditionally covenants and agrees to be bound personally to comply with the following provisions of the Franchise Agreement, as if the Guarantor personally was the Franchisee: Section 13.3 (use of name and Marks); Section 13.4 (use of copyrights); Section 13.8 (use of Know-How); Section 13.9 (Confidential Information); Section 14.5 (compliance with laws); Section 14.9 (no solicitation of employees); Section 15.2 (discontinuance); Article 20 (non-competition); and Section 21.1 (indemnity by Franchisee). If the Guarantor breaches any of his or her covenants in this paragraph 5, then the Franchise Agreement shall be deemed to be in default and the Franchisor may exercise its remedies for default under the Franchise Agreement.

PART 4 - GENERAL

6. This Agreement is binding upon the Guarantor and his or her respective heirs, personal representatives and assigns, and inures to the benefit of the Franchisor and its successors and assigns. The Franchisor may assign this Guarantee in whole or in part with written notice to the Guarantor, and in such event the assignee and any subsequent assignees shall have the same rights and remedies as if originally named herein as the Franchisor, free of any and all intervening equities. The Guarantor will pay all amounts due to accountants, lawyers and other professional advisors which are incurred by the Franchisor in connection with the creation, execution, administration and enforcement of this Agreement.

7. The Guarantor further waives presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Franchise Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Franchisee and the Franchisor resulting from the Franchise Agreement or otherwise, and the settlement, compromise or adjustment thereof.

8. This Guarantee shall be enforceable by and against the respective administrators, executors, successors and assigns of the Guarantor and the death of the Guarantor shall not terminate the liability of the Guarantor or limit the liability of any other Guarantors.

9. The Guarantor acknowledges that he or she has obtained independent legal advice before signing this Agreement, and will provide a certificate of independent legal advice upon request in a form acceptable to Franchisor.

10. This Guarantee shall be interpreted in accordance with the laws of the state of Washington. The King County Superior Court in Seattle or the U.S. District Court in Seattle, as appropriate, shall have, except in respect of the granting of equitable relief, exclusive jurisdiction to entertain any proceeding in respect of this Agreement, and Franchisee and Franchisor each consent to such exclusive jurisdiction of such courts in all matters related to this Agreement.

IN WITNESS WHEREOF the Parties have has signed this Agreement under seal with effect from the date first above written.

WOW 1 DAY PAINTING LLC, a Washington limited liability company

By: _____
(authorized signatory)

SIGNED, SEALED and DELIVERED by the)
Guarantor in the presence of:)

_____)
Signature of Witness)

_____)
[32]

_____)
Address)

_____)
Occupation)

EXHIBIT G

General Security Agreement

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT is made effective [*].

BY:

[*], a [*], having an office at [*]

(the "**Debtor**")

IN FAVOUR OF:

WOW 1 DAY PAINTING LLC, a Washington limited liability company with an office at 301 – 887 Great Northern Way, Vancouver, British Columbia, V5T 4T5

(the "**Secured Party**")

ARTICLE I - OBLIGATIONS SECURED

1.1 This Security Agreement and the assignments, mortgages, pledges, charges and security interests hereby created are in addition to and not in substitution for any other assignment, mortgage, pledge, charge or security interest now or hereafter held by the Secured Party from the Debtor or from any other Person whomsoever and shall be general and continuing security for the due performance of all debts, liabilities, and obligations of the Debtor to the Secured Party, including the obligations contained in one or more franchise agreements (the "**Franchise Agreement**") made between the Secured Party (as Franchisor) and the Debtor (as Franchisee) and this Security Agreement (all of said debts, liabilities and obligations are hereinafter collectively called the "**Obligations**").

ARTICLE II - SECURITY INTEREST

2.1 As general and continuing security for the payment and performance of the Obligations, the Debtor hereby grants to the Secured Party a security interest in, and assigns, charges, mortgages and pledges to and in favour of the Secured Party, all of the Debtor's present and after acquired goods, securities, instruments, documents of title, chattel paper, licenses, intangibles and money located on, relating to or arising in connection with a Franchised Business (as defined in the Franchise Agreement) including, without limitation, all vehicles, equipment and accessories and all proceeds from the foregoing wheresoever situate (collectively, the "**Collateral**").

2.2 The security interest created hereby shall be a purchase money security interest to the extent that any of the Obligations are monies advanced by the Secured Party to enable the Debtor to purchase or otherwise acquire any of the Collateral and were so used and, without limitation, a certificate of an officer of the Secured Party as to the extent that the Obligations are monies so advanced shall be prima facie proof of the purchase money security interest created hereby.

2.3 The security interest created hereby shall be a general and continuing security interest notwithstanding any dealing by the Secured Party with the Debtor or any other person claiming under or with respect to the Debtor or the Collateral, notwithstanding any other title retention agreement, commercial pledge, right of re-sale, security interest or other encumbrance whatsoever, and notwithstanding that the indebtedness of the Debtor to the Secured Party may be reduced to a nil balance or be repaid and further advances made from time to time.

ARTICLE III - SALES IN ORDINARY COURSE OF BUSINESS

3.1 The Debtor shall have no right to sell, lease or dispose of any of the Collateral except for a sale in the ordinary course of business upon customary sales terms for value received and then only upon the express condition that on or before delivery to a third party the Debtor shall secure full settlement of the entire purchase price for the Collateral so sold in cash, notes, chattel paper or other property in form satisfactory to the Secured Party. Until the Debtor shall have made settlement with the Secured Party of the full amount due to the Secured Party with respect to all such Collateral sold or disposed of by the Debtor, the Debtor shall aggregate such cash, notes, chattel paper or other property and hold the same in trust for the Secured Party and the Secured Party shall have a security interest therein. The Debtor shall be entitled to transfer such notes or chattel paper free of such trust if at or prior to the time of such transfer the payment due from the Debtor to the Secured Party shall be assured to the satisfaction of the Secured Party.

ARTICLE IV - WARRANTIES OF DEBTOR

4.1 The Debtor hereby warrants to the Secured Party that:

(a) if it is a corporation then it is duly organized and validly existing under the laws of the jurisdiction indicated in Schedule A of this Agreement, and it is duly qualified to conduct its business in the states indicated in Schedule A, and the execution, delivery and performance hereto are within its corporate powers, have been duly authorized and do not contravene, violate or conflict with any law or the terms of its organizational documents or any indenture or agreement to which it is a party, and the Secured Party may require a certificate from an officer or a director of the Debtor certifying the foregoing facts;

(b) if an individual, then he or she has fully and accurately disclosed in Schedule A attached hereto his or her full legal name, date of birth, trade name, if any, and, place of business or place of principal residence, all as of the date of this Agreement;

(c) except for the security interest granted hereby and the encumbrances listed in Schedule B, or such other encumbrances as may be expressly permitted in writing signed by the Chief Executive Officer of the Secured Party from time to time (the "**Permitted Encumbrances**"), the Debtor is or will be the sole owner of, or have an interest in, the Collateral free from any adverse liens, security interest or encumbrances, and agrees that it will defend the Collateral against all claims and demands of all persons, firms or bodies corporate at any time claiming the same or any interest therein;

(d) the security interests herein are given and taken as additional security for the payment of the monies payable under other security instruments between the Debtor and the Secured Party, and not in substitution therefor;

(e) the Collateral has not been used or acquired for use primarily for personal, family or household purposes or otherwise as Consumer Goods; and

(f) the goods listed as Serial Numbered Goods in Schedule B are all the Serial Numbered Goods held by Debtor as of the Effective Date, and the serial number, make, model and other information with respect to such Serial Numbered Goods is complete and accurate.

ARTICLE V - UNDERTAKINGS OF DEBTOR

5.1 The Debtor hereby undertakes to:

(a) promptly pay all obligations, indebtedness and liabilities owing to the Secured Party as they become due or are demanded;

(b) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired, reasonable wear and tear excepted;

(c) except for the Permitted Encumbrances, not, create any security interest, mortgage, hypothecate, charge, lien or other encumbrance upon the Collateral or any part thereof ranking or purporting to rank in priority to or pari passu with the security interest created by this Agreement;

(d) provide written notification to the Secured Party within 10 days of its making of any security interest, mortgage, hypothecate, charge, lien or other encumbrance upon the Collateral or any part thereof ranking or purporting to rank in priority to or pari passu with the security interest created by this Agreement;

(e) defend the title to the Collateral against all persons, firms or bodies corporate claiming any interest in the Collateral or any part thereof;

(f) not, without the prior written consent of the Secured Party remove the Collateral or any part thereof from the location where the Debtor carries on its business, except for rentals, machinery demonstrations, repairs and maintenance, or as otherwise may be necessary in the ordinary course of business;

(g) pay all taxes, assessments, and levies or charges from any source which may be assessed against the Collateral or any part thereof or which may result in a lien against the Collateral or any part thereof and insure the Collateral for loss, damage or destruction by fire, explosion, flooding, wind storm and such other perils stipulated by the Secured Party in an amount not less than the full insurable value of the Collateral or the amount from time to time hereby secured, whichever is less, with appropriate endorsement to secure the Secured Party as its interest shall appear. In the event the Debtor shall fail to provide adequate insurance when required to do

so or to pay any of the said taxes, assessments, levies or charges the Secured Party may, without notice, at its option, but without any obligation or liability to do so, procure insurance and pay taxes or other charges, and add said sums to the balance of the debt hereby secured and claim from the Debtor immediate reimbursement of such sums;

(h) keep, at the principal place of business of the Debtor, accurate books and records of the Collateral and furnish at the request of the Secured Party from time to time, in writing, all information requested relating to the Collateral or any part thereof and the Secured Party shall be entitled from time to time to inspect the aforesaid Collateral and to take temporary custody of and make copies of all documents relating to Accounts Receivable and for such purposes the Secured Party shall have access to all premises occupied by the Debtor or where the Collateral or any of it may be found;

(i) duly observe and conform to all valid requirements of a governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;

(j) do, make and execute, from time to time at the Secured Party's request, all such financing statements, further assignments, documents, acts, matters and things as may be reasonably required by the Secured Party with respect to the Collateral or any part thereof or as may be required to give effect to these presents, and the Debtor hereby constitutes and appoints the Secured Party or any receiver, manager or receiver-manager appointed by the Court or the Secured Party as hereafter set out (all of whom are hereinafter referred to as the "**Receiver**"), the true and lawful attorney and agent of the Debtor irrevocably with full power of substitution to do, make and execute all such assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever it may be deemed necessary or expedient. The Receiver shall, from the date of the appointment, be an agent and officer of the Debtor. The Debtor shall be solely responsible for the acts, costs, defaults and remuneration of the Receiver and the Secured Party shall bear no liability therefor;

(k) give immediate notice to the Secured Party in the event of a change of the individual, corporate or trade name or of a change of the residential or business address of the Debtor;

(l) give immediate notice to the Secured Party of any sale of any of the Collateral and of the serial number, year, make and model of all Serial Numbered Goods at any time included in the Collateral or such other information as may be necessary from time to time for Secured Party to properly perfect its security interest in the Collateral;

(m) pay, on demand of the Secured Party, all reasonable expenses, including legal fees and disbursements on a solicitor and own client basis, filing and discharge costs, site investigation costs, appraisal costs, inspection costs, and all the remuneration of any receiver appointed hereunder or by court order, or incurred by the Secured Party in the preparation, attachment, perfection, enforcement or discharge of this Agreement or the security interest created thereby;

(n) not use the Collateral or any part thereof or acquire any after acquired property primarily for personal, family or household purposes or otherwise as Consumer Goods; and

(o) not permit any of the Collateral to be removed from the jurisdiction in which it is situate, or permit the Collateral to become an accession or a fixture to any other property other than other Collateral.

ARTICLE VI - MAINTAINING THE SECURITY INTEREST

6.1 The Debtor shall pay all expenses and, upon request, take any action reasonably deemed advisable by the Secured Party to preserve the Collateral or to establish, determine the priority of, perfect, continue perfected, terminate and/or enforce the Secured Party's interest or rights in it under this Agreement. If the Debtor fails to act as required by this Agreement, the Secured Party is authorized, in the Debtor's name, to take any such action, including without limitation, signing the Debtor's name or paying any amounts so required, and the cost thereof shall be a debt owing to the Secured Party and form part of the Obligations.

ARTICLE VII - DEFAULT

7.1 The Secured Party may, at its option, in writing, declare the Debtor to be in default under this Agreement and/or may declare the whole or any part of the unpaid balance of any of the Obligations secured by this Agreement immediately due and payable if any of the following events occurs:

- (a) the Debtor fails to pay when due any of the Obligations;
- (b) the Debtor fails to perform any term, condition, provision, covenant or undertaking of this Agreement or any other agreement between the Debtor and the Secured Party;
- (c) the Debtor ceases or threatens to cease to carry on its business, commits an act of bankruptcy, becomes insolvent, makes an assignment or bulk sale of all or substantially all of its assets, or proposes a compromise or arrangement to its creditors;
- (d) any proceeding is taken with respect to a compromise or arrangement or to have the Debtor declared bankrupt or wound up or to have a receiver appointed over any part of the Collateral or if any other secured party takes possession of any part thereof;
- (e) any execution, sequestration or extent or any other process of any Court becomes enforceable against the Debtor or if any distress or analogous process is levied upon the Collateral or any part thereof;
- (f) the occurrence of loss, theft, damage or destruction of the Collateral not covered by contracts of insurance in amounts adequate to cover the said loss, theft, damage or destruction or where the contracts of insurance covering the Collateral or any part thereof do not contain a loss payable clause for the protection of the Secured Party as its interest may appear; and

(g) if the Secured Party in good faith believes upon commercially reasonable grounds that the prospect of payment or performance on the part of the Debtor of any of its obligations is, or is about to be, impaired or that the Collateral, or any part thereof, is, or is about to be, in jeopardy including danger of being lost, damaged or confiscated or removed from the jurisdiction in which it is situate.

ARTICLE VIII - ENFORCEMENT AND REMEDIES

8.1 Upon default the security interests granted hereby shall become enforceable and the Secured Party shall have all the rights and remedies available to it under the applicable laws, including, but without restricting the generality of the foregoing, the following rights and remedies:

(a) the Secured Party may appoint by instrument in writing a Receiver of all or any part of the Collateral and remove or replace such Receiver from time to time or may institute proceedings in any Court of competent jurisdiction for the appointment of such a Receiver. Any such Receiver or Receivers so appointed shall have power to take possession of the Collateral hereby charged or to carry on the business of the Debtor and to concur in selling any of such Collateral or any part thereof, and for such purposes to occupy and use any real or personal property of the Debtor without charge therefor for so long as may be necessary;

(b) the Secured Party may demand that the Debtor assemble the Collateral or any part thereof, in any convenient place designated by the Secured Party and deliver possession of all of the Collateral or any part thereof to the Secured Party;

(c) the Secured Party may take such steps as it considers necessary or desirable to obtain possession of all or any part of the Collateral, and to that end the Debtor agrees that the Secured Party may by its servants, agents or Receiver at any time during the day or night enter upon lands and premises, and if necessary break into houses, buildings and other enclosures where the Collateral may be found for the purpose of taking possession of and removing the Collateral or any part thereof;

(d) the Secured Party may seize, collect, realize, borrow money on the security of, release to third parties or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times as may seem to it advisable and without notice to the Debtor (except as otherwise required by any applicable law);

(e) the Secured Party may charge the Debtor for any expense incurred by the Secured Party (including taxes, insurance, legal fees and disbursements on a solicitor and own client basis, site inspection costs, and appraisal, accounting and receiver fees) in protecting, seizing, collecting, realizing, borrowing on the security of, selling or obtaining payment of the Collateral or any part thereof and may add the amount of such sums to the indebtedness of the Debtor;

(f) the Secured Party may elect to retain all or any part of the Collateral in satisfaction of the obligations, indebtedness and liabilities of the Debtor to the Secured Party;

(g) the Secured Party may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other securities as the Secured Party may see fit without prejudice to the liability of the Debtor or the Secured Party's right to hold and realize the Collateral;

(h) in the event of the Secured Party taking possession of the Collateral, or any part thereof in accordance with the provisions of this Agreement, the Secured Party shall have the right to maintain the same upon the premises on which the Collateral may then be situate and for the purpose of such maintaining shall be entitled to the free use and enjoyment of all necessary buildings, premises, housing, stabling, shelter and accommodation for the proper maintaining, housing and protection of the Collateral so taken possession of by the Secured Party as aforesaid, and for its servant or servants, assistant or assistants and the Debtor covenants and agrees to provide the same without cost or expense to the Secured Party until such time as the Secured Party shall determine in its discretion to remove, sell or otherwise dispose of the Collateral so taken possession of by it as aforesaid;

(i) to facilitate the realization of the Collateral, the Secured Party may carry on or concur in the carrying on of all or part of the business of the Debtor and may, to the exclusion of all others, including the Debtor, enter upon, occupy and use all or any of the premises, buildings, plant and undertaking of the Debtor or occupied or used by the Debtor, and use all or any of the tools, machinery and equipment of the Debtor for such time as the Secured Party sees fit, free of charge, to manufacture or complete the manufacture of any inventory and to pack and ship the finished product, and the Secured Party shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, rent charges, depreciation or damages in connection with such actions;

(j) the Secured Party may, if it deems it necessary for the proper realization of all or any part of the Collateral, pay any encumbrance, lien, claim or charge that may exist or be threatened against the Collateral and in every such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations at the date of payment thereof by the Secured Party;

(k) the Secured Party may sell, lease or otherwise dispose of all or any part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefore and on such terms as to credit, including deferring payment for the Collateral so disposed of, and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Secured Party may seem reasonable, provided that if any sale is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies therefor are actually received; and

(l) all monies collected or received by the Secured Party in respect of the Collateral may be applied on account of such parts of the indebtedness and liability of the Debtor as to the Secured Party seems best or may be held inappropriate in a Collateral account or in the discretion of the Secured Party may be released to the Debtor, all without prejudice to the Secured Party's claims upon the Debtor.

8.2 Notwithstanding anything contained in Article 8.1 herein, the Secured Party shall have the right to collect any payment arising from any Account Receivables or Intangibles both before and after default.

8.3 The rights and remedies herein conferred upon the Secured Party shall be cumulative and not alternative and shall be in addition to and not in substitution for or in derogation of rights and remedies conferred by applicable laws.

ARTICLE IX - WAIVER

9.1 The Secured Party may permit the Debtor to remedy any default without waiving the default so remedied, and the Secured Party may waive any default without having waived any other subsequent or prior default by the Debtor. A waiver shall only be binding on the Secured Party if it has been given in writing.

9.2 The Debtor shall not be discharged by any extension of time, additional advances, renewals and extensions, the taking of further security, releasing of security, extinguishment of the security interest created herein as to all or any part of the Collateral, the failure to perfect the security interest or any other act except a release or discharge of the said security interest upon the full payment of the obligations, indebtedness and liabilities secured by this Agreement, including charges, expenses, fees, costs and interest.

9.3 The Debtor waives the right to receive any Verification Statements or Financing Statements related to this Agreement.

ARTICLE X - NON-LIABILITY OF THE SECURED PARTY

10.1 The Secured Party shall not be liable or accountable for any failure to seize, collect, realize, sell or obtain payment of the Collateral or any part thereof and shall not be bound to institute proceedings for the purpose of seizing, collecting, realizing or obtaining possession or payments of the same or for the purpose of preserving any rights of the Secured Party, the Debtor, or any other person, firm or body corporate in respect of same. The Secured Party shall use reasonable care in the custody and preservation of Collateral it has taken into its possession and the Debtor hereby agrees that the Secured Party shall not be obliged to preserve any rights against other persons or take any steps to preserve any rights of the Debtor in the Collateral.

10.2 The Secured Party shall not be liable or accountable to the Debtor in any manner whatsoever on account of the Secured Party releasing information relating to this or any other agreement between the parties to another person pursuant to a legal requirement to do so.

ARTICLE XI - ADDITIONAL SECURITY

11.1 This Agreement is in addition to and not in substitution for any other agreement between the parties creating a security interest in all or part of the Collateral, and whether heretofore or hereafter made, and the terms of such other agreement or agreements shall be deemed to be continued unless expressly provided to the contrary in writing and signed by the parties.

ARTICLE XII - ATTACHMENT

12.1 Subject to Section 12.2, the Debtor warrants and acknowledges that value has been given, the Debtor has rights in the Collateral and the Debtor and the Secured Party intend the security interests created by this Agreement to attach upon the execution of this Agreement.

12.2 With respect to any part of the Collateral to be acquired by the Debtor after the date hereof, the Debtor warrants and acknowledges that the Debtor and the Secured Party intend the security interests created by this Agreement to attach as soon as the Debtor has rights therein.

ARTICLE XIII - FUTURE ADVANCES

13.1 Nothing herein contained including the execution of this Agreement nor the perfection of any of the security interests contained herein shall obligate the Secured Party to make any advance or future advance or loan or renewal or extension of any indebtedness or liability of the Debtor whatsoever.

ARTICLE XIV - NOTICES

14.1 Notwithstanding anything herein contained and whether or not expressly stipulated herein, every notice or other communication contemplated hereby or otherwise relating hereto shall be in writing. Every notice required or permitted to be communicated herein, may be:

(a) served personally by leaving it with the party to whom it is to be communicated;

(b) communicated by facsimile to the party to whom it is to be communicated;
or

(c) sent by reputable overnight courier.

If a notice is served personally, it shall be deemed to have been validly communicated to and received by the party to whom it was addressed on the date on which it was delivered. If a notice is communicated by facsimile, it shall be deemed to have been validly communicated to and received by the party to whom it was addressed on the expiry of eight hours after it was transmitted or 9:00 o'clock a.m. (according to the time zone of the party to whom it was addressed) on the day following its transmission, whichever is later. If a notice is sent by courier as aforesaid, it shall be deemed to have been validly communicated to and to have been received by the addressee thereof on the third day following the sending thereof. Any address as provided for in this Section may be changed by written notice as contemplated by this Section, and the respective addresses of the parties hereto for the communication of notice shall be to the addresses on page 1 of this Agreement, and to the individuals listed in Schedule C as contact persons.

ARTICLE XV - INTERPRETATION

15.1 All headings used in this Agreement have been inserted for convenience of reference only and are not intended to assist in the interpretation of any of the provisions of this Agreement unless expressly referred to in the provisions of this Agreement.

15.2 Unless otherwise defined in this Agreement, all capitalized terms shall have the meaning ascribed to them in the applicable Uniform Commercial Code.

ARTICLE XVI - AMENDMENT

16.1 Any amendment or modification of this Agreement shall be effective only if in writing and signed by the Secured Party and the Debtor.

ARTICLE XVII - GENERAL

17.1 The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision.

17.3 This Agreement shall be interpreted in accordance with the laws of the state where the collateral is located.

ARTICLE XVIII - RECEIPT OF COPY

18.1 The Debtor hereby acknowledges receipt of a copy of this Agreement.

ARTICLE XIX - SUCCESSORS

19.1 This Agreement benefits the Secured Party, its successors and assigns and binds the Debtor and its heirs, executors, personal representatives, successors and assigns.

IN WITNESS WHEREOF the Debtor has executed this Security Agreement this ____ day of _____, 20__.

[*]

Per: _____
Authorized Signatory

SCHEDULE A

This is Schedule A to a General Security Agreement
Between
WOW 1 DAY PAINTING LLC, a Washington limited liability company and
[*], a [*]

Debtor Information:

Where Debtor is an Individual:

1. Name on your birth certificate or, if adopted, your name by adoption:

Full First Name	Full Second Name	Surname
-----------------	------------------	---------

2. DBA Name(s), Trade Name(s) or Alias(es):

3. Date and place of birth:

Date of Birth	Place of Birth
---------------	----------------

4. Principal Residence:

Where Debtor in an Entity

Type of Entity	Jurisdiction of Formation	States Where Authorized to Carry on Business
----------------	---------------------------	--

SCHEDULE B

This is Schedule B to a General Security Agreement
Between
WOW 1 DAY PAINTING LLC, a Washington limited liability company and
[*], a [*]

Permitted Encumbrances:

Purchase Money Security Interests held by the lessors or creditors pursuant to Vehicle Leases (as that term is defined in the Franchise Agreement): (i) encumbering no more than the minimum number of Vehicles required under the Franchise Agreement, and (ii) only encumbering the particular Vehicle, and no other property of Debtor.

Serial Numbered Goods:

Description	Serial Number	Make	Model	Year
-------------	---------------	------	-------	------

SCHEDULE C

This is Schedule C to a General Security Agreement
Between
WOW 1 DAY PAINTING LLC, a Washington limited liability company and
[*], a [*]

Contact Persons:

For the Debtor: [*]

For the Secured Party:

EXHIBIT H

National Account Program Participation Agreement

**WOW 1 DAY PAINTING
NATIONAL ACCOUNT PROGRAM PARTICIPATION AGREEMENT**

The WOW 1 DAY PAINTING National Account Participation Program is between WOW 1 DAY PAINTING LLC (the “Franchisor”), and the undersigned franchisee of the WOW 1 DAY PAINTING franchise system (the “Participating Franchisee”).

WHEREAS:

- A. The Franchisor and the Participating Franchisee have entered into one or more franchise agreements (the “Franchise Agreement”) whereby the Franchisee has been granted the right to carry on a Franchised Business in the WOW 1 DAY PAINTING franchise system (the “System”).
- B. The existence of multiple franchisees in the System creates opportunities to enter into accounts with other entities that have multiple locations in more than one territory in the System (each, a “National Account”) for the benefit of Participating Franchisees by leveraging the national scope of the System.
- C. The establishment of National Accounts is best facilitated by the establishment of a program, upon the terms set out herein, whereby the Franchisor will have the authority to negotiate National Accounts on behalf of the System as a whole, whether acting as agent or as principal (the “Program”).

Now therefore, the Franchisor and the Participating Franchisee agree as follows:

- 1. **Interpretation.** All capitalized terms not otherwise defined herein shall have the same meaning as under the Franchise Agreement.
- 2. **Agency or General Contractor.** The Franchisor or an affiliate may enter into National Account agreements as agent or as general contractor as follows:
 - (a) Where the Franchisor enters into a National Account agreement as agent, it shall act as agent on behalf of the Participating Franchisee, and the Participating Franchisee hereby appoints Franchisor as its attorney-in-fact to do so.
 - (b) Where the Franchisor enters into a National Account agreement as general contractor, it shall enter into such agreement as principal, and may subcontract the services to such National Account to the Participating Franchisee, provided that Franchisee services such National Account in accordance with the terms and conditions of the particular National Account agreement.

3. ***National Account Terms.*** Franchisor may enter into National Accounts upon any terms it determines, in good faith, to be commercially viable for the System, including, without limitation:

- (a) The provision of discounts the National Account off of regular retail pricing, whether or not based upon volume.
- (b) The payment of commissions to the National Account or any party referring the National Account whether on a one-time or on an ongoing basis.
- (c) The establishment of fixed pricing or pricing models unique to the National Account.
- (d) The provision of service levels or standards unique to the National Account, including the requirement to provide service within required time periods or the provision of regularly scheduled service.
- (e) The provision of centralized billing for the National Account through the Franchisor or its affiliate.
- (f) The requirement for the Participating Franchisee to obtain insurance levels required by the National Account, including the addition of the National Account or Franchisor's assignee as a name insured or additional insured on applicable insurance policies.
- (g) The requirement that the Participating Franchisee comply with additional terms of service required by the National Account, including but not limited to employee training and investigation, reporting, and invoicing procedures.

4. ***Acknowledgements.*** The Participating Franchisee acknowledges and agrees to the following:

- (a) The Franchisor may discontinue the Program for any reason, at any time.
- (b) The Participating Franchisee may elect to withdraw from the Program upon 30 days written notice to the Franchisor, provided that the Participating Franchisee acknowledges that withdrawal from the Program will result in the Participating Franchisee being precluded from servicing any National Account, and will allow the Franchisor to offer other franchisees or other third parties the opportunity to service National Accounts in the Participating Franchisee's Territory.
- (c) Franchisor may at any time terminate a particular Franchisee from the Program or a particular National Account if the Franchisee commits a

default under the Franchise Agreement, whether or not such default amounts to a Material Default under the terms of the Franchise Agreement, or if the Participating Franchisee fails to service a particular National Account strictly in accordance with the applicable terms and conditions.

- (d) The Franchisor makes no representation to the Participating Franchisee that any particular National Account will be of any direct or indirect benefit to the Participating Franchisee, or that the Participating Franchisee will in fact have the opportunity to service any National Account.
- (e) Franchisors may withhold applicable Royalties on National Account work or any other amounts owing to the Franchisor from any payments to the Franchisee on account of Services provided to a National Account.
- (f) Franchisor may assign this Agreement to any of its Affiliates from time to time.
- (g) Franchisor may include such other terms from time to time as may be set out in the Operations Manual.

ACKNOWLEDGED AND AGREED

[**] elects to participate in the WOW 1 DAY PAINTING National Account Participation Program and agrees to its terms:

**

Per: _____
(authorized signatory)

Guarantor:

Per: _____
Name:

EXHIBIT I

State Specific Addenda

STATE SPECIFIC ADDENDA

The following modifications are made to the WOW 1 DAY PAINTING LLC Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated _____, 20__.

The following are state specific changes for certain franchise registration states and are applicable to you only if you are covered by the franchise law of the referenced state:

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

You must sign a general release of claims if you renew or transfer your franchise rights. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043).

Neither we, nor any person or franchise broker disclosed 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 these persons from membership in this association or exchange.

The Franchise Agreement requires application of the laws of the State of Washington. This provision may not be enforceable under California law.

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 termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause, which, under Civil Code Sec. 1671, may not be enforceable

If the Franchise Agreement contains any provision that allows us to recover liquidated damages or termination payments, and if that provision is held unenforceable by an arbitrator or court of competent jurisdiction or if we waive that provision, then we are permitted instead to recover contractual damages caused by any breach of contract or default by you.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as 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.

Section 31125 of the California Corporation Code requires us to give you a Disclosure Document, in the form and containing the information as the Commissioner of Business Oversight may by rule or order require, before we ask you to consider a proposed material modification of your franchise agreement.

The URL of our website is www.wow1day.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.dbo.ca.gov.

HAWAII

The following is added to the Cover Page:

“THESE FRANCHISES WILL BE OR 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 IN THIS DISCLOSURE DOCUMENT 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 YOU, AT LEAST SEVEN DAYS BEFORE THE EXECUTION BY YOU, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY YOU, 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. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

WE MAY NOT BE ABLE TO MEET OUR CURRENT OBLIGATIONS DUE TO THE FACT THAT OUR CURRENT LIABILITIES EXCEED OUR CURRENT ASSETS. AS OF DECEMBER 31, 2013, FOR EVERY \$1 IN LIABILITIES, WE ONLY HAVE \$0.57 IN CURRENT ASSETS.”

Items 5 and 7 of the Disclosure Document and Section 3 and Schedule B of the Franchise Agreement are amended to provide that initial franchise fees are paid when our pre-opening obligations to you are complete and you are ready to commence business.

ILLINOIS

Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State of Illinois may not be enforceable, and is amended to the minimum extent required by Illinois law.

Any provision described in the Disclosure Document and contained in the Franchise Agreement that imposes the law of any other state may not be enforceable, and is amended to the minimum extent required by Illinois law.

Any provision in the Franchise Agreement that limits the continuing effectiveness of representations made by us in the Disclosure Document is amended to the minimum extent necessary to allow for the continued reliance by you on the accuracy of the statements and representations made by us in the Disclosure Document.

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

Items 5 and 7 of the Disclosure Document and Section 3 and Schedule B of the Franchise Agreement are amended to provide that initial franchise fees are paid when our pre-opening obligations to you are complete and you are ready to commence business. The Illinois Attorney General's Office has imposed the deferral requirement because of our financial condition.

KANSAS

Section 21.1 of the Franchise Agreement states that you will indemnify and hold us, and our subsidiaries, affiliates, shareholders, directors, officers, employees, agents, assignees and other franchisees; harmless against all liabilities, obligations, and consequential damages, taxes, costs, losses and actual legal expenses; any claim, litigation or other action or proceeding arising out of the operation of the franchised business. However, you are not required to indemnify us for claims resulting solely from our breach of this Agreement or other wrongs we commit. This provision may not be enforceable in Kansas unless separately negotiated and reasonable. By signing this Addendum, you hereby agree that you separately considered and had an opportunity to consult legal counsel concerning this indemnity, and that you consider it reasonable.

Section 14.5 of the Franchise Agreement requires that you name us as an additional named insured on certain insurance policies. This provision may not be enforceable in Kansas unless separately negotiated and reasonable. By signing this Addendum, you hereby agree that you separately considered and had an opportunity to consult legal counsel concerning this insurance clause, and that you consider it reasonable.

MARYLAND

Items 5 and 7 of the Disclosure Document and Section 3 and Schedule B of the Franchise Agreement are amended to provide that all initial fees and payments shall be deferred until such time as we complete our initial obligations under the Franchise Agreement.

Item 17 of the Disclosure Document and any provision in the Franchise Agreement providing for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Item 17 of the Disclosure Document and sections of the Franchise Agreement requiring that you sign a general release as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

The Franchise Agreement is amended to state that all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 and the Franchise Agreement are revised to state that any claims under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Item 17v of the Disclosure Document and Section 21.12 of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

MICHIGAN

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

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

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel that deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a franchise before the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.
- (d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials that have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if: (i) the term of the franchise is less than 5 years and (ii) you are 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 after the expiration of the franchise or you do not receive at least 6 months advance notice of our intent not to renew the franchise.
- (e) A provision that permits us to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision that permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet our then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of us or our subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) You or your proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a franchise for the market or appraised value of the assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision that permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

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

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

Any provision in the Franchise Agreement specifying that litigation between us and you is to take place outside of Michigan is amended to provide instead that litigation will be brought either in the forum designated in the Franchise Agreement or in the state or federal courts located in Detroit, Michigan, and the parties consent to the jurisdiction of those courts; provided, however, that we reserve the right to seek relief in any other jurisdiction as may be necessary or desirable to obtain declaratory, injunctive, or other relief to enforce the provisions and restrictions of the Franchise Agreement. This amendment will have no effect on the forum or venue of any arbitration proceeding between us and you.

MINNESOTA

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may 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.

We will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require (except in certain specified cases), that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer will not be unreasonably withheld.

We will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of our primary trade name.

Minnesota Rule 2860.4400D may prohibit us from requiring you to assent to a general release.

In accordance with Minnesota Rule 2860.4400J, to the minimum extent required by law, the Disclosure Document and the Franchise Agreement are modified so that we can not require you to waive your rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

Any statements in the Disclosure Document and Franchise Agreement stating that we are entitled to injunctive relief are amended to read "we may seek injunctive relief". A court will determine if a bond is required.

Provisions in the Disclosure Document and Franchise Agreement limiting your right to file claims, that are inconsistent with Minnesota Statute Sec. 80C.17, Subd. 5, are amended to the minimum extent required by Minnesota law.

NEW YORK

The following language is added to the Disclosure Document at the end of Item 3:

“Except as described above, neither we, our predecessors, a person identified in Item 2, nor an affiliate offering franchises under our principal trademark has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations; or any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

Except as described above, neither we, our predecessors, a person identified in Item 2, nor an affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Except as described above, neither we, our predecessor, a person identified in Item 2, nor an affiliate offering franchises under our principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling the person from membership in the association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including actions affecting a license as a real estate broker or sales agent.”

The following language is added to the Disclosure Document as the last paragraph in Item 4:

“Except as described above, neither we, our affiliates, predecessors, officers, nor general partner during the ten-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner held this position in the company or partnership.”

The following language is added to the Disclosure Document at the end of Item 5:

“The purpose of the initial fee is to compensate us for the cost of selling franchises.”

The following language is added to the Disclosure Document in Item 17d:

“You may terminate the Franchise Agreement on any grounds available by law.”

NORTH DAKOTA

Sections of the Disclosure Document and Franchise Agreement requiring you to consent to the jurisdiction of courts outside of North Dakota or providing for resolution of disputes to be outside North Dakota may not be enforceable under North Dakota law, and are amended accordingly to the minimum extent required by law.

Sections of the Franchise Agreement requiring you to arbitrate or mediate disputes may require you to consent to a waiver of trial by jury. A waiver of trial by jury may not be enforceable under North Dakota law and any such provisions are amended accordingly to the minimum extent required by law.

Sections of the Disclosure Document and Franchise Agreement relating to choice of law, may not be enforceable under North Dakota law, and are amended accordingly to the minimum extent required by law.

Sections of the Disclosure Document and Franchise Agreement requiring you to sign a general release upon renewal of the Franchise Agreement may not be enforceable North Dakota law, and are amended accordingly to the minimum extent required by law.

Sections of the Disclosure Document and Franchise Agreement requiring you to consent to termination or liquidated damages may not be enforceable under North Dakota law. The Disclosure Document and Franchise Agreement are revised to state that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

If the Franchise Agreement contains any provision that allows us to recover liquidated damages or termination payments, and if that provision is held unenforceable by an arbitrator or court of competent jurisdiction or if we waive that provision, then we are permitted instead to recover contractual damages caused by any breach of contract or default by you.

Sections of the Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under North Dakota law, and any such provisions are amended accordingly to the minimum extent required by law.

Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that those covenants may be subject to the statute, have been determined to be unfair, unjust, or inequitable in North Dakota. Sections of the Disclosure Document and Franchise Agreement containing covenants restricting competition to which you must agree may not be enforceable under North Dakota law, and are amended accordingly to the minimum extent required by law.

Items 5 and 7 of the Disclosure Document and Section 3 and Schedule B of the Franchise Agreement are amended to provide that initial franchise fees are paid when our pre-opening obligations to you are complete and you are ready to commence business.

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act 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 this Act." The Disclosure Document and Franchise Agreement are amended accordingly to the minimum extent required by law.

SOUTH DAKOTA

Items 5 and 7 of the Disclosure Document and Section 3 and Schedule B of the Franchise Agreement are amended to provide that initial franchise fees are paid when our pre-opening obligations to you are complete and you are ready to commence business.

VIRGINIA

The following statements are added to Item 17.h. of the Disclosure Document:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for us to cancel your 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.

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by you to us until we have completed our pre-opening obligations under the Franchise Agreement.

WASHINGTON

A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. 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 and are amended to the extent required by law.

Transfer fees are collectible to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

Items 5 and 7 of the Disclosure Document and Section 3 and Schedule B of the Franchise Agreement are amended to provide that initial franchise fees are paid when our pre-opening obligations to you are complete and you are ready to commence business.

WISCONSIN

With respect to Franchise Agreements governed by Wisconsin law, the following shall supersede any inconsistent provision:

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, nonrenewal or substantial change in the competitive circumstances of a dealership agreement without good cause. The Law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document and Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions in the Franchise Agreement that are inconsistent with that Law. Wis. Stats. Ch. 135, The Wisconsin Fair Dealership Law. SEC 32.06(3), Wis. Adm. Code.

ACKNOWLEDGMENT:

You acknowledge that you have received and reviewed the foregoing State Law Addenda. All parties agree that, to the extent applicable and required under state law, the foregoing provisions are added to supersede or modify the existing provisions of the Franchise Agreement, but only to the extent and for so long as they embody valid, enforceable, and obligatory state law then in effect.

ACKNOWLEDGED AND AGREED as of _____, 20__.

FRANCHISOR:

WOW 1 DAY PAINTING LLC

By: _____
Title: _____
Date Signed: _____

FRANCHISEE

By: _____
Title: _____
Date Signed: _____

By: _____
Title: _____
Date Signed: _____

By: _____
Title: _____
Date Signed: _____

By: _____
Title: _____
Date Signed: _____

EXHIBIT J

Form of General Release

(may be signed in connection with a transfer or renewal – actual language may vary)

RELEASE

KNOW THAT _____ and its successors, assigns, agents, affiliates, successors, parents, subsidiaries and assigns, together with their past, present and future principals, owners, shareholders, controlling persons, officers, directors, successors and assigns (collectively, "RELEASOR"), in consideration of the right to renew, assign or transfer its Franchise Agreement with WOW 1 DAY PAINTING LLC ("Franchisor") and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, releases and discharges Franchisor and its officers, directors, employees, stockholders, agents and servants, affiliates and their respective officers, directors, employees, agents and servants and their respective successors and assigns (collectively, "RELEASEE") from any and all actions, causes of actions, suits, debts, liens, agreements, accounts, promises, liabilities, judgments, demands, losses, cost or expense, of any nature whatsoever, in law or equity, whether known or unknown, suspected or unsuspected, claimed or concealed, fixed or contingent, relating to any events or circumstances existing from the beginning of time through the date this Release is executed, which the RELEASOR, its heirs, executors, administrators, successors and assigns does have or hereafter can, shall or may have against the RELEASEE for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE, except for any claims that may arise under the Maryland Franchise Registration and Disclosure Law.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR has executed this RELEASEE on _____, 20__.

Executed and delivered in the presence of:

[Franchisee]

Witness

By:

EXHIBIT K

Receipts

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 WOW 1 DAY PAINTING LLC offers you a franchise, WOW 1 DAY PAINTING LLC must provide this disclosure document to you at least 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale (or sooner if required by applicable state law).

The laws of 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 the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

The laws of Michigan require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If WOW 1 DAY PAINTING LLC 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your State Administrator as set forth in Exhibit D. See Exhibit D for WOW 1 DAY PAINTING LLC’s agent for service of process.

The following franchise seller(s) has/have offered this franchise on behalf of Franchisor:

<u>Name</u>	<u>Principal Business Address</u>	<u>Telephone Number</u>
Cameron Wears	301 - 887 Great Northern Way Vancouver , BC Canada V5T 4T5	866-266-5865

I have received the WOW 1 DAY PAINTING LLC disclosure document with an issuance date of April 10, 2014, which includes the following Exhibits:

- | | |
|--|---|
| A. Lists of Franchisees and Certain Former Franchisees | F. Guarantee Agreement |
| B. Franchise Agreement with attached schedules | G. General Security Agreement |
| C. Operations Manual Table of Contents | H. National Account Program Participation Agreement |
| D. State Regulatory Authorities and Agents for Service of Process in Certain States | I. State Specific Addenda |
| E. Audited financial statements for the years ended December 31, 2013; December 31, 2012 and December 31, 2011 | J. Form of General Release |
| | K. Receipts |

PROSPECTIVE FRANCHISEE:

DATE DISCLOSURE DOCUMENT RECEIVED: _____

If individual:

(signature)

(signature)

(print name)

(print name)

If entity:

(print name of entity)

(print state where formed)

By _____
(signature)

(print name)

Its _____
(print title)

KEEP THIS COPY FOR YOUR RECORDS

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully. WOW 1 DAY PAINTING LLC offers you a franchise, WOW 1 DAY PAINTING LLC must provide this disclosure document to you at least 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale (or sooner if required by applicable state law).

The laws of 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 the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

The laws of Michigan require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If WOW 1 DAY PAINTING LLC 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your State Administrator as set forth in Exhibit D. See Exhibit D for WOW 1 DAY PAINTING LLC's agent for service of process.

The following franchise seller(s) has/have offered this franchise on behalf of Franchisor:

<u>Name</u>	<u>Principal Business Address</u>	<u>Telephone Number</u>
Cameron Wears	301 - 887 Great Northern Way Vancouver , BC Canada V5T 4T5	866-266-5865

I have received the WOW 1 DAY PAINTING LLC disclosure document with an issuance date of April 10, 2014, which includes the following Exhibits:

- | | |
|--|---|
| A. Lists of Franchisees and Certain Former Franchisees | F. Guarantee Agreement |
| B. Franchise Agreement with attached schedules | G. General Security Agreement |
| C. Operations Manual Table of Contents | H. National Account Program Participation Agreement |
| D. State Regulatory Authorities and Agents for Service of Process in Certain States | I. State Specific Addenda |
| E. Audited financial statements for the years ended December 31, 2013; December 31, 2012 and December 31, 2011 | J. Form of General Release |
| | K. Receipts |

PROSPECTIVE FRANCHISEE:

DATE DISCLOSURE DOCUMENT RECEIVED: _____

If individual:

(signature)

(signature)

(print name)

(print name)

If entity:

(print name of entity)

(print state where formed)

By _____
(signature)

(print name)

Its _____
(print title)

RETURN THIS COPY TO US