



FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE DISCLOSURE DOCUMENT

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company
3948 Rancho Drive, Ann Arbor MI 48108
1-800-824-8881
info@protectpainters.com
www.protectpainters.com



The franchise owner will provide painting services to residential and commercial customers, utilizing the ProTect Painters business system, which is sometimes referred to below as the “Franchise”, “Franchised Business”, or “ProTect Painters Franchise.”

The total investment necessary to begin operation of a ProTect Painters Franchise is from \$64,950 to \$97,350. This includes \$47,000 that must be paid to the franchisor or 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 disclosures in different formats, contact Ms. Michelle Justavino at 3948 Rancho Drive, Ann Arbor, MI 48108, 734-822-6570.

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 the 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, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date: April 1, 2009

[See state specific issuance dates, if different from the above date, on page 6.]

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 C 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:

WE WERE ORGANIZED IN JANUARY 2009 AND HAVE A BRIEF OPERATING HISTORY FOR YOU TO REVIEW. BECAUSE WE HAVE BEEN OPERATING ONLY A SHORT PERIOD OF TIME, WE HAVE LIMITED RESOURCES WITH WHICH TO SUPPORT THE FRANCHISE SYSTEM. YOU MAY WANT TO CONSIDER THESE FACTORS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN MICHIGAN. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN MICHIGAN THAN IN YOUR OWN STATE.

ANY DISPUTES WITH US THAT ARE NOT SUBJECT TO ARBITRATION MUST BE RESOLVED BY LITIGATION IN MICHIGAN. IT MAY COST YOU MORE TO LITIGATE WITH US IN MICHIGAN THAN IN YOUR OWN STATE.

THE FRANCHISE AGREEMENT STATES THAT MICHIGAN 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.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective Date: April 1, 2009

[See state specific effective dates, if different from the above date, on page 6.]

STATE ISSUANCE/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 19, 2009 as amended November 10, 2009
Florida:	April 16, 2009 as amended October 22, 2009
Hawaii:	April 3, 2009
Illinois:	May 4, 2009
Indiana:	March 12, 2009/April 1, 2009
Maryland:	July 2, 2009
Michigan:	April 1, 2009
Minnesota:	March 30, 2009
New York:	March 17, 2009/April 1, 2009
North Dakota:	May 15, 2009
Rhode Island:	April 24, 2009
South Dakota:	March 13, 2009/April 1, 2009
Utah:	March 16, 2009/April 1, 2009
Virginia:	April 6, 2009/May 17, 2009
Washington:	March 20, 2009
Wisconsin:	April 1, 2009

ADDITIONAL DISCLOSURES FOR THE STATE OF MICHIGAN

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

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

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

- d) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- 8. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in the subdivision (c)
- 9. A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Attn: Franchise
P.O. Box 30213
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

Michigan Effective Date: April 1, 2009

PROTECT PAINTERS INTERNATIONAL, LLC

TABLE OF CONTENTS

ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES.	11
ITEM 2. BUSINESS EXPERIENCE.	14
ITEM 3. LITIGATION.	16
ITEM 4. BANKRUPTCY.....	16
ITEM 5. INITIAL FEES.	16
ITEM 6. OTHER FEES.	19
ITEM 7: ESTIMATED INITIAL INVESTMENT	22
ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	24
ITEM 9. FRANCHISEE’S OBLIGATIONS.....	28
ITEM 10. FINANCING.....	29
ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.	30
ITEM 12. TERRITORY.....	39
ITEM 13. TRADEMARKS.....	43
ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.....	45
ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	46
ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.	47
ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	47
ITEM 18. PUBLIC FIGURES.....	50
ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS	50
ITEM 20. OUTLETS AND FRANCHISEE INFORMATION	51
ITEM 21. FINANCIAL STATEMENTS.....	54
ITEM 22. CONTRACTS.....	54
ITEM 23. RECEIPTS.....	54

EXHIBIT A-1 FRANCHISE AGREEMENT AND RELATED MATERIAL	55
EXHIBIT A-2: STATE ADDENDA AND RIDERS TO FRANCHISE AGREEMENT	105
EXHIBIT A-3: CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT	119
EXHIBIT A-4: DISCLOSURE AND ACKNOWLEDGMENT STATEMENT.....	121
EXHIBIT A-5 MUTUAL RELEASE – RENEWAL	123
EXHIBIT A-6: GENERAL RELEASE – ASSIGNMENT	127
EXHIBIT A-7: SAMPLE REGIONAL ADVERTISING COOPERATIVE ADDENDUM.....	131
EXHIBIT A-8: ELECTRONICS FUND TRANSFER AGREEMENT.....	133
EXHIBIT B: FINANCIAL STATEMENTS	135
EXHIBIT C: STATE ADMINISTRATORS.....	137
EXHIBIT D: AGENTS FOR SERVICE OF PROCESS.....	138
EXHIBIT E: STATE ADDENDA TO DISCLOSURE DOCUMENT.....	139
EXHIBIT F: LIST OF FRANCHISEES.....	145
EXHIBIT G: LIST OF FORMER FRANCHISEES	145
EXHIBIT K: RECEIPT.	147

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

1.1 Introduction

ProTect Painters International, LLC., is a Michigan limited liability company formed January 8, 2009 for the sole purpose of franchising and licensing the ProTect Painters system (the "System") in the United States and internationally. Throughout this Disclosure Document "we," "our," and "us," means ProTect Painters International, LLC, and "you" and "your" means the Franchise Owner or Licensee. We maintain our principal business address at 3948 Ranchero Drive, Ann Arbor, MI 48108. Our agent for service of process is disclosed in Exhibit D of this Disclosure Document.

1.2 Our Business and the Franchises Offered in This State

In January 2009, we purchased substantially all of the assets of ProTect Painters Development LLC, formerly a franchise company owned and operated by Mr. Wayne Scherger. Our purpose for this acquisition was to bring some of the personnel, experience, relationships and expertise of Service Brands International, LLC, a Michigan limited liability company and our affiliate, to the ProTect Painters System, to not only dramatically accelerate its growth and market presence, but to also improve its operating systems. In April of 2009 we plan to start offering ProTect Painters franchises (also referred to as the "Franchised Business") to provide professional and reliable residential and light commercial painting services in the United States, using uniform methods, procedures, operating systems and techniques, as defined in our Operating Manuals (the "Manuals"), the ProTect Painters trademarks (the "Marks"), and methods and techniques for record keeping and reporting, sales promotion, marketing and advertising (the "System"). We may change, improve, and develop the System periodically, including required and/or optional goods and services to be provided by the Franchised Business. We are a member of the International Franchise Association and abide by its Code of Principles and Standards of Conduct. As of December 31, 2008, ProTect Painters Development, LLC, now known as Next Steps Franchise Development, LLC, had 13 franchises in the United States and 1 signed but not opened. We do not own or operate any ProTect Painters franchises or any other type of painting business. We do not anticipate offering franchises in any other line of business, although we reserve the right to do so.

Each Franchise will be awarded a Designated Marketing Territory (also referred to as the "DMT") where you may market residential and light commercial painting services. Light commercial painting services excludes exterior painting on buildings or structures if they exceed the lesser of three (3) stories or forty (40) feet in height. We and/or other ProTect Painters Franchisee(s), ProTect Painters Company Stores, and the ProTect Painters National Service Team (collectively referred to as "ProTect Painters Affiliates") may perform services in your DMT (Item 12 and in Section 1 of the Franchise Agreement). We grant franchises only in accordance with our Franchise Agreement (the "Franchise Agreement"). A copy of it is attached as Exhibit A-1.

1.3 The ProTect Painters Marketing Outlook

We feel that customer trust is built through the professional approach utilized by ProTect Painters, by our advanced computerized systems which allow you to more effectively respond to the needs of your customers, by our personalized marketing approach, customer relationship management, and by the use of highly identifiable ProTect Painters marketing vehicles in the communities we service.

As a franchise owner, you will perform residential and light commercial painting services. You will retain independent contractors to perform these services. ProTect Painters businesses can be operated from a home office, if allowed by your local laws, or as you grow, you may lease

office space in a commercial or light industrial office park of your choice. We will not review your choice of office space.

To better enable you to focus on estimating jobs, securing customer contracts and retaining independent contractors to perform these painting services, we will provide you with sample marketing materials. From these materials, you will select the items which you wish to use to market to the zip codes listed in your DMT. You will notify us of your selections and these programs will be implemented by us on your behalf, at your expense, as more fully described in the Manuals.

Within the residential and light commercial painting market, ProTect Painters competes with other businesses, including other national and regional franchise programs as well as services provided by local painting establishments. ProTect Painters is a year-round business, but depending upon what state you are located in, sales may encounter seasonal fluctuations. We differentiate the System from our competitors in ways that are specifically designed to offer our customers accessibility, convenience, quality, flexibility, and peace of mind. We do this through distinctive service techniques, packaging and signs, delivery of services and products, comprehensive sales and marketing procedures and methods, specialized advertising, and our Franchise Management Software System (referred to as the “Software”), which is used for project estimating, managing customers, and scheduling.

1.4 Our Predecessors, Parents and Affiliates

Our predecessor, ProTect Painters Development LLC, a Massachusetts limited liability company, established on November 6, 2002, sold substantially all of its assets to us in January 2009, and changed its name to Next Steps Franchise Development, LLC (“NSFD”), a Massachusetts limited liability company. NSFD’s principal business address is 831 Beacon Street #322, Newton Center, Massachusetts, 02459. As part of the sale, NSFD retained its interest in (including its right to collect royalties and other payments and to otherwise service) the franchises existing as of January 15, 2009. At the same time we granted NSFD a limited license to use and sublicense the System and Marks in those franchises’ territories in Massachusetts, Georgia, Virginia, Minnesota, Florida, New Hampshire, North Carolina and South Carolina. In all other regards, NSFD has ceased franchising operations. NSFD never offered franchises in any other line of business and does not operate company-owned ProTect Painters businesses.

The predecessor of NSFD, ProTect Painters, Inc., a Massachusetts corporation, located at 831 Beacon Street #322, Newton Center, Massachusetts, 02459, offered franchises under the ProTect Painters name and conducted the same type of business since its incorporation on March 28, 1996. ProTect Painters, Inc. had 12 franchised businesses, which it transferred to ProTect Painters Development, LLC in 2003. ProTect Painters, Inc. has since ceased operations and was administratively dissolved on May 31, 2007. At no time did ProTect Painters, Inc. offer franchises in any other line of business.

We have no parent companies. We do have affiliates and by “affiliate” we mean there is some common ownership, and some utilization of common resources. However, each affiliate is a separate and distinct company, with no common liability, responsibility(ies), or authority.

The majority* owners of ProTect Painters own Molly Maid, Inc. (“Molly Maid”), a Michigan corporation formed May 8, 1984 to franchise the MOLLY MAID system in the United States. MOLLY MAID maintains its principal business address at 3948 Rancho Drive, Ann

* David McKinnon, Robert Ufer and Lynn Drayton individually or through a revocable living trust or other estate planning vehicle; see Item 2 below.

Arbor, MI 48108. It is a franchising company dedicated to offering the most professional and reliable residential cleaning system and service in the United States. As of December 31, 2008, MOLLY MAID had 424 franchises in the United States and Puerto Rico.

The majority* owners of ProTect Painters also own 1-800-DryClean, LLC (“1-800-DryClean”), a Michigan limited liability company formed January 14, 2000 to franchise the 1-800-DryClean System in the United States and Canada. 1-800-DryClean maintains its principal business address at 3948 Ranchero Drive, Ann Arbor, MI 48108. It is a franchising company dedicated to offering convenient and professional dry cleaning pick up and delivery service in the United States. As of December 31, 2008, 1-800-DryClean has 122 franchises.

The majority* owners of ProTect Painters also own Mr. Handyman International, LLC (“Mr. Handyman”), a Michigan limited liability company formed on January 6, 2000, a franchising company dedicated to performing business and residential maintenance and repair services in the United States, Canada, China, and the United Kingdom. Mr. Handyman maintains its principal business address at 3948 Ranchero Drive, Ann Arbor, MI 48108. As of December 31, 2008, Mr. Handyman has 299 franchises in the United States and 10 in Canada.

In November of 2007, the majority* owners of ProTect Painters joined in the ownership of PuroSystems, Inc., (“PuroSystems”), a Florida corporation formed in 1990, which began franchising PuroFirst in 1991 and PuroClean in 2001. PuroSystems is a franchising company which provides property damage mitigation, and restoration services to residential and commercial customers in the United States and Canada under the names PuroClean and PuroFirst. PuroSystems maintains its principal business address at 6001 Hiatus Road, Suite 13, Tamarac, FL 33321. As of December 31, 2008, PuroSystems has 9 PuroFirst franchises and 230 PuroClean franchises in the United States. They also have 1 PuroClean franchise in Canada.

Ductz International, LLC (“DUCTZ”), a Michigan limited liability company formed March 30, 2004, is a former affiliate of the majority* owners of ProTect Painters which franchises the DUCTZ system in the United States. DUCTZ offers residential duct cleaning services, with the opportunity to perform commercial and industrial duct cleaning. The majority* owners owned a majority interest of DUCTZ, and on or about July 24, 2007, sold their interest in DUCTZ to DUCTZ Holdings, LLC, a subsidiary of Belfor USA Group, Inc. At the time of the sale, DUCTZ had approximately 74 franchises in the United States. Currently DUCTZ maintains its principle business address at 731 Fairfield Court, Ann Arbor, MI 48108.

The majority* owners joined with Wayne Wudyka and Jeffrey Snyder on June 12, 2001 to establish Certified Restoration DryCleaning Network, LLC (“CRDN”), a Michigan limited liability company and also a former affiliate of the majority* owners of ProTect Painters, which franchises the Certified Restoration DryCleaning System in the United States, Canada and the United Kingdom. It offers restoration dry cleaning services for clothing and soft goods, from an insured casualty, through a franchised network of local drycleaners. On or about January 1, 2008, the majority* owners sold their interest in CRDN to their partners Wayne Wudyka and Jeffrey Snyder. At the time of the sale, CRDN had approximately 127 franchises in the United States, 8 in Canada, 11 in the United Kingdom, and operated one franchise. Currently CRDN maintains its principal business address at 2060 Coolidge Highway, Berkley, MI 48072.

Except as provided above, none of our affiliates has ever offered franchises for a business similar to ProTect Painters or any other line of business.

Except as provided above, we have no predecessors or affiliates required to be disclosed in this Item 1. Except as disclosed in this Disclosure Document, neither we nor any affiliate or any of our members/officers currently operate any other types of franchises.

1.5 Laws and Regulations

You must comply with all federal, state, and local laws, rules and regulations that apply to residential and/or commercial painting services in general. All businesses are subject to governmental regulations, and you should check with state and local authorities concerning regulations that will affect your business. In addition to laws that apply to businesses generally, there may be laws, rules, or regulations specific to the services and products offered by this type of business in the state or local area in which you will operate your business, including the requirement that you obtain a painting/general contractor license to operate the business. As of the date of this Disclosure Document, California and Florida require you to hold a painting/general contractors license or other special licenses, and you need work experience and to pass a test to secure the license. Other states or counties may require licenses as well. You must also comply with all federal, state and local laws, rules and regulations related to the handling and/or disposal of paint, lead paint, mold, and/or hazardous waste. Some of the laws, rules and regulations you will want to investigate include the Federal Hazardous Waste Management laws, Environmental Protection Agency (mold, lead, and other hazardous materials), and Occupational Safety and Health Administrations regulations. It is your sole responsibility to investigate and comply with these laws, rules and regulations, and keep apprised of changes that are made in areas that you service. You must maintain your license(s) in good standing with the licensing authority for the entire term of the Franchise Agreement and all Renewals Terms.

ITEM 2. BUSINESS EXPERIENCE¹.

Concept Founder, President and Owner: Wayne Scherger: Mr. Scherger joined us at our inception as President and an Owner. Mr. Scherger began his career in residential and commercial painting with College Pro Painters, in Toronto, Ontario, Canada in 1982. Mr. Scherger established the original “ProTect Painters” concept in 1995 and personally operated under the DBA of “ProTect Painters” until October 2003, when he formed ProTect Painters Development, LLC, a Massachusetts limited liability company. Mr. Scherger has been an Owner and the Managing Member of ProTect Painters Development, LLC since its inception. In January 2009 ProTect Painters Development, LLC sold its assets to us and changed its name to Next Steps Franchise Development, LLC. Mr. Scherger now remains an Owner and the Managing Member of Next Steps Franchise Development, LLC. Mr. Scherger is also the Managing Member of ColorAuto, LLC, a Massachusetts limited liability company, since its inception in April 2005, which provides repainting, touch up painting, and refinishing of cars and light trucks in Atlanta, Georgia under a Colorworks USA, Inc franchise agreement. Mr. Scherger is also the Managing Member of ColorClub, LLC, a Massachusetts limited liability company, since its inception in September 2006. ColorClub, LLC is a subfranchisor for Colorworks USA, Inc. for Georgia, North Carolina, and South Carolina.

Co-Chairman and Owner: David G. McKinnon: Mr. McKinnon has been an Owner and Co-Chairman of our Board since ProTect Painters’ inception. In 1984, Mr. McKinnon co-founded our affiliate MOLLY MAID, Inc. He currently is the Chairman and CEO for MOLLY MAID, as well as for 1-800-DryClean. He is also the Chairman for Mr. Handyman. He is also Treasurer and Director for PuroSystems since November 2007. He is currently the Co-Chairman of Service Brands International, LLC, located in Ann Arbor, MI. From May 2004-July 2007, he also served as the Chairman for DUCTZ. From May 2001 to January 2008, he served as Chairman for CRDN.

Co-Chairman and Owner: Robert P. Ufer, Esquire: Mr. Ufer has also been an Owner and Co-Chairman of our Board since ProTect Painters’ inception. He is also an Owner and Director of

¹ All references in Item 2 to our affiliates or former affiliates MOLLY MAID, Mr. Handyman, 1-800-DryClean, and DUCTZ have a location of Ann Arbor, MI; CRDN has a location of Berkeley, MI and PuroSystems, has a location of Tamarac, FL.

MOLLY MAID since April 2000; he has been an owner of both Mr. Handyman and 1-800-DryClean since 2000, and PuroSystems since 2007. He is currently the Co-Chairman of Service Brands International, LLC, located in Ann Arbor, MI. Mr. Ufer has been a General Partner at Ufer & Spaniola, P.C., located in Troy, MI since 1987. Formerly, he was an owner of CRDN from May 2001 to January 2008. Mr. Ufer was an owner and CEO of DUCTZ from May 2004-July 2007.

Vice President: David C. Lavallo: Mr. Lavallo joined us at our inception as Vice President. Mr. Lavallo founded our affiliate Mr. Handyman in June 1996, and was previously employed by Mr. Handyman, in a variety of roles including Chief Executive Officer and President. He has also owned a Mr. Handyman business since June 1996, located in North Chelmsford, Massachusetts.

Executive Vice President: John McLellan: Mr. McLellan joined us at our inception as Executive Vice President. He joined with our affiliates, MOLLY MAID, Mr. Handyman and 1-800-DryClean in December 2002 as Vice President of Marketing, was named Chief Marketing Officer in 2004, and Executive Vice President in December 2007, a position he continues to hold. From May 2004 to July 2007, he also was Chief Marketing Officer for DUCTZ

Chief Financial Officer: David Taccolini: Mr. Taccolini joined us in our inception as Chief Financial Officer. He joined our affiliates MOLLY MAID, Mr. Handyman and 1-800-DryClean as Controller in January 2002, and was named Chief Financial Officer (“CFO”) in July 2002, a position he continues to hold. From May 2004 to July 2007, he was also CFO for DUCTZ. Formerly, he was CFO of CRDN from May 2001 to July 2005.

Vice President of Franchise Development: Alex Roberts: Mr. Roberts joined us at our inception as Vice President of Franchise Development. Mr. Roberts originally joined our affiliate Mr. Handyman in September 2004, as Franchise Development Manager and was named Franchise Development Director in January 2006. In December 2007 he was name Vice President of Franchise Development for our affiliates, MOLLY MAID, Mr. Handyman and 1-800-DryClean.

Franchise Development Manager: Michael Welch: Mr. Welch joined us at our inception as a Franchise Development Manager. Mr. Welch was a Franchise Development Manager for AllOver Media, located in Maple Grove, MN from April 2007to April 2008 and named Director of Franchising in April 2008 until joining us. From March 2003 to March 2004, he was National Sales Representative for Unique Screen Media, located in St. Cloud, MN, then National Sales Manager from March 2004 to August 2005. He took a leave of absence from Unique Screen Media from August 2005 to February 2006 and was self-employed by Meridian Technology Group, located in Richmond, VA. He then returned to Unique Screen Media and was Director of Sales Training and Recruiting from February 2006 to April 2007. From March 2007 to January 2008 he also owned an AllOver Media franchise, located in Austin, TX.

Franchise Development Manager: Ken Boyce: Mr. Boyce joined us at our inception as a Franchise Development Manager. Mr. Boyce was a Franchise Consultant for BrandOne, Inc., located in Minneapolis, MN from March 2006 to March 2009. From March 2004 to March 2006, he was self-employed with AutoQual, located in Toronto, ON, CA.

Vice President of Training: John Eggenberger: Mr. Eggenberger joined us at our inception as Vice President of Training. Mr. Eggenberger joined our affiliate Mr. Handyman in 2000 as Vice President of Operations; he was then named Vice President of Corporate Development in June 2005, and then Vice President of Training in December 2007. In December 2007, he was named Vice President of Training for our affiliates, MOLLY MAID, Mr. Handyman, and 1-800-DryClean, a position he continues to hold. From May, 2004 through May, 2005, Mr. Eggenberger was a co-owner of a Mr. Handyman franchise in Columbus, OH.

Owner: Lynn Drayton: Mr. Drayton has been an Owner of ProTect Painters since its inception. He has been an Owner of MOLLY MAID since March 1991. He has also been an Owner of both 1-800-DryClean and Mr. Handyman since 2000; and of PuroSystems since 2007. He formerly was an Owner of CRDN from May 2001 to January 2008 and of DUCTZ from May 2004 to July 2007.

ITEM 3. LITIGATION.

In three related cases, *Wayne A. Scherger d/b/a Protect Painters v Scott Estabrooks and JTC & Company, Inc.* (Massachusetts Superior Court, Case No.03-3440, filed August 12, 2003), *Wayne Scherger d/b/a Protect Painters and Scott Estabrooks* (American Arbitration Association, Massachusetts, Case No. 11 459 01941 04, filed July 22, 2004), *Wayne A. Scherger d/b/a Protect Painters v. Scott Estabrooks and JTC & Company, Inc.* (United States District Court for the Eastern District of Massachusetts, Civil Action No. 04-12039WGY filed September 22, 2004), Mr. Scherger brought claims for breach of contract against Mr. Estabrooks, including breach of the non-competition and non-solicitation clauses, copyright infringement, and misappropriation of trade secrets and confidential information. Mr. Scherger brought claims for intentional interference of contract, copyright infringement, unfair and deceptive business acts, and misappropriation of trade secrets and confidential information against JTC & Company. Scott Estabrooks was a former franchisee of Protect Painters who had not renewed his franchise agreement when it expired in December 2002. Mr. Estabrooks went to work for JTC & Company, Inc., a competitor of Protect Painters, in January 2003. Protect Painters alleged that Mr. Estabrooks was soliciting, estimating and executing paint jobs in his former territory and soliciting Protect Painters' customers, using trade secrets and confidential business information of Protect Painters and revealed the same to JTC & Company, that he failed to fulfill the express and implied warranties for his work while a franchisee, and that he failed to perform work for which he had taken a deposit. Protect Painters also claimed that JTC & Company had engaged in unfair and deceptive business acts and practices and had misappropriated Protect Painters' trade secrets and confidential business information from Mr. Estabrooks. All claims were settled in 2005 with Mr. Estabrooks paying \$16,000 and JTC & Company paying \$15,000 to ProTect Painters.

Except for the actions described above, there is no other litigation that must be disclosed in this Section of the Disclosure Document.

ITEM 4. BANKRUPTCY.

Neither the franchisor, its parents, predecessors, affiliates, officers, general partners nor any individuals who have management responsibility relating to the sale or operation of franchises, has during the 10-year period immediately preceding the Disclosure been involved as a debtor in proceedings under the U.S. Bankruptcy Code or any Foreign Nation's Bankruptcy Code, that are required to be disclosed in this Item.

ITEM 5. INITIAL FEES.

5.1 Initial Fees for Franchises

You must pay us the following Initial Fees (the "Initial Fees")²:

1. Upon signing the Franchise Agreement, an Initial Franchise Fee of \$35,000. Your DMT will be non-exclusive and include approximately 25,000 targeted households within a contiguous area, as described in Item 12.

² All fees, unless otherwise noted, are due and payable to ProTect Painters

2. Upon signing the Franchise Agreement, an Initial Package Fee of \$7,000 that includes our proprietary Franchise Management Software System, a laptop/tablet computer accompanying software, printer, marketing materials, certain equipment, products, and supplies, and a \$1,000 Convention Allowance (the “Convention Allowance”).³ The items included in the Initial Package may change to reflect the changing needs of the Franchised Business in accordance with System procedures and changes in suppliers and/or product specifications; and;

3. Thirty (30) days prior to commencement of your Initial Training, an Initial Marketing Launch Package Fee of \$5,000. This fee will be spent by us in your DMT to launch your business. It is designed to provide you with an initial marketing presence in your DMT and get your business off on the right foot. It may include, but is not limited to, a local direct mail campaign, marriage mail (advertising materials “married” together to save costs, such as Val Pak materials and newspaper inserts), local paid internet placements, local press release, and other marketing initiatives we will agree on in advance of opening your business. This fee is in addition to your ongoing local marketing requirements (Section 2.H.1 of the Franchise Agreement).

Except for the Convention Allowance listed in Item 5.1.2 and 5.2, there are no other refunds under any circumstances. You must complete the Initial Training Program within four months of the date that you sign the Franchise Agreement.

In the event that you need to arrange for financing through a program such as a 401K roll-over, we may allow you to pay in two installments, with the first installment of \$20,000.00 due with your signed Franchise Agreement. There is a \$250 fee for this service, although in special circumstances, we reserve the right to waive that fee. There is no interest assessed if the balance is paid within 30 days of your signing the Franchise Agreement; however, if it is not paid within this timeframe, interest will be assessed at a rate of 9.9% a year. The balance must be paid in full at least one week before your attendance of Initial Training. All Initial Fees must be paid seven (7) days before you attend Initial Training.

ProTect Painters is a member of the International Franchise Association (“IFA”) and participates in the IFA's VetFran Program. Under this program, veterans of U.S. Armed Forces who otherwise meet the requirements of the VetFran program, are provided with a \$2,500 discount on the Initial Franchise Fee. This is only applicable for the first ProTect Painters Franchise awarded to you.

We may offer reduced or deferred Initial Franchise Fees in special circumstances, such as in connection with sales incentives, economic development programs, minority franchise programs, or to penetrate new and/or unique markets for our Franchise System (the “Programs”), to third parties which otherwise meet our financial and other qualifications and enter into a franchise agreement with us. The Programs are intended to promote economic renewal or development in economically impoverished areas and/or to assist minority franchisees. These special incentives may be offered to new franchisees and/or to established franchisees in the future.

5.2 *Initial Fees for Additional Franchises, Renewals and Transfers*

³ The Convention Allowance is to offset expenses associated with attending the first ProTect Painters Convention that is scheduled after your successful completion of the Initial Training Program (Item 8). It is to be used primarily towards the registration fee, but any remaining balance may be applied towards travel, lodging and/or meals. Thereafter, any remaining portion of the Convention Allowance will be rebated to you. If you do not attend the Convention, it will not be refunded to you. Alternatively, we may allow you to apply part of the Convention Allowance toward attendance at a Regional Meeting.

The ProTect Painters business system is built around marketing to a specific geographic territory. The sale of additional franchises to a new owner is challenging, because it requires him to double his efforts in several critical regards. It may also cause a new owner not to focus adequately on each of the purchased business DMTs. For this reason, our Manuals have specific requirements and timelines to safeguard against these challenges in the case of a new owner buying additional franchises.

However, you may apply for an additional franchise and, if we approve your request, you may be awarded an additional franchise (Item 12). For additional franchises awarded to you, you must agree to sign our then-current Franchise Agreement and remit to us a \$25,000 Additional Franchise Fee and a \$5,000 Initial Marketing Launch Package. Currently we waive the Initial Package Fee for additional franchises awarded to you.

If this is a Renewal Term, the Initial Franchise Fee, the Initial Package Fee, and the Initial Marketing Launch Package Fee are waived. You must pay, however, the Renewal Fee.

If this is a Transfer, at the time of signing the Franchise Agreement, you (or the Seller) must pay the Transfer Fee, and you must purchase the Transfer Initial Package from us at a cost of \$2,000. The Initial Franchise Fee and the Initial Marketing Launch Package are waived. If the agreement that you have with the Seller does not include a computer that meets our specifications, or it is more than 2 years old, the cost of the Transfer Initial Package will be increased by the cost of the computer included in the Initial Package. The Transfer Initial Package fee is not refundable, except for the Convention Allowance as described in footnote 3 above.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

ITEM 6. OTHER FEES.

<u>Type of Fee (1)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Royalty (Note 2)	7% of Gross Sales	Due by automatic debit each Friday for Gross Sales achieved the preceding week (Note 3)	Royalties are payment for the use of the Marks, System, DMT, and Manuals. "Gross Sales" means all revenue you derive from the business less any sales tax. For Franchise Renewals, the Royalty remains the same as the previous term.
Sales and Technology Fund	3% of Gross Sales	Due by automatic debit each Friday for Gross Sales achieved the preceding week	For use of the Call Center, Software, Internet Home Page and/or other technology services. See Section 2.M. of the Franchise Agreement.
General Marketing Fund	2% of total Gross Sales	Due by automatic debit each Friday for Gross Sales achieved the preceding week	See Note 4.
Local Marketing Program	The greater of (i) \$0.02 per targeted household, or (ii) 6% of Gross Sales for prior week; if Gross Sales were greater than \$20,000, then 5% of Gross Sales	Due by automatic debit each Friday	Your local advertising expenses for advertising and promotional programs run by us in your DMT; Regional Advertising Cooperative fees are considered part of your local marketing expenditures and are not an additional requirement.
Telephone Directory Advertising	The then-current fee, presently estimated at \$10 - \$30 per month per listing	Payable per supplier's terms.	You must advertise in the dominant local directory(ies) within your DMT.
Communications	The then-current fee. Presently \$139 - \$219 per month for 1 account/ user.	Payable per supplier's terms.	DSL, cable, or satellite high speed internet connection, electronic mail monthly service, anti-virus, and broadband wireless service built into the computer. To be operable before Initial Training.
Telephone Service	The then-current fee, presently \$40 per line monthly, plus taxes	Monthly, per supplier's terms	See Note 5.
Online business accounting system	The then-current fee; presently \$35 - \$70 per month	Monthly, per supplier's terms	You must use the online accounting system we designate.
Conventions and Regional Meetings	Our then-current fee. At present, \$200 per person per event.	Before the start of meeting.	Meeting room space, some meals, audio visual rental, workbooks, speakers, etc. Does not include travel, lodging or all meals
Renewal	Our then-current fee. At present: \$10,000	When you sign your Renewal Franchise Agreement.	Neither the Royalty nor DMT will change in the Renewal Term Franchise Agreement.

<u>Type of Fee (1)</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Transfer	Our then-current fee, presently \$10,000	Due upon your signing of the Franchise Agreement.	No charge if the Transfer is to an entity controlled by you or to a spouse, parent, or child.
Broker Fee	If you request that we enlist a third party broker to locate a buyer for your business, there is an additional broker fee, presently \$17,000.	The Broker Fee is due upon closing of the sale of the Franchised Business.	The Broker Fee is payable only if the third party broker located the buyer, and a broker fee was paid by us to the third party.
Interest	12%	Due by automatic debit each Friday.	Due on all overdue amounts from the date the amounts were originally due.
Late Royalty Report and Payment Fee	The then-current fee. At present: \$20 per week the payment is late; Non-sufficient funds is \$33.	Due by automatic debit each Friday for the past week.	Due for each Royalty Report or Royalty Payment that is not submitted when due, or if there are non-sufficient funds.
Insurance	Cost of insurance.	As required by insurer or broker.	See Note 6.
Audit	Amount of understated Royalty, General Marketing Fund and S & T Fund contributions, and local marketing program contributions, late fees & interest	15 days after billing.	If an audit of your business discloses understated Gross Sales, you must pay us these amounts.
	Cost of inspection or audit, presently estimated at \$2,500-\$3,000	15 days after billing.	Only due if an inspection or audit is made necessary by your failure to furnish reports, supporting records, or other information as required or if an understatement of Royalty by is greater than 5% for any period reviewed.
	Additional penalty fee equal to 10% of understated Gross Sales	15 days after billing	Only due if an understatement of Royalty is greater than 5% for any period reviewed.
Costs and Attorneys Fees	Will vary under circumstances.	As incurred.	Due when you do not comply with the Franchise Agreement.
Indemnification	Will vary under circumstances.	As incurred.	You must reimburse us if we are held liable for claims from your Franchised Business's operation.
Warranty Fee	Will vary under circumstances.	Upon expiration or termination	You must pay us the warranty fees you have collected from your customers over the past two (2) years to assure that the warranty work to be performed after your termination/expiration is funded.

Note 1: The above table describes other recurring or isolated fees or payments that you must pay to us or our affiliates, or which we or our affiliates may impose or collect on behalf of a third party, in whole or in part. All fees, unless otherwise specified, are imposed and collected by and payable to us. All fees are non-refundable.

Note 2: At any time after 12 months in operation, if you fail to achieve the minimum level of Gross Sales (Section 2.G. of the Franchise Agreement and Section 12.7 of this Disclosure Document) measured over a period of 3 to 6 consecutive months, we may collect a Royalty equal to what you would have been assessed had you achieved the Minimum Gross Sales. The minimum level of weekly Gross Sales for months 0-12 is \$0, for months 13-24 is \$5,000, for months 25-36 is \$7,500, and for months 37+ is \$10,000. If the average minimums for the second year of operation are not met, beginning in year three of operation and going forward we may, at our discretion, monitor Minimum Gross Sales and assess Royalties accordingly on a monthly basis. In those geographic areas of the country where outdoor painting is seasonal, the time period over which the required Minimum Gross Sales is measured, will be adjusted to reflect this seasonality. If you have been awarded more than one Franchise Agreement, you will be required to meet the Minimum Gross Sales for each individual DMT.

Note 3: Before attending training, you must sign and deliver to us the documents we require to debit your business checking account automatically for the Royalty, General Marketing Fund ("Marketing Fund") contributions, S & T Fund contributions, and any Late Payment and/or Interest Fees. Our Royalty Week currently begins on Sunday and ends on Saturday. Reporting of Gross Sales is due on the following Tuesday and Royalty payments are due on the following Friday. We reserve the right to change the due date at any time with 7 days notice to you.

Note 4: The Marketing Fund may be used to pay the costs, including personnel, associated with preparing and producing video, audio, and written materials, administering and placing national, regional, and/or multi-regional marketing and advertising programs, administering and placing cross-promotion programs with third parties, and employing outside advertising and public relations agencies to provide assistance and support for public relations, market research, and other advertising, promotion, and marketing activities. We will furnish to our Franchise Owners, upon request, an monthly statement of moneys collected and costs incurred by the Marketing Fund.

Note 5: You will be issued a local number with the Initial Package from the vendor that we specify, which you agree to pay for, and utilize for business services. You may not get a local number from any other vendor without our prior written approval (Item 11 of this Disclosure Document and Section 2.H. of the Franchise Agreement).

Note 6: See Item 8 for information regarding our insurance requirements.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

<i>TYPE OF EXPENDITURE (1)</i>	<i>AMOUNT ESTIMATED</i>	<i>METHOD OF PAYMENT</i>	<i>WHEN DUE</i>	<i>TO WHOM PAYMENT IS TO BE MADE</i>
Initial Franchise Fee ²	\$35,000	Lump Sum	Upon signing the Franchise Agreement	Us
Initial Package ³	\$7,000	Lump Sum	Upon signing the Franchise Agreement	Us
Initial Marketing Launch Package ⁴	\$5,000	Lump Sum	30 days prior to Initial Training	Us
Advertising and Marketing (3 months) ⁵	\$6,000 - \$20,000	Periodic	Monthly; see Item 6	Us
Office Equipment ⁶	\$750	Lump Sum	As Incurred	Outside suppliers
Vehicle (3 months) ⁷	\$1,350 - \$1,800	Periodic	As Incurred	Outside suppliers
Lawn Signs/Banners ⁸	\$500 - \$1,000	Periodic	Prior To Opening	Us/Outside suppliers
Vehicle Graphics ⁹	\$1,500	Lump sum	Prior to Opening	Outside suppliers
Licenses/Deposits ¹⁰	\$200 - \$1,500	Lump Sum	As Incurred	State/Local Agencies, Utilities and Vendors
Travel and Living Expenses while Training ¹¹	\$1,000 - \$3,500	Lump Sum	As Incurred	Airlines, Hotels, Restaurants, & Car Rentals
Prepaid Insurance Premiums (3 months) ¹²	\$1,500 - \$5,000	Lump Sum	As Incurred	Outside suppliers
GPS ¹³	\$150 - \$300	Lump Sum	Prior to Opening	Outside suppliers/vendors
Additional Funds (3 months) ¹⁴	\$5,000 - \$15,000	Periodic	As Incurred	Various persons, including contractors, vendors, and employees
TOTALS	\$64,950 - \$97,350			

Note 1: There are no refunds, except that if you attend the first Convention that is scheduled to occur after your successful completion of the Initial Training Program (Item 11), you will receive a \$1,000 Convention Allowance. The Convention Allowance is to be used primarily towards the registration fee, but any remaining balance may be applied towards travel, lodging and/or meals. The balance of the Convention Allowance will be rebated to you after you attend the Convention. If you do not attend the Convention within the required time period, it will not be rebated to you.

Alternatively, we may allow you to apply part of the Convention Allowance towards attendance at a Regional Meeting.

Note 2: Your DMT will include approximately 25,000 targeted households within a contiguous area, as described in Item 12.

Note 3: You must purchase the Initial Package from us, which includes our proprietary Franchise Management Software System, marketing materials, laptop/tablet computer, printer, trademarked office supplies, stationary, and the \$1,000 Convention Allowance. If this is a transfer, you must purchase a Transfer Initial Package from us at a price of \$2,000. If the agreement that you have with the Seller does not include a computer that meets our specifications, or it is more than 2 years old, the cost of the Transfer Initial Package will be increased by the price of the computer.

Note 4: This fee will be spent by us in your DMT to launch your business. It is designed to provide you with an initial marketing presence in your DMT and get your business off on the right foot. It may include, but is not limited to, a local direct mail campaign, marriage mail (advertising materials “married” together to save costs, such as Val Pak materials and newspaper inserts), local paid internet placements, local PR release, and other marketing initiatives we will agree on in advance of opening your business. This fee is in addition to your ongoing local marketing requirements (Section 2.H.1).

Note 5: Your DMT will include approximately 25,000 targeted households. You are required to spend the greater of \$0.02 per targeted household in your DMT or 6% of Gross Sales (5% if your Gross Sales for the prior week were greater than \$20,000) for the prior week on local marketing and advertising programs each week. We estimate that you will be required to spend at least \$500 per week for the first three months, or \$6,000, as the lower estimate. The upper estimate takes into account additional marketing and advertising you may do to launch your business.

Note 6: The amount estimated for office equipment, fixtures, and furnishings includes desks, chairs, a file cabinet, wastebaskets, and other equipment and supplies necessary to begin the operation of the Franchised Business.

Note 7: Franchised Businesses begin operation with one vehicle that meets System Standards and specifications. Currently, the approved vehicle is a white Chevrolet Silverado pickup truck, and the approved vendor is Enterprise Fleet Services, although we reserve the right to revise the approved model and vendor for any future purchases/leases at any time. As your Franchised Business grows, you will need to add additional vehicles. You should consult your personal financial advisor to determine whether you should lease or purchase your initial and subsequent vehicles. The cost of purchasing and outfitting a vehicle typically costs around \$24,900, plus applicable taxes. When leasing, the amount of deposit will vary depending upon supplier pricing strategies, promotions, and willingness to provide start up businesses with more advantageous pricing than they typically offer individuals leasing a single vehicle.

Note 8: You must erect lawn signs on all job sites. Signage may be purchased from ProTect Painters or from an authorized supplier.

Note 9: You must have your vehicle decaled with graphics that conform to ProTect Painters specifications.

Note 10: As required by local and state laws and regulations.

Note 11: Out-of-pocket travel expenses vary depending on your proximity to our training centers in Ann Arbor, MI and/or Norcross, GA, the type of transportation you use, and your individual expenses during the Initial Training period of 10 days. For the purposes of this Item, we have estimated two individuals sharing one hotel room.

Note 12: Specifications are listed in Section 7.C. of the Franchise Agreement and Item 8 of this Disclosure Document. Typically, insurance companies require start up businesses to pre-pay a portion of their premiums. Premiums vary based on the state's rates for workers compensation and general liability policies.

Note 13: You are required to purchase a Global Positioning System ("GPS") that meets the specifications in the Manuals. Currently, there are no specifications limiting your choice of make/model unit, although we reserve the right to change this at any time. The price may vary based on factors such as the manufacturer, the unit's capabilities, and the vendor.

Note 14: This item estimates your initial start up expenses for the first three months of operations, not including those expenses identified separately in the table. The estimate of additional funds does not include an owner's salary or draw. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. The amount of working capital you need will depend on a number of factors. These factors include the area you are located in; how well you follow our methods and procedures; your management skills; your experience and business acumen; local economic conditions; the relative effectiveness of your staff; the local market for residential and light commercial painting products and services; the prevailing wage rate; competition; and the sales level reached by your Franchised Business during its initial period.

We have relied on the management team's general experience with franchising in the United States to compile these estimates. You should review them carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.

8.1 Initial Package and Initial Marketing Launch Package

You must purchase our Initial Package of software, equipment, products, and supplies (Exhibit B of the Franchise Agreement) and our Initial Marketing Launch Package of marketing materials from us before the commencement of operation of the Franchised Business. The items included in the Initial Package and Initial Marketing Launch Package change periodically to reflect the changing needs of the Franchised Business in accordance with System procedures and changes in suppliers and/or product specifications. As of the date of this Disclosure Document, we have made no sales of or derived revenue from the Initial Package or Initial Marketing Launch Package. In 2009, we expect to derive 0% of our revenues from sales of the Initial Package or Initial Marketing Launch Package.

We do not make our criteria for vendor/supplier approval available to our franchisees. You must also maintain System Standards of your Franchised Business, and may use only those products and equipment, which meet System Standards. We may inspect your Franchised Business on an annual basis, or more frequently if necessary, to ensure that System Standards and specifications are maintained. If we find anything that does not meet our standards, you will be required to correct them within a reasonable period of time. If you fail to take corrective action, we may close the Franchised Business until the corrective action is taken or otherwise terminate your franchise. From time to time, we may make changes, modifications, and variations to the System, and we may require you to update or modify your Franchised Business at your expense to bring it up to current standards.

We estimate that, in relation to all purchases and leases to be made by the franchisee in establishing and operating the business, approximately 40% will be for services, products, or leases that are required. As of the date of this offering, we do not have any purchasing or distribution cooperatives, but we reserve the right to create them in the future. The materials that are included in our Initial Package are shipped F.O.B. from us or our approved suppliers. Unless

otherwise stated on the ProTect Painters Intranet Website or Manuals, we are the only approved vendor for all trademarked material.

You will also be required to purchase, display, and sell all merchandise bearing the ProTect Painters name or logo, which we now carry or may develop in the future. All merchandise bearing our name and logo will be purchased either directly from us, or from suppliers that we designate. You will not be allowed to sell any of our trademarked merchandise on a wholesale basis without our permission, or to purchase the merchandise from anyone other than a supplier that has been approved by us in writing. There are no approved suppliers in which any of our officers owns an interest.

A complete list of all our approved vendors is available on the ProTect Painters Intranet site and/or Manuals. We are not affiliated with our approved suppliers and presently we receive no material benefits from your purchases from these companies except as described below. We intend to negotiate with our suppliers to receive rebates or other payments and to negotiate purchase arrangements for franchisee purchases. Any rebates or payments that we receive through these negotiations will be for our management of the System.

We are not an affiliate of Enterprise however, because of fleet buying incentives we may qualify for rebates, depending on actual volume. We anticipate that the franchise owner receive the majority benefit of the rebate up front, reducing the purchase price. We may receive a residual benefit if and when certain fleet volume requirements are met. The exact amount per vehicle varies as it comes from the vehicle's manufacturer and is based on their current pricing as well as the number of purchases made by franchisees associated with us and our affiliates who are listed in Item 1. As of the date of this Disclosure Document, we have not received revenue or material consideration for franchisees' purchases or leases from Enterprise.

We have negotiated a discount with authorized paint vendor Sherman Williams, which provides an up to 20% discount off retail to franchisees.

We do not provide material benefits (i.e. renewal or additional franchises) to a franchisee based on his use of designated or approved suppliers.

Our specifications for equipment and supplies have been designed to minimize costs and to create consistency between locations. Those specifications include standards for performance, competitive cost, ease of use, quality, availability, compatibility, and the supplier or manufacturer's service and credit history. If we designate vendors/suppliers and you wish to purchase goods or supplies from a vendor/supplier not on our approved list, you or the supplier must request our approval in writing. We will then examine the vendor or supplier, which examination may include a review of product specifications, inspection of the vendor/supplier's facilities, actual testing (or demo) of their product, inquiries as to general reputation and reliability, and all other factors we deem important. You or the supplier must pay the reasonable costs of our examination upon our request. We will respond to the request in writing within 20 days. If we do not respond within 20 days, the request will be deemed approved. Our response may indicate that we need additional time to complete our review. If we do not approve your request, we must tell you why. If we give approval, our specifications and standards will be given to the vendor/supplier and they will be added to our approved list for you and all other franchisees. At our discretion, we may, with notice to you, revoke our approval of any previously approved materials due to changes in standards and specifications or if such materials subsequently fail to meet the quality standards of our approved suppliers.

We continually monitor and evaluate all approved suppliers and vendors based on our experience and that of our franchisees. We will discontinue any vendor or supplier that fails to consistently meet quality control standards, conform to our specifications or meet the needs of our franchisees.

8.2 *Vehicle Standards and Specifications*

You must purchase or lease a vehicle from the approved vendor that we specify on the ProTect Painters Intranet site and/or in the Manuals (currently through our Enterprise Fleet Services Program) suitable for operation of the Franchised Business that meet our specifications for model type, color, trademark representation, and appearance (no rust or body damage). These specifications are included in our Manuals. All vehicles purchased or leased for the business are to be maintained in a “good” condition as defined by KELLY BLUE BOOK (“Good” condition means that the vehicle is free of any major defects. The paint, body, and interior have only minor (if any) blemishes, and there are no major mechanical problems. In states where rust is a problem, this should be very minimal.) All vehicles used in the business are to be decaled as required by us and the decals are to be free of defects (Section 7.A. of the Franchise Agreement).

8.3 *Insurance (Section 7.C. of the Franchise Agreement)*

Before attending Initial Training, you must obtain and maintain in full force and effect throughout the term of the Franchise Agreement, and, at your own expense, the insurance coverage that we require and meet the other insurance-related obligations in the Franchise Agreement (Section 7.C. of the Franchise Agreement) as described below.

You acknowledge and agree that the insurance you will maintain reflects the minimum amounts of coverage we require, that it is not meant to reflect the actual needs you may have or other state-mandated coverage, and that it is your responsibility to carefully evaluate if such minimum will adequately meet your needs and state requirements. (i.e. flood insurance, employment practices liability, pollution or major medical etc.) All policies will be written by an insurance company(ies) that is/are licensed in the state in which you are doing business, and that has an A.M. Best rating of “A-” or better. When we locate an insurance provider(s) that is licensed in all or in a significant number of states, including yours, you will be required to purchase your insurance from that provider(s). We reserve the right to specify or change, at our discretion, the specific provider that you must use in the future. Our current requirements are described below:

1. Commercial General Liability Insurance. Coverage for “bodily injury,” “property damage,” and “personal and advertising injury” with no exclusion or limitation applying to the products / completed operations liability coverage. Limits must be at least \$2,000,000 general aggregate, \$2,000,000 products and completed operations aggregate, \$1,000,000 personal and advertising injury limit and \$1,000,000 per occurrence limit. Contractual liability coverage including the assumed personal injury endorsement must be included to cover the indemnity provisions of the Franchise Agreement. The exclusion for employer’s liability shall not apply to claims for covered contractually assumed liability claims. Such policy shall contain a waiver of subrogation endorsement as to claims against ProTect Painters International, LLC.

ProTect Painters International, LLC shall be named as an additional insureds on this policy on a primary and noncontributory basis, and with a Grantor of Franchise Form CG2029 or an insurer’s comparable form.

2. Automobile Liability Insurance. You shall maintain insurance with a combined single limit (“CSL”) of \$1,000,000 for bodily injury and property damage for all owned or leased vehicles and include a hired and non-owned endorsement. Additionally, uninsured motorist and under-insured motorist coverage will be equal to the CSL.

3. Workers’ Compensation and Employers’ Liability. Statutorily required workers’ compensation insurance and employer’s liability insurance shall be maintained with limits of at least \$500,000 by accident, \$500,000 by disease and \$500,000 policy limit. In “Monopolistic States”, Ohio, North Dakota, Washington, Wyoming and West Virginia “Stop Gap” coverage must

be purchased separately or added to the CGL policy. "Stop Gap" in Ohio must not contain exclusion with the "substantially certain to occur" language.

4. Employee Dishonesty Insurance. You shall maintain employee dishonesty insurance with minimum limits of \$50,000 per loss and such coverage shall also cover acts of stealing against third parties.

5. Umbrella Liability Insurance. You shall maintain a commercial umbrella liability insurance policy with a limit of at least \$1,000,000 per occurrence and aggregate and shall list the commercial general liability and automobile liability as scheduled underlying policies.

6. Other Insurance. You shall comply with any state, county, local, or other municipal insurance requirements.

No deductible or self insured retention can exceed \$5,000 for any required insurance policy, except that you may have retention of up to \$10,000 on the Umbrella Liability Insurance policy.

You may not reduce the policy limits, restrict coverage, cancel, or otherwise alter or amend any insurance policy without our written consent.

All policies will name ProTect Painters International, LLC as an additional insured, will contain no provision which in any way limits or reduces coverage for you in the event of a claim by any one or more of the Indemnified Parties, will extend to and provide indemnity for all obligations assumed by you and all items for which you are required to indemnify us, will be primary to and without right of contribution from any other insurance purchased by the Indemnified Parties, and will provide, by endorsement, that we receive at least 10 days notice of any intent to cancel or materially alter any policy.

At least 10 days prior to attending training, whenever a change is made to your policy, and before expiration of any insurance coverage, you promise to submit to us a copy or certificate or other acceptable proof of such insurance with a copy of the Additional Insured Endorsement on your policy. On occasion, we may request complete copies of all insurance policies to insure compliance with the insurance provisions of the Franchise Agreement.

We may, periodically, and reasonably determine and modify the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant circumstances. All modifications will be listed in our Manuals or intranet website.

You promise to promptly report all material claims, or potential claims, against you, any Indemnified Party or us, to the insurer and to us.

If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our sole option and in addition to our other rights and remedies under the Franchise Agreement, any required insurance coverage on your behalf. We are under no obligation whatsoever to obtain such insurance, but if we do so, you must fully cooperate with us in our efforts and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your Franchised Business required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf will reduce or absolve you of any obligations of indemnification described in the Agreement.

You acknowledge that your franchise may be held financially responsible for wrongful acts that cause bodily injury or property damage to a third party which are committed by an independent contractor working on your behalf even though you have no direct fault for the act. Therefore you

promise to obtain or have on file standard ACCORD form certificates of insurance for every subcontractor that performs work on your behalf. You will collect certificates of insurance prior to the subcontractor entering the work site. Certificates of insurance and Subcontractor Agreements will be kept on file for a minimum of five years and will stipulate that your franchise is an Additional Insured and that proper limits are maintained on the subcontractor's General Liability, Commercial Automobile and Worker's Compensation and Employer's Liability Insurance as specified in the Subcontractor Agreement. You further acknowledge that, should you fail to maintain certificates of insurance, you may be responsible for paying worker's compensation premiums for all work performed without proper documentation.

8.4 Lease and Leasehold Improvements

A ProTect Painters Franchised Business is typically operated from your home. If you choose to lease space, we will not evaluate the location of your commercial space and will not require you to obtain our approval before leasing commercial space.

8.5 Computer Hardware and Software Components

Our present computer hardware and software requirements are listed in detail in Item 11 of this Franchise Disclosure Document.

8.6 Customer Relationships and Warranties

You must maintain the Franchised Business in accordance with standards stated in the Operations Manual, Intranet website and other agreements you will sign. You must meet and maintain the highest standard and performance of customer service, as we reasonably require in the Operations Manual and Intranet website. You must make additions, upgrades and replacements to your ProTect Painter Franchised Business as required in the Operations Manual and Intranet website.

You must offer and honor a two (2) year warranty on all materials and workmanship performed by your franchise for each of your customers, at your own cost. The terms of this warranty will be established by us from time to time.

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 FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a. Site selection and acquisition/lease	Sec. 1.C	Item 1
b. Pre-opening purchases/leases	Sec. 2.B.	Items 5, 6, 7, and 8
c. Site development and other pre-opening requirements	Sec. 2 and 3	Items 6, 7, 8, and 11
d. Initial and ongoing training	Sec. 3.A.	Items 6, 7 and 11
e. Opening	Sec. 2.A., 3.A., and 12.B.	Items 7 and 11
f. Fees	Sec. 2	Items 5, 6, and 7
g. Compliance with standards and policies/Operating Manual	Sec. 7.A.	Items 7, 8, and 11
h. Trademarks and proprietary information	Sec. 4 and 5	Items 8, 13, and 14
i. Restrictions on products/services offered	Sec. 7.A.	Items 8, 12, and 16

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
j. Warranty and customer service requirements	Sec. 7.A.	Items 6, 8, and 15
k. Territorial development and sales quotas	Sec. 1.C., 1.D., and 2.G.	Item 12
l. Ongoing product/service requirements	Sec. 2	Item 8
m. Maintenance, appearance and remodeling requirements	Sec. 7	Items 8 and 11
n. Insurance	Sec. 7.C.	Items 6, 7, and 8
o. Advertising	Sec. 2.G. and 2.H.	Items 5, 6, 7, and 11
p. Indemnification	Sec. 14.C.	Items 6 and 7
q. Owner's participation/management/staffing	Sec. 1.B., 7, and 12	Items 11 and 15
r. Records and reports	Sec. 7.D.	Item 6 and 11
s. Inspections and audits	Sec. 8	Items 6, 8, and 11
t. Transfer	Sec. 10	Items 6 and 17
u. Renewal	Sec. 11	Items 6 and 17
v. Post-termination obligations	Sec. 13	Item 17
w. Non-competition covenants	Sec. 6 and 13	Item 17
x. Dispute resolution	Sec. 15	Item 17
y. Third Party Broker Fee	Sec. 10	Item 6

ITEM 10. FINANCING.

10.1. Initial Fee Financing

The following table summarizes the financing we may offer you for the Initial Fees if you meet our qualifications and credit standards:

	Financing Option (Note 1)
Source of Financing	Us
Down Payment	\$ 20,000
Amount Financed	Up to \$26,500
Term (years)	4 months maximum, or at least 1 week prior to attending Initial Training, whichever occurs first
Rate of Interest plus Finance Charge	No interest if paid within 30 days of signing the note. After that, there is 9.9% APR. There is a \$250 fee to use this service. (Note 2)
Monthly Payment	None – paid in one lump sum at the term end
Prepayment Penalty	None
Security Required	Personal Guarantee
Guarantee	Personal Guarantee from owners of the Franchise
Liability upon Default	Termination of Franchise; you must also pay entire amount due and our attorneys fees and court costs in collecting debt
Loss of Legal Right Upon Default	None

Note 1: Only in certain circumstances, such as when you need additional time to complete a 401K rollover, etc., do we offer this Financing Option.

Note 2: We reserve the right to waive the \$250 fee at our discretion.

10.2. Vehicle Financing

You are required to purchase or lease your vehicle from Enterprise. The following table summarizes the financing they may offer you.

	Enterprise Financing Option (Note 1)
Source of Financing	Enterprise
Amount Financed	Currently \$24,818, but this may increase depending on vehicle specifications, incentive amount, model year, manufacturer's price changes, etc.
Down Payment	\$0
Term (number of years)	4 years (48 months)
Rate of Interest plus Finance Charge	Currently 6.5%, but this rate may change. Once set at the time of purchase/lease, the rate will be fixed.
Monthly Payment	Currently \$547, but this amount may increase based on the amount financed
Prepayment Penalty	None
Security Required	Personal Guarantee
Guarantee	Personal Guarantee from owners of the Franchise and Guarantee from Franchisor
Liability upon Default	Termination of Franchise (see Note 2), repossession of the vehicle, you must also pay entire amount due, early termination fees, and our attorneys fees, Enterprise's attorneys fees and court costs in collecting debt
Loss of Legal Rights Upon Default	None

Note 1: As more fully described in Item 8.1., we may receive a material benefit for purchases or leases that you make with Enterprise. Aside from certain intangible benefits associated with group buying, you receive no material franchise benefits (for example, the award of additional franchises or a successor term) for using Enterprise.

Note 2: We can terminate your Franchise if you fail to make payments as agreed (Section 12.B. of the Franchise Agreement), however, before your Franchise can be terminated, you will receive a notice of default and have a 10-day period to cure the default.

Except as disclosed in Item 10.1 and 10.2 above, we do not offer any other direct or indirect financing. Except for your vehicle lease through our Enterprise Fleet Services Program, we do not guarantee any note, lease, or obligation that you incur in establishing or operating a ProTect Painters Franchised Business.

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

Except as listed below, we need not provide any assistance to you.

11.1 Franchisor Obligations before the opening of the Franchised Business

Before you open your Franchised Business, we will:

A. Designate your DMT for the Franchise (Section 1.C. and Exhibit A of the Franchise Agreement);

B. Sell you an Initial Package (Section 2.B. of the Franchise Agreement) and an Initial Marketing Launch Package (Section 2.C. of the Franchise Agreement);

C. Assist you in the formulation of the marketing, advertising, and promotional programs comprising the Initial Marketing Launch Package and we will implement the Initial Marketing Launch Package on your behalf;

D. Lend you a copy of the Confidential Operating Manual (the "Manuals"). You must strictly comply with the Manuals in operating your business. They contain our proprietary business and advertising forms (the "Business Forms"), and other proprietary materials as we may publish and distribute to you periodically (Section 3.C. of the Franchise Agreement). We can change the Manuals, and you must comply with these changes when you receive them, but they will not materially alter your rights and obligations under the Franchise Agreement;

E. Provide written specifications to you for the model and body style for vehicles to be used in the Franchised Business (Section 7.A. of the Franchise Agreement);

F. Approve or disapprove your business forms, business stationery, business cards, advertising materials, permanent materials, and forms which you intend to utilize (Section 7.A. of the Franchise Agreement);

G. Approve or disapprove any public figure which you desire to act as a representative for you in connection with local promotion of the Franchised Business in a public media before they begin (Section 7.A. of the Franchise Agreement);

H. Approve or disapprove any advertising, direct mail, promotional materials and/or programs you propose within 20 days of our written receipt of the proposed materials. If we do not respond within 20 days, the material is approved. At our discretion, we may, with notice to you, revoke our approval of any previously approved advertising materials due to changes in standards and specifications or if such materials subsequently fail to meet the quality standards of our approved suppliers (Section 2.H. of the Franchise Agreement);

I. Specify minimum policy limits for certain types of insurance coverage (Section 7.C. of the Franchise Agreement);

J. Provide an Initial Training Program for you and one other person (Section 3.A. of the Franchise Agreement);

K. Maintain a toll-free telephone number and set up a call center which you may use for communications with us (Section 3.B. of the Franchise Agreement);

L. Provide written specifications to you for the purchase and use of supplies, uniforms, equipment, and products;

M. Assist you in implementing systems for the maintaining the financial and daily operation of the Franchised Business including its accounting and record keeping functions;

N. A ProTect Painters Franchised Business is typically operated from your home, if your local laws allow. If you choose to lease space, however, we will not evaluate the location of the commercial space and will not require you to have the location approved by us.

11.2 *Time to Open*

The typical length of time between the signing of the Franchise Agreement and payment of any consideration for the Franchise, and the opening of the Franchised Business, is approximately three (3) months; however, you must complete Initial Training within four (4) months of signing the Franchise Agreement and open within two (2) months of attending Initial Training, failing which we have the right to terminate the Franchise Agreement. Factors affecting this length of time usually include unforeseeable delays in the delivery or installation of signs or equipment, delivery of vehicles, normal business start up considerations, seasonality of the business, and your successful completion of the Initial Training Program.

11.3 Obligations After Opening

Once you have opened your business, you will have access to information helpful to the operation of your Franchised Business based on reports you submit to us, our review of your financial information which can be automatically accessed by us, and/or inspections that we make (Sections 3 and 8 of the Franchise Agreement). In addition, during the operation of the Franchised Business, we will:

A. Furnish you with those field support services we consider advisable to provide support and resolve operating problem you encounter

B. Continue to implement the Customer Acquisition & Referral System (“CARS”) local marketing program in the zip codes of your DMT, at your expense, from the sample marketing materials selected by you;

C. Approve or disapprove any other advertising and promotional materials and programs; forms, business stationery, business cards, permanent materials, and forms which you intend to utilize and any appropriate person which you desire to act as a representative for you in connection with local promotion of the Franchised Business in a public media before they begin within 20 days of our written notification to us. If we do not respond within 20 days, it is approved. At our discretion, we may, with notice to you, revoke our approval of any previously approved advertising materials due to changes in standards and specifications or if such materials subsequently fail to meet the quality standards of our approved suppliers (Section 2.H. of the Franchise Agreement);

D. Specify minimum policy limits for certain types of insurance coverage (Section 7.C. of the Franchise Agreement);

E. Maintain a service through which phone calls to our toll free phone number or the local number provided to you will be forwarded to you or us. In the phone routing process, we will make a best effort to route calls from prospective customers requesting service in your DMT to you. We do not guarantee that every phone call requesting service in your DMT will be routed to you. The S & T Fund will serve as payment for the calls that are routed to your office. We will use our best efforts to maintain this service 24 hours per day, seven days per week subject to acts of God or circumstances beyond our reasonable control, including, power outages and the unavailability of telephone services (Section 2.H. of the Franchise Agreement).

F. Advise you of new products, services, and methods which we have discovered or have developed for the System;

G. If Software is proprietary to us, we will provide basic support during our regular business hours at our then-current rate (Exhibit C of the Franchise Agreement). Currently this is being provided for out of the S & T Fund. Before attending the Initial Training Program, you should have basic operating knowledge of the Windows operating system and word processing and spreadsheet applications;

H. Furnish you with any specifications for required products and services (Section 7.A. of the Franchise Agreement).

I. Although not obligated, we reserve the right to hold a Convention and/or Regional Meeting on an annual or semi-annual basis. If they are held, you will be required to attend, but under no circumstances will you be required to attend more than one event every year (Section 3.A. and 12.B. of the Franchise Agreement).

11.4 General Marketing Fund

We have established a General Marketing Fund (the "Marketing Fund") and you promise to contribute as provided in the Manuals, an additional 2% of your Gross Sales to fund it (See Item 6 of this Disclosure Document and Section 2.I of the Franchise Agreement). This Marketing Fund will be administered by us, with input from a franchise advisory council made up of representatives of franchisees and us. The Marketing Fund may be established as a not-for-profit corporation. The Marketing Fund will prepare income and expense statements at least once each year. Monthly income and expense statements will be available to any franchisee upon request. Excess funds not spent in any given fiscal year will be carried forward to the next fiscal year. Although the Marketing Fund is intended to remain in existence, we reserve the right to terminate the Marketing Fund only after all monies have been spent for advertising and promotion.

We will develop and place advertising for the ProTect Painters system; decide whether to use advertising agencies and which ones; and to decide which media to use, which may include print, radio, television, direct mail, or local in-store promotions. We will also develop and operate a national web site. The expenditure of funds will be limited to advertising, promoting and marketing the goods and services offered by the System. The Marketing Fund will not be used for advertising or public relations which are principally a solicitation for the sale of additional franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available." Except for an administrative fee for our management of the Marketing Fund, not to exceed 10%, neither we nor any of our affiliates will receive payment of any kind from the Marketing Fund. The council's operating rules and guidelines will be determined by a majority vote of its members. We will spend funds to benefit the ProTect Painters franchise system. This does not mean, however, that expenditures in your DMT will be equivalent or proportionate to your contribution. We may place additional regional or national advertising at our own expense, but we are not obligated to do so. You may develop your own advertising materials provided they are submitted to us in advance for review and approval. (Section 2.H. of the Franchise Agreement)

11.5 Local Marketing Program and Advertising Cooperatives

In order to better allow you to focus on other aspects of your business, and to better insure consistent marketing, advertising and promotion of your business, we have established ProTect Painter's proprietary Customer Acquisition & Referral System ("CARS") marketing program as described in the Manuals. Using the CARS marketing program you will have the opportunity to work with our marketing representative and select from different suggested local marketing programs, including, but not limited to, print, internet, broadcast, and promotional and referral programs which will be customized for your local market and executed by us in your DMT, at your expense.

As another important part of CARS, we will work out an annual marketing plan with you each year which describes the programs to be utilized, the expense of those programs and the implementation dates. This plan will be reviewed periodically with you, and the specific local advertising and promotional programs to be implemented may be changed at your direction.

In connection with your CARS program, you will pay us, on a weekly basis an amount equal to the greater of (i) \$0.02 per targeted household in your DMT or (ii) 6% of your Gross Sales during the prior Royalty Week, provided however, if Gross Sales during the prior Royalty Week were equal to or greater than \$20,000, the percentage will be 5% of such Gross Sales. Such payment will be made by automatic debit and in the same manner as your Royalties. Failure to pay us the amounts required above and/or for the implementation of your selected CARS marketing program(s) will be a material breach of the Franchise Agreement. These funds will not be our asset, will be accounted for separately from (but may be commingled with) our other funds, and will be held for your benefit. We will furnish to you upon request, a monthly statement of moneys collected and costs incurred in connection with your CARS program.

We have the right to designate any geographical area as a ProTect Painters Regional Advertising Cooperative Area ("RAC") and to change the boundaries for any area at any time. If and when a RAC is established where your DMT is located, you must become a member, sign the cooperative agreement in a form reasonably satisfactory to us, and pay the weekly fee. Any monies paid to the RAC are considered part of the fulfillment of the CARS expenditures, and this is not an additional financial requirement for you. Each RAC will be organized for the sole purpose of placing advertising and administering local advertising programs in accordance with plans approved by us. Each RAC will be governed by a majority vote of the owners whose DMTs are located within the RAC. Each participating owner will receive one vote for each Franchise Agreement awarded to them in all RAC decision making.

11.6 Other Advertising Information

There is no current advertising council composed of franchisees that advise the franchisor solely on advertising policies although we reserve the right to form, change or dissolve one in the future.

There is no obligation for us to maintain any other advertising program or to spend any amount on advertising in your area or DMT other than as described above. We currently advertise using print materials with local coverage. We currently employ both an in-house marketing department and a local marketing advertising agency.

You may develop advertising materials for your own use, at your own cost. As stated above, we must approve these advertising materials in advance and in writing, but if we do not respond to your written request, within 20 days after receiving your written request, the material is approved. At our discretion, we may, with notice to you, revoke our approval of any previously approved advertising materials due to changes in standards and specifications or if such materials subsequently fail to meet the quality standards of our approved suppliers.

11.7 Telephone Listings

You promise to use only the ProTect Painters phone numbers that we designate for advertising and promotion of the Franchised Businesses. This includes, but is not limited to, all direct mail, door hangers, coupon inserts (including with vendors such as ValPak), newspaper advertisements, yellow page or other directory listings, signage, vehicles, internet, radio, and/or television, etc. You acknowledge and agree that we own the ProTect Painters toll free number and that you have no rights to use the number except as outlined in the Franchise Agreement. With the Initial Package, you will be issued a local number from the vendor that we specify, which will be routed through the Call Center we designate. You agree to pay for and utilize the local number for other business services, such as initiating customer service calls, communicating with your staff, etc., however, you may not advertise with this local phone number in any manner. You may not get a local number from any other vendor without our prior written approval. You agree that this local number is owned by us, is only available to you while you are a Franchise Owner, and that

upon termination of the Franchise Agreement, the number will be automatically transferred to us (Exhibit D of the Franchise Agreement).

We require that you use the Call Center(s) that we authorize to answer incoming sales calls on the ProTect Painters toll free number and local number that are for you. The fee for the use of the Call Center is included in the S & T Fund. We reserve the right to change Call Center provider(s) any time with seven days notice to you.

You promise to continually list the Franchised Business in the "White Pages" of the primary telephone directory servicing your DMT, using the national ProTect Painters toll free number we designate. You must maintain, at a minimum, a listing in the dominant Yellow Pages (Section 2.G. of the Franchise Agreement). To assure that we maintain consistency in Yellow Pages advertising, you must place your listing through an agency of our choice, and we may require that we place the ad directly for you. We will not require you to spend more than you would otherwise spend if you placed the listing yourself. If there is more than one Franchise Owner utilizing the same directory, then you agree to pay your pro-rata portion of the listing cost. This is determined by taking the number of current households in your DMT which are covered by the directory, and dividing that number by the total households of all Franchised Businesses covered by the directory.

11.8 Franchise Assessment (Not applicable to additional franchises).

To assist us in working with you, before signing the Franchise Agreement and/or attending Initial Training, we may request that you complete and return to us a franchise assessment profile.

11.9 Sales and Technology Fund

In order to provide our customers with the best service possible, by providing a uniform standard for placement of services and handling of customers, we have established a Sales and Technology Fund (referred to as the "S & T Fund"), for which you will pay 3% of Gross Sales. Funds paid to the S & T Fund are to go towards payment of items such as the Call Center, the maintenance of the ProTect Painters website, an email server, use of and support for the Software and/or other technology services that we determine are in the best interests for the System. We have the right to change the technology services paid for by the S & T Fund with seven (7) days written notice to you. All contributions will be by automatic debit and will be made in the same manner as your Royalties.

Our expenditures of the S & T Fund will be at our sole discretion, and we are not obligated to do it in a way that benefits each franchisee equally or in proportion to their payments. The S & T Fund will not be our asset, will be accounted for separately from (but may be commingled with) our other funds, and will be held for the benefit of the System. We will furnish to you upon request, a monthly statement of moneys collected and costs incurred by the S & T Fund. We can have the S & T Fund incorporated or operated through a separate entity anytime we deem appropriate, and the successor entity will have all of the rights and duties specified in this Section.

11.10 Computer Software, Hardware, and Systems

You must use our proprietary Franchise Management Software System, (the "Software") which we provide to you, or a similar software system selected by us to maintain your customer record keeping and reporting functions. To maintain your accounting records, you must use the online accounting system that we prescribe in the Manuals, including any system we may develop. We will have automatic, but confidential, password access to your financial reports (Item 6 of this Disclosure Document and Section 7.D. of the Franchise Agreement).

To assist in communications and file transfer, you must also maintain a DSL, Cable or Satellite high-speed internet connection and subscribe to an electronic mail network. In addition,

you must establish a homepage on our Internet web site or other portal that we prescribe, that can contain certain information for your customers about ProTect Painters and information specific to your Franchised Business. You may not implement a web site yourself or through a third party provider.

A laptop/table computer (120 GB hard disk, 2.0 GHz processor), portable printer and stand, and power inverter will be supplied in your Initial Package and must be dedicated solely for use in the Franchised Business. The computer will be covered by a three-year warranty. While the Franchise Agreement does not require you to upgrade your computer hardware, future versions of the Software may necessitate that you do so. We do not expect that you will need to upgrade your equipment for at least two years from the date of this Disclosure Document. You must upgrade the Software within a timely manner when new releases are released. Currently, there is no additional charge for support and/or upgrades of the Software. The Software will allow us to independently access the Franchised Business’s information without limitation. You must be able to operate the Windows Vista Business SP1 or Windows XP Professional SP3 Operating System, Microsoft Word, Microsoft Excel and the required computer hardware. You must also utilize up-to-date anti-virus software on any computer used by the Franchise Business, at your expense. We may require you to keep your database on an independent server, or on a server that we maintain, which you would pay for. If your database resides on a server that we maintain, we will have access to all the information on your computer, which we may access at our discretion. As products and prices change over time, suppliers and brands may be changed in order to provide the best value to franchisees.

11.11 Email and Web Site

You must also maintain, on your business computer, an electronic mail account that must enable you to receive and send electronic mail and transfer computer files with us (Section 2.K. of the Franchise Agreement). We have the option of setting up an email server ourselves, and if we do, you agree to use, and pay for it out of the S & T Fund, that as your email account for all email related to the Franchised Business. You must also maintain a DSL, Cable or Satellite high speed internet connection; we have the right to specify the specific type and/or carrier that you use. To enhance the brand and the Mark, the Franchised Business must use an email name that we have approved and that will have, as its suffix, “@protectpainters.com.” Emails sent to you at protectpainters.com will be automatically forwarded to you at your electronic mail account. You promise to subscribe to, utilize and pay for (as part of the S & T Fund), a customized web site connected to our web site and managed by our web site provider (Item 6). You may not implement a web site or URL for the Franchised Business either yourself or through a third party provider without our prior written approval. We may require that you utilize e-commerce products or services designated by us.

11.12 Manuals

Upon request, we will permit you to view the Manuals at our home office in Ann Arbor, MI, or elsewhere as arranged, before you purchase the Franchise. Before your review, you must sign our then-current Confidentiality and Non-Disclosure Agreement (Exhibit A-3 of the Franchise Agreement).

We consider all the material on our Intranet Website as part of our Manuals.

The following is the Table of Contents of our Operating Manuals as of the date of this Disclosure Document, which we reserve the right to modify at any time:

Sales Manual	# of pages in chapter	Production Manual	# of pages in chapter
Welcome	5	Safety	14
Marketing	67	Personnel	71

Painting Techniques	129	Painter Manual	38
Estimating	18	Production Management	25
General Operations	42	Policies & Procedures	27
		Total # of Pages	436

11.13 Initial Training and Right Start (Not applicable for additional Franchises awarded to you; see Item 5 of this Disclosure Document)

You must attend an Initial Training Program and will need to successfully complete that program (Section 3.A. of the Franchise Agreement) within four months of the time you sign the Franchise Agreement and before opening the Franchised Business. If you have a Designated Managing Owner, they must also attend within 30 days of hire or prior to opening the Franchised Business, whichever occurs later. Initial Training begins with “Right Start,” a six to eight week program that includes numerous pre-opening activities. During Right Start, you must prepare a comprehensive financial plan, review the Manuals, complete a DMT review, coordinate with us your initial marketing initiatives comprising the Initial Marketing Launch Package, acquire proper insurance, and acquire all permits, licenses, and approved vehicles. All Right Start activities are completed before attending training in Ann Arbor and are conducted in your hometown with assistance from our home office staff. You may enter Right Start immediately upon your signing and returning to us of the Franchise Agreement and the Initial Fees. During Right Start, we will tentatively schedule a classroom training session for you to attend. Classroom training sessions are conducted as often as needed. Final confirmation of your scheduled classroom training will be contingent upon your successful completion of Right Start. In addition, your on-site training and opening business launch dates will be mutually agreed upon during Right Start.

Upon your successful completion of Right Start, you will attend five (5) days of classroom training at our home office in Ann Arbor, MI, or at another location designated by us, followed by 5 days of webinar and hands-on training in Ann Arbor, MI or Norcross, GA. Following the successful completion of your classroom, webinar, and hands-on training, you will be ready to open.

John Eggenberger, who is disclosed in Item 2, directs our training program. Mr. Eggenberger has 13 years of franchisee training experience.

Although we will furnish Initial Training to you, and one other person, at no additional fee, you must pay for all travel and living expenses you incur while training.

You may designate, with our approval and on a “space available” basis, additional persons to attend other sessions of the classroom portion of the Initial Training Program, for which you will be charged our then-current training fee. In addition, each attendee must sign our then-current Non-Disclosure Agreement before the start of the session. The Initial Training fee will be due and payable before the start of the classroom session and you must pay all travel and living expenses incurred by your designees while training.

If this is an additional Franchise being awarded to you, and you have already attended Initial Training, the requirement that you attend Initial Training is waived, as is our obligation to provide this to you at no additional fee. If this is a Transfer, you will need to attend the Initial Training course.

An outline of the Initial Training Program is as follows:

TRAINING PROGRAM

Subject	Hours of Classroom training	Hours of on the job training	Location
WEEK 1			
Introduction ProTect Painters Concept	2	-	Ann Arbor, MI
Familiarization with Paint Systems/Products	3	-	Ann Arbor, MI
Introduction to Paint Failures	3	-	Ann Arbor, MI
Introduction to Surface Preparation	2	-	Ann Arbor, MI
Introduction to Estimating	3	-	Ann Arbor, MI
Introduction to Finish Coat Introduction to Selling	3	-	Ann Arbor, MI
Introduction to Client Marketing	2	-	Ann Arbor, MI
Introduction to Recruiting	2	-	Ann Arbor, MI
Pre-opening Checklist	2	-	Ann Arbor, MI
Field Estimates	6	-	Ann Arbor, MI
Field Estimates	6	-	Ann Arbor, MI
Competency	1	-	Ann Arbor, MI
WEEK 2			
Introduction/Welcome Back	1	-	via Webinar
Introduction to Recruiting	3	-	via Webinar
Dealing with Vendors	2	-	via Webinar
Job-Site Safety	2	-	via Webinar
Job-Site Management	3	-	via Webinar
Customer Relations/Selling	2	-	via Webinar
Planning and Organizing	2	-	via Webinar
Job-Site Management II	2	-	via Webinar
Introduction to Paper Management	1	-	via Webinar
Introduction to People Management	1	-	via Webinar
Introduction to Coaching	1	-	via Webinar
Introduction to Budgets	1	-	via Webinar
Field Work		7	In the Field
Field Work		6	In the Field
Competency Test		1	In the Field

We reserve the right to revise the training itineraries at any time. We conduct the Initial Training as often as needed, and we anticipate that the first Initial Training class will be held in May 2009. All classes are scheduled by written notice to franchise owners.

On-going training helps to enhance the System, your management of the Franchised Business, and the services provided to ProTect Painters customers. Currently, we have chosen to provide on-going training through conventions and regional meetings. While we may, at our sole option, choose to change formats, times, and locations, you must attend some form of periodic training session for which we may charge fees. We establish the duration, curriculum, and location of these sessions. The curriculum may include, (but is not limited to): technical training, business plan analysis, marketing, profitability, and maximizing your business opportunities. Continuing training sessions may be held in Ann Arbor, MI or at other locations as determined by us. Some potential locations include California, Texas, Florida, Georgia, Massachusetts, and others.

Although our experience indicates that you will attend continuing training sessions as they are offered, you must attend at least one convention or meeting each year. You will not be required to attend any session that is more than three days in duration. You must pay all registration, travel and living expenses that you incur while attending any session.

ITEM 12. TERRITORY.

12.1 The Territory

We identify Designated Marketing Territories (“DMT”) by zip codes. The typical DMT includes approximately 25,000 targeted households within a contiguous area. As of the date of this Disclosure Document, we are utilizing data that has been collected by ESRI Business Information Solutions, 8620 Westwood Center Drive, Vienna, VA 22182, a national demographic company, to determine the number of “targeted” households in your DMT.

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.

12.2 Servicing and Marketing to Customers

You are required to market to your DMT, as further outlined in Section 11 of this Disclosure Document and Section 2 of the Franchise Agreement.

You may service customers at any location, inside or outside of your DMT provided that you comply with our then-current Servicing Policy, as outlined in the Franchise Agreement and our Manuals. Likewise, other ProTect Painters Affiliates may service customers at any location, inside or outside of your DMT, provided that they comply with our then-current Servicing Policy as outlined in the Franchise Agreement and our Manuals.

If we receive a request for a residential job, we will refer the job to the ProTect Painters Affiliate whose DMT includes that location. If we receive a request for a residential job that is not located in any ProTect Painters Affiliate’s DMT, we may refer it to any ProTect Painters Affiliate who is in compliance with the Franchise Agreement at our sole discretion.

If we receive a request for a light commercial job, we will refer the job to the ProTect Painters Affiliate whose DMT includes that location, provided we determine that Affiliate has the skills and experience to perform the job, which determination is made at our sole discretion. If we receive a request for a light commercial job that is not located in any ProTect Painters Affiliate’s DMT or if the local ProTect Painters Affiliate does not have the skills and experience to perform the job, we may refer it to any ProTect Painters Affiliate who is in compliance with the Franchise Agreement at our sole discretion.

You agree that if for some reason you decide not to perform a job that we may refer the job to any ProTect Painters Affiliate who is in compliance with the Franchise Agreement at our sole discretion at no compensation to you (Section 1.C. of the Franchise Agreement).

12.3 National and Regional Accounts

1. Program Services. From time to time, we may establish certain programs for the benefit of ProTect Painter Affiliates, whereby ProTect Painters Affiliates will be permitted to offer, sell and perform certain services (the "Program Services") in accordance with the specifications described in any particular program and as may be established by us from time to time.

2. National and Regional Accounts. The term “National and Regional Account” means any customer which, on its own behalf or through agents, franchisees or other third parties, owns, manages, controls or otherwise has responsibility for buildings or common services in more than one location whose presence is not confined within any one particular franchisee’s DMT. Any dispute as to whether a particular customer is a National Account shall be determined by us, in our sole discretion, and our determination shall be final and binding. For purposes of the Franchise Agreement, the term “National Account” shall also mean any regional account.

We shall have the exclusive right to negotiate and enter into agreements or approve forms of agreement to provide services to National Account customers, including any National Account affiliate, company owned or franchised locations within your DMT.

Following the execution of a contract with or the acceptance of a bid by a National Account customer which contemplates the provision of services to one or more National Account customer locations within the DMT, we will, if you are in substantial compliance with the terms of the Franchise Agreement and any addendum, provide you the option to perform such services pursuant to the terms and conditions of the National Account contract or on such terms and conditions as we in our sole discretion determine, which may include a price different than we charge the National Account customer. If you elect not to provide services to a National Account customer in conformity with the terms and conditions of the National Account bid or contract, or if you fail to make an election within the time specified by us of being offered the opportunity, or if the National Account customer specifically requests that you not perform the work or that you be removed from the job, we shall have the right, exercisable in our sole discretion, to:

a. provide, directly or through any other ProTect Painters Affiliate, services to the National Account customer location(s) within your DMT on the terms and conditions contained in the National Account bid or contract; and/or

(b) contract with another party to provide such services to the National Account customer location(s) within your DMT on the terms and conditions contained in the National Account bid or contract directly with the National Account customer, utilizing the Marks or any other trademarks, service marks or trade names.

You acknowledge and agree that you will not be paid any compensation or consideration for work performed by others in your DMT pursuant to this section.

3. Program Participation. Your participation in any particular program, including but not limited to the National Account Program, will be subject to the terms and conditions of such program. Such terms and conditions may include, but shall not be limited to, the following:

a. prior to offering, selling or performing any Program Services, you shall execute such agreements, undertakings or other instruments as we may require as a condition to participation in any particular program which we may then be offering to our franchisees. You agree to abide by the terms and conditions of such agreements;

b. Program Services, including National Account work, is subject to our strict quality control standards, enhanced inspections and testing and shall be completed according to our scheduling requirements. We may also centralize all accounts, invoicing and payments for Program Services or designate a third party to perform such functions.

c. you may be required to pay certain fees including participation or administration fees, additional Royalties on work performed pursuant to any particular program, or other fees related to the Program Services described in any particular program. These fees may be in addition to the Royalties provided for in Section 2.D of the Franchise Agreement;

d. prior to performing any Program Services, you must be certified by us to perform the specific type of work specified in the particular program. Certification may require, among other things, that you be trained by us or other qualified third parties and demonstrate, to our satisfaction, a minimum level of competency in the performance of the intended service; and

e. you must be in substantial compliance with the terms of your Franchise Agreement and any addendum.

Not all system franchisees will benefit directly or on a pro-rata basis from Program Services, and we do not represent that you will achieve any particular level of Program Services work. Further, we may alter or discontinue any Program Service, or any services it provides, in our sole discretion.

4. Non-Solicitation of National Accounts. You may not solicit or service any entity, customer, contract or site that is a National Account, as defined in the Franchise Agreement, whether within or outside your DMT, without our prior written approval which may be conditioned on such terms and conditions as we deem fit, in our sole discretion, including our right to exclusively negotiate the terms of any National Account, set additional training requirements, and set the fees due us for services rendered in connection with any National Accounts contract.

12.4 Our Obligations and Rights we Reserve

During the term of the Franchise Agreement, except as provided above and below, we promise not to grant permission to any ProTect Painters Affiliate to market ProTect Painters services within your DMT without your written permission. During the term of the Franchise Agreement, we promise not to modify the DMT without your prior written permission, except that in the event of a future reorganization or modification of zip code boundaries by the United States Postal Service, we will use our best efforts to ensure your DMT comprises approximately the same number of target households in approximately the same geographic location.

We retain, as we deem appropriate, the rights to:

1. establish, and allow other Franchisees to establish, ProTect Painters business facilities at any location inside or outside of your DMT on any terms and conditions, but subject to the same restrictions upon their marketing in your DMT that you are subject to in their DMT;
2. solicit, market to, advertise to, and build National and/or Regional Accounts, whose offices may be located inside or outside your DMT (Section 1.D. and 1.E. of the Franchise Agreement);
3. offer and sell services and products within your DMT which do not comprise a part of the ProTect Painters residential and light commercial painting System and, in connection with this right, to exploit our Marks, name, reputation, and know-how.
4. sell ProTect Painters identified products through Alternative Distribution Channels (as defined below);
5. acquire businesses inside and outside your DMT, providing services similar to those provided under the System and to be acquired by such a business.
6. offer additional services for our ProTect Painters Affiliates to perform under the Marks; however, you may be required to meet certain qualifications, sign another contract, attend additional training and/or pay a fee prior to our offering these services.

Although we have not done so, we and our affiliates may sell products under the Marks within and outside your DMT through any method of distribution, although it may not be through a ProTect Painters location in your DMT. This includes sales through such channels of distribution as the Internet, Catalog Sales, Telemarketing, or other Direct Marketing Sales

(together referred to as “Alternative Distribution Channels”). You may not use Alternative Distribution Channels to make sales outside or inside your DMT, except as described in our then-current Internet policy, as published in the Manuals, and you may not receive compensation for our sales through Alternative Distribution Channels except as described in the following paragraph.

If we engage in electronic commerce through any Internet, World Wide Web, or other computer network site, or sell through any other Alternative Distribution Channel, and we receive orders for any System products or services from customers in your DMT, we will offer the order to you at the price we establish. If you choose not to fulfill the order, if you do not meet the requirements, or otherwise, are unable to fulfill the order, then another ProTect Painters Affiliate may fulfill the order, and you will be entitled to no compensation in connection with this.

We and our affiliates reserve the right to use Alternative Distribution Channels to make sales within your DMT of products or services under trade or service marks different from the Marks you will use under the Franchise Agreement.

12.5 Servicing Restrictions

Any project or enterprise undertaken jointly by two or more franchisees will be known as co-venturing. Co-venturing with other franchisees must be managed through us, and you may not negotiate directly with other ProTect Painters Franchisees for co-venturing at any time. You may not service a customer if doing so is beyond your current equipment and/or personnel capabilities, or if it would otherwise disrupt the normal servicing of your customers. All such customers must be referred to us.

You may not offer and/or provide painting services on buildings or structures if they exceed the lesser of three (3) stories or forty (40) feet in height.

12.6 Additional Franchises

Upon receiving your request, we may award you additional franchises. If the additional franchise is purchased at the same time as the first franchise, you will be subject to specific additional marketing requirements particular to each DMT, as provided for in the Manuals. This is to assure that market penetration is accomplished in all purchased DMTs. If the additional Franchise is not purchased at the same time as the first Franchise, listed below are some examples of the criteria we use in awarding additional franchise(s):

1. You must have been operating the franchised business at least one year and be in compliance with your Franchise Agreement(s).
2. You must be achieving positive cash flow for at least six of the last eight months.
3. You are in good standing with a consistent record of compliance with ProTect Painters standards. This includes but is not limited to having proof of all required insurances on file with us, having approved uniforms, vehicles, customer service and timely submission of profit and loss statements, and royalties.
4. You must be achieving customer market penetration in your current DMT equal to or greater than performance of the top third of the franchise network. (Total number of customers serviced over the last 12 months divided by the number of targeted households in your DMT).
5. You have the ability to market and service the new expansion area, i.e. have a strong, developed organization, demonstrated ability to develop a market, and the financial capability to market and support the expanded area. You must show documentation that confirms you are meeting the marketing requirements of your current Franchise Agreement(s) and must

demonstrate the ability and plans to accomplish all requirements in marketing the additional DMT you are purchasing.

6. The DMT you wish to expand into must not be in the active sales process with an identified candidate at the time of the request or approval.

7. The expansion must not hamper the ability to sell franchises adjacent to the current or expansion DMT.

8. The expansion DMT will have approximately 25,000 additional target households.

9. Additional DMTs may be purchased in twelve months intervals if owner re-qualifies based on the aforementioned criteria.

If you are approved for an expansion, you must sign a new franchise agreement and pay the appropriate fee in full within 10 days of receiving the documents. Currently the Initial Package Fee is waived for franchisees who qualify to expand (Item 5); although we reserve the right to change this at any time.

You may not, without our prior written permission, market ProTect Painters services for customers geographically located within the proposed new DMT until you have purchased the DMT and signed a then-current Franchise Agreement.

12.7 Minimum Gross Sales Requirement

You are expected to develop a Franchised Business that will achieve an average minimum level of weekly Gross Sales (the “Minimum Gross Sales”) as follows:




<u>Months in Operation</u>	<u>Minimum Gross Sales Required</u>
Months 0-12	No Minimum
Months 13-24	\$5,000 per week
Months 25-36	\$7,500 per week
Months 37+	\$10,000 per week

At any time after 12 months in operation, if you do not achieve the required average Minimum Gross Sales measured over a period of 3 to 6 consecutive months, we may collect a Royalty equal to what you would have been assessed had you achieved the Minimum Gross Sales. If the average minimums for the second year of operation are not met, beginning in year three of operation and going forward we may, at our discretion, monitor Minimum Gross Sales and assess Royalties accordingly on a monthly basis. In those geographic areas of the country where outdoor painting is seasonal, the time period over which the required Minimum Gross Sales is measured, will be adjusted to reflect this seasonality. If you have been awarded more than one Franchise Agreement, you will be required to meet the Minimum Gross Sales for each individual DMT.

ITEM 13. TRADEMARKS.

We grant you the right to operate a franchise under the name ProTect Painters. You may also use other current or future trademarks that we develop to identify the goods and services associated with the ProTect Painters system. By trademark, we mean trade name, trademark, service marks, logos or other commercial symbols used to identify your ProTect Painters Franchised Business.

We hold the following registered trademarks with the United States Patent and Trademark Office (“USPTO”) on the principal register:

Trademark	Serial #	Filing Date	Registration Date	Registration #
ProTect Painters & design 	76274672	June 14, 2001	May 14, 2002	2569955
ProTect Painters	75028779	November 29, 1995	June 17, 1997	2072765
ProTect Painters & design 	Pending	Pending	Pending	Pending
ProTect Painters & design 	Pending	Pending	Pending	Pending
"Nobody protects like ProTect!"	Pending	Pending	Pending	Pending

All required affidavits have been filed with the USPTO.

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

There are presently no effective determinations by the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state or any court, of any pending infringement, opposition, or cancellation proceedings, or any pending material litigation involving our trademarks.

There are no agreements currently in effect which significantly limit our rights to use or to license the use of our trademarks in any manner material to the franchise, nor are there any superior rights or infringing uses actually known to us which would materially affect your use of the trademarks.

You must follow our rules when you use the Marks. You may not use any Mark (including the name ProTect Painters or protectpainters.com) as part of your corporate or legal business name or with modifying words, terms, designs, or symbols (except for those we license to you). You may not use any Mark in selling any unauthorized services or products or in any other way which we have not expressly authorized in writing. Your use of the Marks, and any goodwill established by this use, will be exclusively for our benefit and no goodwill or other interest in the Marks will accrue to you (other than the right to operate a Franchised Business according to the terms of the Franchise Agreement). You may not contest, directly or indirectly, our rights in our trademarks.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark or any claim by any person of any rights in any Mark. Other than our attorneys, your attorneys, and us, you may not communicate with any person about any infringement, challenge, or claim. We may take the action we deem appropriate and control exclusively any litigation, PTO proceeding, or any other administrative proceeding in connection with any challenge or any other type of claim concerning any Mark. You must sign any documents and take any action that, in the opinion of our attorneys, protects and maintains our interests in any litigation or PTO or other proceeding.

If you have timely notified us of the claim or proceeding and complied with the Franchise Agreement, we will reimburse you for all damages you suffer in any trademark infringement

proceeding from your authorized use of any Mark, and for all costs you reasonably incur in defending any claim brought against you or any proceeding in which you are named a party. We may, at our option, defend and control the defense of any proceeding from your use of any Mark.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue the use of any Mark and/or use one or more additional or substitute names or marks, you must comply with our direction within a reasonable time after you have received notice. We will not be liable to you for any expenses, losses, or damages you sustain as the result of any such addition, modification, substitution, or discontinuance of a Mark, and you may not commence or join in any litigation or other proceeding against us for any such expenses, losses, or damages.

We are the lawful and sole owner of the domain name www.protectpainters.com. You cannot register any of the Marks that are now, or in the future, owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the system on the Internet and to create, operate, maintain and modify, or discontinue use of a website using the Marks. You may access our website. Except as we authorize in writing in advance; however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any Internet domain names in connection with your Franchise. The only exception is that you may list the Franchised Business in an online directory. Additionally, you may advertise on the Internet if you have our prior written permission.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

14.1 Patents

There are no patents that are material to the franchise.

14.2 Copyright

Our manuals, business forms, proprietary software and audiovisual instructional materials, including, the Operations Manual(s), manager's working binder, client manual, order forms, and reports, are all confidential and proprietary in nature, and if made public, are afforded copyright protection. Although we have not filed an application for copyright registration, we claim trade secret and copyright protection in our proprietary software and the contents and information in the Operations Manual (described in Item 11). These materials may be used by you solely in the operation of the franchise for so long as the Franchise Agreement is in full force and effect. Upon the expiration of the Franchise Agreement you must return all these materials to ProTect Painters.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect which significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, there are no infringing uses actually known to us which could materially affect a franchisee's use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when this action is in the best interests of the ProTect Painters System.

14.3. Proprietary Information

All ideas, concepts, techniques or materials relating to a ProTect Painters Business, whether or not constituting protectable intellectual property, and whether created by or on behalf of you, must be promptly disclosed to us, will be considered our property and part of our franchise system and will be considered to be works made-for-hire for us. You must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others.

The manuals and proprietary software are our property and are being loaned to you during the term of your Franchise Agreement. You must not show any confidential or proprietary materials to any third parties not employed by you or under contract with you. If you divulge the contents of any of these materials to third parties, then you will be responsible for any resulting losses suffered by us.

We own certain proprietary rights on a number of technical processes used in connection with estimating painting costs, the use of which are licensed to the franchisee under the Franchise Agreement. The knowledge of our processes, services, proprietary formulations, know-how and the operation of a ProTect Painters franchise is derived from information disclosed to the franchisee by us pursuant to the Franchise Agreement. This information is proprietary and confidential and maintained, as our trade secret. We have established comprehensive security procedures to maintain the secrecy of all of our proprietary information.

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

You must at all times faithfully, honestly, and diligently perform your obligations under the Franchise Agreement. In the Franchise Agreement, you must designate one Managing Owner (the "Managing Owner") who will be our primary contact with the Franchised Business and who will operate the Franchised Business on a full-time basis. The Managing Owner must successfully complete our Initial Training Program (Section 3.A. of the Franchise Agreement) within four months of signing the Franchise Agreement and before the opening of the Franchised Business. The Managing Owner may appoint a designee who will be our primary contact, but only with our prior written consent. The designee must successfully complete the Initial Training Program prior to opening the Franchised Business or within 30 days of being hired, whichever occurs later. The designee is not required to have an ownership interest in the Franchised Business. The designee must sign a written agreement to maintain confidentiality of the trade secrets and confidential information described in Item 14 and to abide by the covenants not to compete described in Item 17, and you must submit a copy of this agreement to us. The Managing Owner, or his/her designee, must continuously exert her/his full-time best efforts to manage, promote and enhance the Franchised Business. The Managing Owner, or his/her designee, must not engage in any other business or activity that conflicts with your obligations to operate the Franchised Business on a full-time, year round basis.

You (or your delegate) must provide timely response to any and all customers' inquiries or complaints within one business day, and resolve it within 7 days of the initial complaint, to insure positive customer relations and maintain the goodwill of the System, even when such response may necessitate re-performing a task not completed to the customer's satisfaction or a refund of moneys received.

Before attending Initial Training, and/or upon any assignment of the Franchise Agreement to a legal entity owned by you, you must submit to us a certificate of the entity which states the name of the corporation, limited liability company, or other legal entity assuming the Agreement, the legal names of all of the shareholders, members, or partners of the entity (the "owners"), the percentage of ownership that each owner controls, their place of residence and the entity's agreement to be bound by the terms of the Franchise Agreement. In the case of multiple owners where there exists the possibility of deadlock on business decisions, you must submit a dispute resolution agreement that states what you will do in the event that there is a conflict between any owners of the legal entity. In addition, at all times, at least 67% of the company must be controlled by owner(s) who have executed the Franchise Agreement. The remaining owner(s)

must sign a written agreement to maintain confidentiality of the Confidential and Proprietary Information and their agreement to abide by the covenant not to compete, as described in Sections 6 and 13 of the Franchise Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.

You must offer and provide all of the services that we require for ProTect Painters franchises. We have the right to add additional services that the franchisee is required to offer.

You may not market or perform any services that we have not authorized. Our System Standards may regulate required or authorized services and service categories and supplies. There are no limits on our right to periodically change required and/or authorized services and service categories, and we may do so at our discretion. We reserve the right to add additional products and services at any time.

Your grant of a franchise to operate a Franchise Business does not include (i) any right to offer any services via e-commerce; (ii) any right to establish an independent website or to establish a URL incorporating the Marks or any variation thereof; or (iii) any right to distribute, market, or implement our products or services in any channel of distribution not specifically identified in the relevant agreements.

You shall at all times maintain sufficient levels of inventory and contractor availability to adequately satisfy consumer demand. You must stop using or offering unauthorized services or products immediately upon notice that certain services or products have been discontinued. If the law prohibits the use or sale of any product or service, use must cease immediately.

You may not market services to customers geographically located outside your DMT without our written approval (Item 12). Failure to comply with our written notice requiring this can result in termination of the Franchised Business (Section 12.B. of the Franchise Agreement).

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

THE FRANCHISE RELATIONSHIP

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

Provisions	Section in Franchise or other Agreement	Summary
a. Length of the franchise term.	Section 1.	10 years from date of signing of the Franchise Agreement.
b. Renewal or extension of the term.	Section 11.	If you are in good standing and substantial compliance with the Franchise Agreement you can renew for additional terms of 10 years each.
c. Requirements for franchisee to renew or extend.	Section 11.	You must: (a) Be in substantial compliance; (b) have satisfied all monetary obligations; (c) complete any required training; (d) pay us the then-current Renewal Fee; (e) sign a General Release in form of Exhibit A-5 to this Disclosure Document; and (f) timely notify us of your election to renew. You may be asked to sign a contract with materially different terms and conditions than in your original contract, but the boundaries of your DMT and your Royalty Rate will remain the same.

Provisions	Section in Franchise or other Agreement	Summary
d. Termination by franchisee.	Section 12.A.	You may terminate any time with at least 60 days prior written notice.
e. Termination by franchisor without cause.	None.	Not applicable. We may not terminate you without cause.
f. Termination by franchisor with cause.	Section 12.B.	We can terminate you only if you default. The Franchise Agreement describes defaults throughout – please read it carefully.
g. “Cause” defined – curable defaults.	Section 12.B.	You have 10 days to make payment of any amounts due to us following receipt of written notice, 10 days to provide us with any report, statement or return we require, 15 days to comply with any law or regulation after notification of non-compliance, 30 days to comply with any condition, warranty or certification, 30 days to cure failures to operate the Franchised Business as specified by us in our Manuals and other confidential materials and any other defaults.
h. “Cause” defined – non-curable defaults.	Section 12.B.	Non-curable defaults include failure to successfully complete our Initial Training Program within four months from the date you sign the Franchise Agreement, abandonment, unapproved transfers, material misrepresentations or omissions, conviction of a felony, failure to maintain insurance, interference with our inspection rights, failure to transfer upon death or disability, violation of any of the transfer provisions, dishonest or unethical conduct, unauthorized use or disclosure of the Manuals or confidential information, failure to pay taxes, failure to comply with System Standards, repeated defaults (even if cured), understating Gross Sales by 5% or more, failure to comply with modification to System Standards within the required time period.
i. Franchisee’s obligations on termination/non-renewal.	Section 13.	Obligations include complete de-identification, payment of amounts due, return of all materials, and delivery of all customer information, cease using our confidential information.
j. Assignment of contract by franchisor.	Section 10.A.	No restriction on us of the right to assign.
k. “Transfer” by franchisee – definition.	Section 10.B.	Includes the transfer, assignment or sale of the Agreement, the Franchise, the Franchised Business, any interest in them, in part or in whole.
l. Franchisor’s approval of transfer by franchisee.	Section 10.B.	We have the right to approve all proposed transfers (if qualified and specified conditions are met).
m. Conditions for franchisor approval of transfer.	Section 10.B.	You are in full compliance with the Franchise Agreement, the transferee has demonstrated sufficient business experience, aptitude, and financial resources to meet our then-current standards, the transferee and its owners are not or do not remain engaged in a competitive business outside our Franchised Business, you provide us with written authorization to release to the transferee any and all

Provisions	Section in Franchise or other Agreement	Summary
		information about the operation of the Franchised Business, the transferee has signed our then-current form of Franchise Agreement, all outstanding fees owed by the Seller have been paid to us, the transfer fee is paid, material terms of the purchase agreement approved, transferee successfully completes our Initial Training, release signed by you (also see r, below).
n. Franchisor's right of first refusal to acquire franchisee's business.	Section 10.D.	Before transferring your interest in the Franchise Agreement, you must first offer us the right to purchase the interest on the same terms and conditions contained in any bona fide offer less the transfer fee.
o. Franchisor's option to purchase franchisee's business.	Not Applicable.	We do not have an option to purchase your business.
p. Death or disability of franchisee.	Section 10.C.	Transfer within six months of your death or disability as long as the business is operated in compliance during this period. Your heirs may continue to operate your Franchised Business if they would qualify as an transferee.
q. Non-competition covenants during the term of the franchise.	Section 6.	No involvement in competing business.
r. Non-competition covenants after the franchise is terminated or expires.	Section 13.D.	You may not engage or be involved in any manner in a competing business for 18 months in your former DMT, within an area of 25 miles from the perimeter of your former DMT, or in any DMTs of any ProTect Painters franchises in operation at the time of Termination.
s. Modification of Agreement.	Section 15.J.	No modifications generally but Manuals and System Standards are subject to change.
t. Integration/merger clause.	Section 15.L.	Only the terms of the Franchise Agreement are binding (subject to state law). No other promises are enforceable.
u. Dispute resolution by arbitration.	Section 15.F.	Except for certain claims, all disputes must be arbitrated before the American Arbitration Association office closest to our then principal business address.
v. Choice of forum.	Section 15.G.	All actions must be commenced in the state, and in the state, or federal court of general jurisdiction, closest to our principal business address at the time of the action.
w. Choice of law.	Section 15.H.	Except for Federal Arbitration Act and other federal law, Michigan law applies.
x. Jury trial and damages.	Section 15.I.	You and we waive rights to jury trial and punitive and exemplary damages.

The provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law, (11 U.S.C. Section 101 et seq.). See the state addenda to the Franchise Agreement and disclosure document for special state disclosures.

ITEM 18. PUBLIC FIGURES.

We do not use any public figures to promote our franchise. You have no right to use the name of any public figure for promotional efforts, advertising, or endorsements, except with our prior written consent. No public figure has any investment in the franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following charts and tables are a historic financial performance representation and are not a forecast of your future financial performance.

As of December 31, 2008 there were 13 ProTect Painters franchised businesses operating in the United States. Of these franchised businesses, six have been in operation prior to December 31, 2006.

TABLE 1 – AVERAGE ANNUAL NET SALES

The following table provides average Annual Net Sales information attained by the six Operators that opened prior to December 31, 2006, for the period of between January 1, 2008 and December 31, 2008.

Average Annual Net Sales 2008	Number of Operators	High	Low	Number Above Average	Number Below Average	Percent Above Average	Percent Below Average
\$450,926	6	\$839,269	\$293,281	2	4	33%	67%

TABLE 2 – AVERAGE JOB SIZE IN 2008

The following table provides the average size of jobs completed in 2008 by the six Operators that opened prior to December 31, 2006. It includes the average Net Sales and number of jobs Protect Painters Operators received for each job completed in 2008.

	Avg.	Number Of Owners	High	Low	Number Above Average	Number Below Average	% Above Average	% Below Average
Average Net Sales per Job	\$3,756	6	\$4,583	\$3,209	2	4	33%	67%
Average Number of Jobs per Owner	120	6	195	64	2	4	33%	67%

Actual results vary from franchise to franchise, and we cannot estimate the results of a particular franchise. Your results may vary upon the location of your business. A new franchisee's results are likely to differ from the results shown in this Item. Achieving any sales level is a function of having enough contractor availability to adequately meet demand. We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable, and consult with an attorney and other advisors prior to executing the Franchise Agreement.

Tables 1-2 were prepared from data obtained from the unaudited royalty report statements prepared by ProTect Painters Development, LLC for the statement periods of January 1 to December 31, 2008. We have in our possession written substantiation of the information used to compile the Franchise Performance Representations. At your written request, we will make this written substantiation available to you.

The earnings claim figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenues or gross sales figures to obtain your net income or profit. Net sales reflect the total average weekly sales for the Operators included in the sample, as reported to us through the Software, and do not include sales tax.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Ms. Michelle Justavino, Legal Department Manager, 3948 Ranchero Drive, Ann Arbor MI 48108, 734-822-6570, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

TABLE NUMBER 20.1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2006 TO 2008

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2006	7	7	0
	2007	7	13	+6
	2008	13	13	0
Company-Owned	2006	0	0	0
	2007	0	0	0
	2008	0	0	0
Total Outlets	2006	7	7	0
	2007	7	13	+6
	2008	13	13	0

TABLE NUMBER 20.2

**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN FRANCHISOR)
FOR YEARS 2006 TO 2008**

State	Year	Number of Transfers
Total	2006	0
	2007	0
	2008	0

TABLE NUMBER 20.3

**STATUS OF FRANCHISED OUTLETS
FOR YEARS 2006 TO 2008**

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
Florida	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	1	0	0	0	0	1
Georgia	2006	1	0	0	0	0	0	1
	2007	1	0	0	0	0	0	1
	2008	1	1	1	0	0	0	1
Massachusetts	2006	6	0	0	0	0	0	6
	2007	6	0	0	0	0	0	6
	2008	6	0	0	0	0	0	6
Minnesota	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	1	0	0	0	0	1
New Hampshire	2006	0	0	0	0	0	0	0
	2007	0	2	0	0	0	0	2
	2008	2	0	0	0	0	0	2
North Carolina	2006	0	0	0	0	0	0	0
	2007	0	2	0	0	0	0	2
	2008	2	0	0	0	0	2	0
Virginia	2006	0	0	0	0	0	0	0
	2007	0	2	0	0	0	0	2
	2008	2	0	0	0	0	0	2

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
Totals	2006	7	0	0	0	0	0	7
	2007	7	6	0	0	0	0	13
	2008	13	3	1	0	0	2	13

TABLE NUMBER 20.4

**STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2006 TO 2008**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Total	2006	0	0	0	0	0	0
	2007	0	0	0	0	0	0
	2008	0	0	0	0	0	0

TABLE NUMBER 20.5

PROJECTED OPENINGS AS OF DECEMBER 31, 2008

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
California	0	1	0
Georgia	0	1	0
Florida	1	0	0
Michigan	0	1	0
Minnesota	0	1	0
North Carolina	0	1	0
South Carolina	0	1	0
Virginia	0	1	0
Total	1	7	0

Note 1: In Tables No. 20.1- 20.5 there has been no franchise activity in the states omitted from the tables during the years indicated.

Note 2: Exhibit F includes the names, addresses and telephone numbers of all franchise owners and company stores as of December 31, 2008.

Note 3: Exhibit G includes the name, city and state, and the current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our last fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Note 4: As of the date of issuance, there are no current or former franchisees who have signed provisions restricting their ability to speak openly about their experience with ProTect Painters.

Note 5: As of the date of this Disclosure Document, there are no trademark-specific franchisee organization associated with the franchise system being offered which we have created, sponsored or endorsed.

Note 6: As of the date of this issuance, there are no organizations that have asked to be listed.

ITEM 21. FINANCIAL STATEMENTS.

Exhibit B contains our audited balance sheets, statements of operations, stockholders' equity and cash flows for the period ending January 20, 2009. We have a calendar fiscal year end.

ITEM 22. CONTRACTS.

Copies of all proposed agreements regarding the franchise offering are included in Exhibit A. These include our Franchise Agreement and all exhibits to it:

1. Franchise Agreement (Exhibit A-1 of the Disclosure Document)
2. Designated Marketing Territory Agreement (Exhibit A of the Franchise Agreement)
3. Initial Package (Exhibit B-1 of the Franchise Agreement)
4. Transfer Initial Package (Exhibit B-2 of the Franchise Agreement)
4. Software License Agreement (Exhibit C to the Franchise Agreement)
5. Telephone Listing Agreement (Exhibit D to the Franchise Agreement)
6. Disclosure Acknowledgement Agreement (Exhibit E to the Franchise Agreement)
7. Consumer Note (Exhibit F to the Franchise Agreement)
8. Additional Disclosures/Riders (Exhibit A-2 of the Disclosure Document)
9. Confidentiality Agreement (Exhibit A-3 of the Disclosure Document)
10. Disclosure Acknowledgment Statement (Exhibit A-4 of the Disclosure Document)
11. Mutual Release (Exhibits A-5 and A-6 of the Disclosure Document)
12. Sample Regional Advertising Cooperative Addendum (Exhibit A-7 of the Disclosure Document)
13. Bank Account Debit Authorization (Exhibit A-8 of the Disclosure Document)

ITEM 23. RECEIPTS.

The final page of this Disclosure Document (Exhibit K of the Disclosure Document) is a detachable document acknowledging your receipt of the Disclosure Document. If that page, or any other pages or exhibits are missing from your copy, please notify us immediately.

EXHIBIT A-1 FRANCHISE AGREEMENT AND RELATED MATERIAL

TABLE OF CONTENTS

1. INTRODUCTION, ACKNOWLEDGMENTS, AND AWARD OF FRANCHISE.	57
A. INTRODUCTION.	57
B. AWARD OF FRANCHISE.	57
C. DESIGNATED MARKETING TERRITORY.	58
D. RIGHTS WE RESERVE.	59
E. NATIONAL AND REGIONAL ACCOUNTS.	60
F. RESTRICTIONS.	61
G. OTHER BUSINESSES.	62
2. FEES AND OTHER MONETARY REQUIREMENTS.	62
A. INITIAL FRANCHISE FEE.	62
B. INITIAL PACKAGE FEE.	62
C. INITIAL MARKETING LAUNCH PACKAGE FEE.	62
D. ROYALTY.	63
E. LATE REPORT FEE, LATE PAYMENT SERVICE FEE AND INTEREST.	63
F. DEFINITION OF GROSS SALES.	64
G. REQUIREMENT TO ACHIEVE A MINIMUM LEVEL OF GROSS SALES.	64
H. LOCAL MARKETING, ADVERTISING, AND PROMOTION.	64
I. GENERAL MARKETING FUND.	66
J. FRANCHISE MANAGEMENT SOFTWARE LICENSING AGREEMENT AND FEES.	67
K. HIGH SPEED INTERNET CONNECTION, ELECTRONIC MAIL NETWORK & WEBSITE.	67
L. OUTSTANDING FEES OF PREDECESSOR.	67
M. SALES AND TECHNOLOGY FUND.	68
3. TRAINING AND GENERAL GUIDANCE.	68
A. TRAINING.	68
B. GENERAL GUIDANCE.	69
C. OPERATING MANUALS.	69
D. DELEGATION OF PERFORMANCE.	69
4. MARKS.	70
A. OWNERSHIP AND GOODWILL OF MARKS.	70
B. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.	70
C. LIMITATIONS ON YOUR USE OF MARKS.	70
D. DISCONTINUANCE OF USE OF MARKS.	71
5. CONFIDENTIAL AND PROPRIETARY INFORMATION.	71
A. CONFIDENTIAL INFORMATION.	71
B. PROPRIETARY INFORMATION/CUSTOMER LISTS.	72
6. COVENANTS NOT TO COMPETE.	73
A. FOR YOU.	73
B. FOR YOUR EMPLOYEES AND CONTRACTORS.	73
C. OUR RIGHT TO ENFORCE NON-COMPETITION COVENANTS.	73
7. SYSTEM STANDARDS.	73
A. COMPLIANCE WITH SYSTEM STANDARDS.	73
B. MODIFICATION OF SYSTEM STANDARDS.	75
C. INSURANCE.	75
D. RECORDS, REPORTS AND FINANCIAL STATEMENTS.	77
E. COMPLIANCE WITH LAWS.	78

F.	MULTIPLE AGREEMENTS.....	78
8.	INSPECTIONS AND AUDITS.....	79
A.	OUR RIGHT TO INSPECT THE FRANCHISED BUSINESS.....	79
B.	OUR RIGHT TO AUDIT.....	79
9.	TAXES AND ADVANCES.....	79
A.	TAXES.....	79
B.	ADVANCES.....	80
10.	TRANSFER.....	80
A.	BY US.....	80
B.	BY YOU.....	80
C.	YOUR DEATH OR DISABILITY.....	81
D.	OUR RIGHT OF FIRST REFUSAL.....	81
11.	EXPIRATION OF THIS AGREEMENT.....	82
A.	YOUR RIGHT TO RENEW THIS AGREEMENT.....	82
B.	AWARD OF A SUCCESSOR AGREEMENT.....	82
C.	AGREEMENTS/RELEASES.....	82
D.	SUCCESSOR TERM FEE.....	82
12.	TERMINATION OF AGREEMENT.....	82
A.	BY YOU.....	82
B.	BY US.....	83
13.	POST TERMINATION OBLIGATIONS.....	84
A.	PAYMENT OF AMOUNTS OWED TO US.....	84
B.	MARKS.....	85
C.	CONFIDENTIAL INFORMATION.....	86
D.	COVENANT NOT TO COMPETE.....	86
E.	CONTINUING OBLIGATIONS.....	86
14.	RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.....	86
A.	INDEPENDENT CONTRACTORS.....	86
B.	NO LIABILITY FOR ACTS OF OTHER PARTY.....	87
C.	INDEMNIFICATION.....	87
D.	NO LIABILITY FOR TECHNOLOGY FAILURE.....	87
15.	ENFORCEMENT.....	88
A.	SEVERABILITY.....	88
B.	WAIVER OF OBLIGATIONS.....	88
C.	FEES AND EXPENSES.....	88
D.	YOU MAY NOT WITHHOLD PAYMENT TO US.....	88
E.	RIGHTS OF PARTIES ARE CUMULATIVE.....	88
F.	ARBITRATION.....	89
G.	JURISDICTION.....	90
H.	CHOICE OF LAW.....	90
I.	WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.....	90
J.	BINDING EFFECT.....	90
K.	LIMITATIONS OF CLAIMS.....	90
L.	CONSTRUCTION.....	90
M.	COMPLIANCE WITH OTHER LAWS.....	91
16.	NOTICES AND PAYMENTS.....	91
17.	YOUR AFFIRMATIONS.....	92

PROTECT PAINTERS INTERNATIONAL, LLC

Franchise Agreement

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into this _____ day of _____, 20____, by and between ProTect Painters International, LLC, a Michigan limited liability company, with its principal place of business at 3948 Ranchero Drive, Ann Arbor, Michigan (referred to in this Agreement as "we," "us," "ourselves," "our" and "ProTect Painters"), and «Name1» and «Name2» (together referred to as the "Managing Owner"⁴), residents of the state of «state», and «LLC_or_Corp_», a «state» Company to be formed or already existing whose principal address is «Address» (referred to in this Agreement as "you," "your" or "Franchisee"). The Managing Owners are personally responsible for the obligations of the Franchisee under this Agreement, except not for third party claims as excluded in section 14.C.

1. INTRODUCTION, ACKNOWLEDGMENTS, AND AWARD OF FRANCHISE.

A. INTRODUCTION.

We are now promoting and licensing certain trade and service marks and other commercial symbols in the operation of ProTect Painters businesses in the United States, including the trade and service mark "ProTect Painters" (collectively, the "Marks"). These Marks will gain public acceptance and goodwill, and we may continue to create, use, and license additional trademarks, service marks, and commercial symbols in operating ProTect Painters businesses.

We plan to award to persons, who meet our qualifications and are willing to undertake the investment and effort, a franchise to own and operate a ProTect Painters business offering the services and products we authorize and approve while utilizing our business formats, methods, procedures, signs, equipment, standards, specifications, and Marks (the "System" or "ProTect Painters System").

Following your evaluation of the System, you have expressed to us your desire to obtain the right to own and to be licensed to operate a ProTect Painters franchised business (the "Franchised Business"), providing residential and light commercial painting services upon residential dwellings and various buildings and structures. For purposes of this Agreement, "light commercial painting services" excludes exterior painting on buildings or structures if they exceed the lesser of three (3) stories or forty (40) feet in height.

This Franchise Agreement governs the ongoing relationship between you and us.

B. AWARD OF FRANCHISE.

You have applied for a franchise to own and operate a ProTect Painters business. Subject to all of the terms and conditions of this Agreement, we hereby award you a franchise to operate a ProTect Painters business utilizing the ProTect Painters System and the Marks within a Designated Marketing Territory (the "DMT") that you and we have agreed to. The DMT is described in Exhibit A attached to this Agreement. The term of the franchise will be 10 years (the "Initial Term") commencing on the date of this Agreement.

⁴ In the case of multiple owners, the owner with day-to-day responsibility and authority to run the Franchised Business, and with whom we will communicate, shall be identified on the first Managing Owner signature line.

You must at all times faithfully, honestly, and diligently perform your obligations under this Agreement. You must designate one Managing Owner (the "Managing Owner") who will be our primary contact with the Franchised Business and who will operate the Franchised Business on a full-time basis. The Managing Owner must successfully complete our Initial Training Program (Section 3.A.) within four months of signing this Agreement and before the opening of the Franchised Business. The Managing Owner may appoint a designee who will be our primary contact, but only with our prior written consent. The designee must successfully complete the Initial Training Program prior to opening the Franchised Business or within 30 days of being hired, whichever occurs later. The designee is not required to have an ownership interest in the Franchised Business. The designee must sign a written agreement to maintain confidentiality of the Confidential and Proprietary Information described in Section 5 and to abide by the covenants not to compete described in Sections 6 and 13.D, and you must submit a copy of this agreement to us. The Managing Owner, or his/her designee, must continuously exert her/his full-time best efforts to manage, promote and enhance the Franchised Business. The Managing Owner, or his/her designee, must not engage in any other activity that conflicts with his/her obligations to operate the Franchised Business on a full-time, year round basis.

Before attending Initial Training, and/or upon any assignment of this Agreement to a legal entity owned by you, you must submit to us a certificate of the entity which states the name of the corporation, limited liability company, or other legal entity assuming the Agreement, the legal names of all of the shareholders, members, or partners of the entity (the "owners"), the percentage of ownership that each owner controls, their place of residence, the entity's agreement to be bound by the terms of the Franchise Agreement and that such agreement has been approved by the owners. In the case of multiple owners where there exists the possibility of deadlock on business decisions, you must submit a dispute resolution agreement that states what you will do in the event that there is a conflict between any owners of the legal entity. In addition, at all times, at least 67% of the company must be controlled by owner(s) who have executed this Agreement. The remaining owner(s) must sign a written agreement to maintain confidentiality of the Confidential and Proprietary Information and their agreement to abide by the covenant not to compete, as described in Sections 6 and 13 of this Agreement.

C. DESIGNATED MARKETING TERRITORY.

Your Designated Marketing Territory (referred to as "DMT") will consist of approximately twenty-five thousand (25,000) targeted households within a contiguous area, as defined in Exhibit A. You have the right to market to the zip codes listed in your DMT. During the term of this Agreement, except as otherwise set forth herein, we promise not to grant permission to any ProTect Painters Affiliate, as defined below, to market ProTect Painters services within your DMT without your written permission. We will provide you with samples of marketing materials as part of our "Customer Acquisition & Referral System ("CARS") program. From these materials you will select the items which you wish to use to market to the zip codes listed in your DMT. You will notify us of your selections and these programs will be implemented by us, at your expense, as more fully described in the ProTect Painters Manuals ("Manuals"). During the term of this Agreement, we promise not to modify the DMT without your prior written permission, except that in the event of a future reorganization or modification of zip code boundaries by the United States Postal Service, we will use our best efforts to ensure your DMT comprises approximately the same number of target households in approximately the same geographic location.

You will not receive an exclusive DMT. You may service customers at any location, inside or outside of your DMT, provided that you comply with our then-current Servicing Policy, as outlined in this Agreement and our Manuals. Likewise, other ProTect Painters Franchises,

ProTect Painters Company Stores, and the ProTect Painters National Service Team, (collectively referred to as “ProTect Painters Affiliates”) may service customers at any location, inside or outside of your DMT, provided that they comply with our then-current Servicing Policy as outlined in the Franchise Agreement and our Manuals. You may face competition from other ProTect Painters Affiliates or from other channels of distribution or competitive brands that we own. Except as described in this Franchise Agreement, there are no other servicing restrictions.

If we receive a request for a residential job, we will refer the job to the ProTect Painters Affiliate whose DMT includes that location. If we receive a request for a residential job that is not located in any ProTect Painters Affiliate’s DMT, we may refer it to any ProTect Painters Affiliate who is in compliance with the Franchise Agreement at our sole discretion.

If we receive a request for a light commercial job, we will refer the job to the ProTect Painters Affiliate whose DMT includes that location, provided we determine that Affiliate has the skills and experience to perform the job, which determination is made at our sole discretion. If we receive a request for a light commercial job that is not located in any ProTect Painters Affiliate’s DMT or if the local ProTect Painters Affiliate does not have the skills and experience to perform the job, we may refer it to any ProTect Painters Affiliate who is in compliance with the Franchise Agreement at our sole discretion.

A Franchised Business is typically operated from your home. However, you may lease commercial office space for the Franchised Business without obtaining our approval.

You agree that if for some reason you decide not to perform any residential or light commercial job referred by us to you, the job may be performed by any ProTect Painters Affiliate who we designate at our sole discretion, at no compensation to you.

D. RIGHTS WE RESERVE.

We retain, as we deem appropriate, the rights to:

1. Establish, and allow other franchisees to establish, ProTect Painters business facilities at any location inside or outside of your DMT on any terms and conditions, but subject to the same restrictions upon their marketing in your DMT that you are subject to in their DMT;
2. Solicit, market to, advertise to, and build National and/or Regional Accounts, whose offices may be located inside or outside your DMT (see Section 1.E. of this Agreement);
3. Offer and sell services and products within your DMT which do not comprise a part of the ProTect Painters residential and light commercial painting System and, in connection with this right, to exploit our Marks, name, reputation, and know-how.
4. Sell ProTect Painters identified products through Alternative Distribution Channels (as defined below);
5. Acquire businesses inside and outside your DMT that provide services similar to those provided under the System, and to be acquired by such a business.
6. Offer additional services for our ProTect Painters Affiliates to perform under the Marks; however, you may be required to meet certain qualifications, sign another contract, attend additional training, and/or pay a fee prior to our offering of these services.

Although we have not done so, we and our ProTect Painters Affiliates may sell products under the Marks within and outside your DMT through any method of distribution, although it may not be through a ProTect Painters location in your DMT. This includes sales through such channels of distribution as the Internet, Catalog Sales, Telemarketing, or other Direct Marketing Sales (together referred to as “Alternative Distribution Channels”). You may not use Alternative

Distribution Channels to make sales outside or inside your DMT, except as described in our then-current Internet policy, as published in the Manuals, and you may not receive compensation for our sales through Alternative Distribution Channels except as described in the following paragraph.

If we engage in electronic commerce through any Internet, World Wide Web, or other computer network site, or sell through any other Alternative Distribution Channel, and we receive orders for any System products or services from customers in your DMT, we will offer the order to you at the price we establish. If you choose not to fulfill the order, do not meet the requirements, or are otherwise unable to fulfill the order, then another ProTect Painters Affiliate may fulfill the order, and you will be entitled to no compensation in connection with this.

We and our affiliates reserve the right to use Alternative Distribution Channels to make sales within your DMT of products or services under trade or service marks different from the Marks you will use under the Franchise Agreement.

E. NATIONAL AND REGIONAL ACCOUNTS.

1. Program Services. From time to time, we may establish certain programs for the benefit of our ProTect Painter Affiliates, whereby ProTect Painters Affiliates will be permitted to offer, sell and perform certain services (the "Program Services") in accordance with the specifications described in any particular program and as may be established by us from time to time.

2. National and Regional Accounts. The term "National and Regional Account" means any customer which, on its own behalf or through agents, franchisees or other third parties, owns, manages, controls or otherwise has responsibility for buildings or common services in more than one location whose presence is not confined within any one particular franchisee's DMT. Any dispute as to whether a particular customer is a National Account shall be determined by us, in our sole discretion, and our determination shall be final and binding. For purposes of this Agreement, the term "National Account" shall also mean any regional account.

We shall have the exclusive right to negotiate and enter into agreements or approve forms of agreement to provide services to National Account customers, including any National Account affiliate, company owned or franchised locations within the DMT.

Following the execution of a contract with or the acceptance of a bid by a National Account customer which contemplates the provision of services to one or more National Account customer locations within your DMT, we will, if you are in substantial compliance with the terms of this Agreement and any addendum, provide you the option to perform such services pursuant to the terms and conditions of the National Account contract or on such terms and conditions as we in our sole discretion determine, which may include a price different than we charge the National Account customer. If you elect not to provide services to a National Account customer in conformity with the terms and conditions of the National Account bid or contract, or if you fail to make an election within the time specified by us of being offered the opportunity, or if the National Account customer specifically requests that you not perform the work or that you be removed from the job, we shall have the right, exercisable in our sole discretion, to:

a. provide, directly or through any other ProTect Painters Affiliate, services to the National Account customer location(s) within your DMT on the terms and conditions contained in the National Account bid or contract; and/or

b. contract with another party to provide such services to the National Account customer location(s) within your DMT on the terms and conditions contained in the

National Account bid or contract directly with the National Account customer, utilizing the Marks or any other trademarks, service marks or trade names.

You acknowledge and agree that you will not be paid any compensation or consideration for work performed by others in your DMT pursuant to this section.

3. Program Participation. Your participation in any particular program, including but not limited to the National Account Program, will be subject to the terms and conditions of such program. Such terms and conditions may include, but shall not be limited to, the following:

a. prior to offering, selling or performing any Program Services, you shall execute such agreements, undertakings or other instruments as we may require as a condition to participation in any particular program which we may then be offering to our franchisees. You agree to abide by the terms and conditions of such agreements;

b. Program Services, including National Account work, is subject to our strict quality control standards, enhanced inspections and testing and shall be completed according to our scheduling requirements. We may also centralize all accounts, invoicing and payments for Program Services or designate a third party to perform such functions.

c. you may be required to pay certain fees including participation or administration fees, additional Royalties on work performed pursuant to any particular program, or other fees related to the Program Services described in any particular program. These fees may be in addition to the Royalties provided for in Section 2.D of this Agreement;

d. prior to performing any Program Services, you must be certified by us to perform the specific type of work specified in the particular program. Certification may require, among other things, that you be trained by us or other qualified third parties and demonstrate, to our satisfaction, a minimum level of competency in the performance of the intended service; and

e. you must be in substantial compliance with the terms of this Franchise Agreement and any addendum.

You acknowledge that not all system franchisees will benefit directly or on a pro-rata basis from Program Services and that we do not represent that you will achieve any particular level of Program Services work. Further, we may alter or discontinue any Program Service, or any services it provides, in our sole discretion.

4. Non-Solicitation of National Accounts. You may not solicit or service any entity, customer, contract or site that is a National Account, as defined in this Agreement, whether within or outside your DMT, without our prior written approval which may be conditioned on such terms and conditions as we deem fit, in our sole discretion, including our right to exclusively negotiate the terms of any National Account, set additional training requirements, and set the fees due us for services rendered in connection with any National Accounts contract.

F. RESTRICTIONS.

Any project or enterprise undertaken jointly by two or more franchisees will be known as co-venturing. Co-venturing with other franchisees must be managed through us and you may not negotiate directly with other ProTect Painters Franchisees for co-venturing at any time. You may not service a customer if doing so is beyond your current equipment and/or personnel capabilities or if it would otherwise disrupt the normal servicing of your customers. All such customers must be referred to us.

In addition, you may not offer and/or provide painting services on buildings or structures if they exceed the lesser of three (3) stories or forty (40) feet in height.

G. OTHER BUSINESSES.

It is agreed and understood no other business or business operations may be undertaken through your Franchised Company entity without our prior written permission.

2. FEES AND OTHER MONETARY REQUIREMENTS.

A. INITIAL FRANCHISE FEE.

You promise to pay us a non-recurring fee (the "Initial Franchise Fee") in the amount of \$35,000, upon your execution of this Agreement.

Within 4 months of your signing of this Franchise Agreement, you promise to complete our initial training (the "Initial Training") to our satisfaction (as defined in Section 3.A.) and to start up your new Business within two months of attending Initial Training. In the event that you do not do so, this Agreement shall be terminated. The Initial Franchise Fee is non-refundable.

If this is an additional Franchise being awarded to you, you must pay the \$25,000 Additional Franchise Fee.

If this is a Renewal Term, the Initial Franchise Fee is waived. However, you will need to pay the Renewal Fee for this term of the Franchise Agreement as provided below. The Renewal Fee is non-refundable.

If this is a Transfer, the Initial Franchise Fee is waived. However, you (or the selling owner) will need to pay the Transfer Fee. The Transfer Fee is also non-refundable.

B. INITIAL PACKAGE FEE.

You promise to pay us an Initial Package Fee (the "Initial Package") in the amount of \$7,000 at the time you sign this Agreement. The Initial Package consists of our then-current proprietary Franchise Management Software System, marketing materials, a laptop/tablet computer and accompanying software, printer, and certain equipment, products, and supplies as described and listed in Exhibit B, which is attached to this Agreement. The items included in the Initial Package may change to reflect the changing needs of the Franchised Business in accordance with System procedures and changes in suppliers and/or product specifications. The marketing materials may vary based on your particular market, but may include items such as marketing brochures, direct mail lists, yellow page ads, etc.

If this is an additional franchise or a Renewal Term being offered to you, the Initial Package Fee is waived.

If this is a Transfer, at the time of signing the Franchise Agreement, you must purchase the Transfer Initial Package from us at a cost of \$2,000. If the agreement that you have with the Seller does not include a computer that meets our specifications, or it is more than 2 years old, the cost of the Transfer Initial Package will be increased by the cost of the computer included in the Transfer Initial Package.

The Initial Package and the Transfer Initial Package are not refundable, except that if you attend the first Convention that is scheduled to occur after your successful completion of the Initial Training Program, you will receive a \$1,000 Convention Allowance (the "Convention Allowance"). The Convention Allowance is to be used primarily towards the registration fee, but any remaining balance may be applied towards travel, lodging and/or meals. Thereafter, any remaining portion of the Convention Allowance will be rebated to you. If you do not attend the Convention, it will not be rebated to you. Alternatively, we may allow you to apply part of the Convention Allowance towards attendance at a Regional Meeting.

C. INITIAL MARKETING LAUNCH PACKAGE FEE.

You promise to pay us a non-recurring fee (the "Initial Marketing Launch Package Fee") in the amount of \$5,000, payable thirty (30) days prior to commencement of your Initial Training (Section 3.A.). This fee will be spent by us in your DMT to launch your business. This is designed to provide you with an initial marketing presence in your DMT and get your business off on the right foot. It may include, but is not limited to, a local direct mail campaign, marriage mail (advertising materials "married" together to save costs, such as Val Pak materials and newspaper inserts), local paid internet placements, local press release, and other marketing initiatives we will agree on in advance of opening your business. This fee is in addition to your ongoing local marketing requirements (Section 2.H.1).

If this is an additional franchise being awarded to you, you must purchase the \$5,000 Initial Marketing Launch Package.

If this is a Renewal Term or Transfer, the Initial Marketing Launch Package Fee is waived.

D. ROYALTY.

You promise to pay us a weekly royalty (the "Royalty"). The Royalty structure will be 7% on Gross Sales. For the purposes of calculating Royalty, our week begins on Sunday and ends on Saturday ("Royalty Week").

You must enter in the Franchise Management Software (the "Software") all Gross Sales achieved upon jobs completed during the preceding Royalty Week by the close of business on Tuesday. We will then scan the Software to find Gross Sales achieved during the preceding week and compute Royalties. You will receive an email itemizing the jobs on which Royalties will be assessed and the total of the Royalties. Each Friday, we will initiate a transfer of funds between our bank accounts for the amount indicated in the email. We may specify different due dates at any time with seven (7) days notice to you.

You must sign and deliver to us, before you attend Initial Training, the documents we require that authorize us to automatically debit your business checking account for Royalties and any other amounts you owe us. We have the right to verify your Royalty payments and reports at any time.

If you fail to report your Gross Sales on time, and/or report all Gross Sales achieved during the prior Royalty Week, you will be subject to a late royalty fee. In addition, we can debit your account for the same Royalty that we debited during the previous week. If the Royalty we debit from your account is greater than the Royalty you actually owe us (once we have determined your true and correct Gross Sales for the week), we will credit the excess against the amount we otherwise would debit from your account on the following Friday. If the Royalty we debit from your account is less than the Royalty you actually owe us, we will debit your account for the balance of the Royalty due on the following Friday. Our debit of your account will not relieve you of your obligation to pay any late fees or interest due under Section 2.E.

We can require you to pay the Royalty by means other than automatic debit (e.g., by check) whenever we deem appropriate, and you promise to comply with our payment instructions.

E. LATE REPORT FEE, LATE PAYMENT SERVICE FEE AND INTEREST.

If the Royalty or any other fee that is due is not available in your account for debiting when due, or if all Gross Sales achieved are not entered into the Software by their due date, a late payment fee will be imposed for each week past due. Currently this fee, which is subject to change, is \$20 per week the payment is past due. There is also an interest fee of the lesser of 12% per annum or the maximum permitted by law, calculated from the date these amounts were

originally due until the date paid. We can debit your account for both the late payment and interest fees.

You acknowledge that this Paragraph does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance the operation of the Franchised Business. Notwithstanding the provisions of this Section, your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 12.B.

F. DEFINITION OF GROSS SALES.

Gross Sales, as used in this Agreement, includes all revenue you derive from operating the Franchised Business, whether in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received), or otherwise. All barter and/or exchange transactions for which you furnish services and/or products in exchange for goods or services will be valued, for the purpose of determining Gross Sales, at the full retail value of the goods and/or services you provide. You may deduct from Gross Sales the amount of all sales tax receipts or similar tax receipts that, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged.

G. REQUIREMENT TO ACHIEVE A MINIMUM LEVEL OF GROSS SALES.

You acknowledge and agree that we have awarded you this Franchise and DMT with the expectation that you will be able to develop a Franchised Business that will achieve an average minimum level of weekly Gross Sales (the "Minimum Gross Sales") as follows:

<u>Months in Operation</u>	<u>Minimum Gross Sales Required</u>
Months 0-12	No Minimum
Months 13-24	\$5,000 per week
Months 25-36	\$7,500 per week
Months 37 +	\$10,000 per week

At any time after 12 months in operation, if you do not achieve the required average Minimum Gross Sales measured over a period of 3 to 6 consecutive months, we may collect a Royalty equal to what you would have been assessed had you achieved the Minimum Gross Sales. If the average minimums for the second year of operation are not met, beginning in year three of operation and going forward we may, at our discretion, monitor Minimum Gross Sales and assess Royalties accordingly on a monthly basis. In those geographic areas of the country where outdoor painting is seasonal, the time period over which the required Minimum Gross Sales is measured, will be adjusted to reflect this seasonality. If you have been awarded more than one Franchise Agreement, you will be required to meet the Minimum Gross Sales for each individual DMT.

H. LOCAL MARKETING, ADVERTISING, AND PROMOTION.

1. Local Marketing Program

In order to better allow you to focus on other aspects of your business, and to better insure consistent marketing, advertising and promotion of your business, we have established ProTect Painter's proprietary Customer Acquisition & Referral System ("CARS") marketing program as described in the Manuals. Using the CARS marketing program you will have the opportunity to work with our marketing representative and select from different suggested local marketing programs, including, but not limited to, print, internet, broadcast, and promotional and

referral programs which will be customized for your local market and executed by us in your DMT, at your expense.

As another important part of CARS, we will work out an annual marketing plan with you each year, which describes the programs to be utilized, the expense of those programs and the implementation dates. This plan will be reviewed periodically with you, and the specific local advertising and promotional programs to be implemented may be changed at your direction.

In connection with your CARS program, you will pay us on a weekly basis an amount equal to the greater of (i) \$0.02 per targeted household in your DMT or (ii) 6% of your Gross Sales during the prior Royalty Week, provided however, if Gross Sales during the prior Royalty Week were equal to or greater than \$20,000, the percentage will be 5% of such Gross Sales. Such payment will be made by automatic debit and in the same manner as your Royalties. Failure to pay us the amounts required above and/or for the implementation of your selected CARS marketing program(s) will be a material breach of this Agreement. These funds will not be our asset, will be accounted for separately from (but may be commingled with) our other funds, and will be held for your benefit. We will furnish to you upon request, a monthly statement of moneys collected and costs incurred in connection with your CARS program.

If you determine to do your own additional local marketing, all advertising and marketing materials are required to comply with our guidelines as specified in our operating Manuals. You promise to provide to us, for our approval and prior to your usage, any and all advertising and promotional materials featuring art, graphics, or copy not originally prepared by us for your use. If you do not receive written approval within 20 days of our receipt, such advertising and promotional materials will be considered approved. At our discretion, we may, with notice to you, revoke our approval of any previously approved advertising materials due to changes in standards and specifications or if such materials subsequently fail to meet the quality standards of our approved suppliers.

2. *Advertising Cooperative Area*

We have the right to designate any geographical area as a ProTect Painters Regional Advertising Cooperative area ("RAC"), and to change the boundaries for the area at any time. If and when a RAC exists where your DMT is located, you must become a member, sign the cooperative agreement in a form reasonably satisfactory to us, and pay the weekly fee. The weekly fee ranges between 1.25% and 2.00% of Gross Sales, as decided by majority vote of RAC members, with a \$100 per week minimum contribution per DMT. Any monies paid to the RAC are considered part of the fulfillment of your CARS expenditures, and are not an additional requirement.

Each RAC will be organized for the sole purpose of placing advertising and administering local advertising programs in accordance with plans approved by us. Each RAC will be governed by majority vote of the owners whose DMTs are located within the RAC. Each participating owner will receive one vote per DMT awarded to them.

3. *Telephone and Telephone Directory*

You promise to use only the ProTect Painters phone numbers that we designate for advertising and promotion of the Franchised Businesses. This includes, but is not limited to, all direct mail, door hangers, coupon inserts (including with vendors such as Val Pak), newspaper advertisements, yellow page or other directory listings, signage, vehicles, internet, radio, and/or television, etc. You acknowledge and agree that we own the ProTect Painters toll free number and that you have no rights to use the number except as outlined in this Agreement. With the Initial Package, you will be issued a local number from the vendor that we specify, which will be routed through the Call Center we designate. You agree to pay for and utilize the local number

for local business services, such as initiating customer service calls, communicating with your staff, etc., however, you may not advertise with this local phone number in any manner. You may not get a local number from any other vendor without our prior written approval. You agree that this local number is owned by us, is only available to you while you are a Franchise Owner, and that upon termination of this Agreement, the number will be automatically transferred to us (Exhibit D).

We require that you use the Call Center(s) that we authorize to answer incoming sales calls on the ProTect Painters toll free number and local number that are for you. The fee for the use of the Call Center is included in the Sales and Technology Fund (Section 2.M.). We reserve the right to change Call Center provider(s) any time with seven days notice to you.

You promise to continually list the Franchised Business in the "White Pages" of the primary telephone directory servicing your DMT, using the national ProTect Painters number we designate. You must maintain, at a minimum, a listing in the dominant Yellow Pages. To assure that we maintain consistency in Yellow Pages advertising, you must place your listing through an agency of our choice, and we may require that we place the ad directly for you. We will not require you to spend more than you would otherwise spend if you placed the listing yourself. If there is more than one Franchise Owner utilizing the same directory, then you agree to pay your pro-rata portion of the listing cost. This is determined by taking the number of current households in your DMT which are covered by the directory, and dividing that number by the total households of all ProTect Painters Franchised Businesses covered by the directory.

We will use our best efforts to maintain a service through which phone calls to our ProTect Painters toll free phone number and your local number will be forwarded to you or us. In the phone routing process, we will make a best effort to route calls from prospective customers requesting service in your DMT through a call center to you. We do not guarantee that every phone call requesting service in your DMT will be routed to you. We will use our best efforts to maintain this service 24 hours per day, seven days per week subject to acts of God or circumstances beyond our reasonable control, including, power outages and the unavailability of telephone services.

4. Marketing Materials

You must use our approved advertising and marketing materials or receive our written approval before using any and all advertising and promotional materials featuring art, graphics, or copy not originally prepared by us for your use. If you do not receive our written approval or disapproval within 20 days of our receipt of your written request, such advertising and promotional materials will be considered approved. At our discretion, we may, with notice to you, revoke our approval of any previously approved advertising materials due to changes in standards and specifications or if such materials subsequently fail to meet the quality standards of our approved suppliers.

We may offer and sell advertising, marketing, and promotional materials at any time. You have no obligation to purchase any such materials or forms from us, except for the CARS purchases. Should you elect to purchase such materials from someone other than us or our approved supplier, they must meet System standards and specifications.

I. GENERAL MARKETING FUND.

Recognizing the value of marketing, advertising, and promotion to the goodwill and public image of the System, we have established a General Marketing Fund (the "Marketing Fund") for marketing, advertising, promotion, cross-promotion, and public relations programs and materials. You promise to contribute to the Marketing Fund as provided for in the Manuals,

an additional 2% of your Gross Sales. All contributions will be by automatic debit and will be made in the same manner as your Royalties.

Monies collected for the Marketing Fund may be used to pay the costs, including personnel, associated with preparing and producing video, audio, and written materials, administering and placing national, regional and/or multi-regional marketing and advertising programs, administering and placing cross-promotion programs with third parties, and employing outside advertising and public relations agencies to provide assistance and support for public relations, market research, and other advertising, promotion, and marketing activities.

We will administer these programs for a fee not to exceed 10% of the Marketing Fund revenues. Our expenditures of the Marketing Fund will be at our sole discretion and we are not obligated to do it in a way that benefits each franchisee equally or in proportion to their payments. Any materials developed by the Marketing Fund will be made available to you through our fulfillment supplier for the published fees.

The Marketing Fund will not be our asset, will be accounted for separately from (but may be commingled with) our other funds, and will be held for the benefit of the System. The Marketing Fund will prepare unaudited income and expense statements at least once each year. Monthly unaudited income and expense statements will be available to any franchisee upon request. We can have the Marketing Fund incorporated or operated through a separate entity anytime we deem appropriate, and the successor entity will have all of the rights and duties specified in this section. The Marketing Fund will not be used for advertising or public relations which are principally a solicitation for the sale of additional franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available."

J. FRANCHISE MANAGEMENT SOFTWARE LICENSING AGREEMENT AND FEES.

You will be required to: (i) utilize our then-current Franchise Management Software System in the operation of the Franchised Business; and (ii) execute and maintain a software licensing agreement (attached to this Agreement as Exhibit C).

K. HIGH SPEED INTERNET CONNECTION, ELECTRONIC MAIL NETWORK & WEBSITE.

You promise to subscribe to, maintain, and utilize a DSL, Cable, or Satellite high speed internet connection and electronic mail (referred to as "email") network account which we designate from time to time. We have the right to specify the exact type and/or carrier that you use for this service. We have the option of setting up an email servicer ourselves, and if we do, you agree to use that as your email account for all email related to the Franchised Business. You may not use the Marks in any fashion in the domain name portion of the email. We may require that you keep your database on an independent server or we may require that you keep it on a server that we maintain.

You also promise to subscribe to, as directed by us, a customized web site connected to our web site and managed by our web site provider. The cost for this shall be included in your contribution to the S&T Fund. You may not attempt to redirect the customized website. You may not implement a web site or URL for the Franchised Business either yourself or through a third party.

L. OUTSTANDING FEES OF PREDECESSOR.

In the event, you were awarded your franchise as a result of your purchase of all or substantially all of the assets of the Franchised Business owned by a previous franchisee in the

DMT, you promise to pay us our current broker fee (if applicable) and transfer fee to defray expenses we incur in the transfer, if they are not timely paid by your predecessor.

M. SALES AND TECHNOLOGY FUND.

In order to provide our customers with the best service possible, by providing a uniform standard for placement of services and handling of customers, we have established a Sales and Technology Fund (referred to as the "S & T Fund"), for which you agree to pay 3% of Gross Sales. Funds paid to the S & T Fund are to go towards payment of items such as the Call Center, the maintenance of the ProTect Painters website, an email server, use of and support for the Software, and/or other technology services as we determine are in the best interests for the System. We reserve the right to change the technology services paid for by the S & T Fund with seven (7) days written notice to you. All contributions will be by automatic debit and will be made in the same manner as your Royalties.

Our expenditures of the S & T Fund will be at our sole discretion and we are not obligated to do it in a way that benefits each franchisee equally or in proportion to their payments. The S & T Fund will not be our asset, will be accounted for separately from (but may be commingled with) our other funds, and will be held for the benefit of the System. We will furnish to you upon request, an annual statement of moneys collected and costs incurred by the S & T Fund. We can have the S & T Fund incorporated or operated through a separate entity anytime we deem appropriate, and the successor entity will have all of the rights and duties specified in this Section.

3. TRAINING AND GENERAL GUIDANCE.

A. TRAINING.

Before you begin operating the Franchised Business, we will furnish initial training (the "Initial Training") to you on the operation of a Franchised Business. You promise to complete the Initial Training to our satisfaction and failure to do so will result in the termination of this Agreement. You will not be able to attend Initial Training until you have paid all fees due to us and completed Right Start, as described in the Right Start manual.

The Initial Training will be 10 days in duration, held at a location designated by us. This training will be conducted by our training staff and franchise services team. Although we will furnish the Initial Training to you and one other person at no additional fee or other charge, you will be responsible for all travel and living expenses that you incur while training.

You may designate, with our approval and on a "space available" basis, additional persons to attend other sessions of the Initial Training for which you will be charged our then-current training fee. In addition, each person we approve to attend the Initial Training will be required to execute our then-current Confidentiality and Non-Disclosure Agreement prior to the start of training. The Initial Training fee will be due and payable prior to the start of the training program and you will be responsible for the payment of all travel and living expenses incurred by your designees while training.

You promise to attend periodic refresher training courses, conferences, and conventions at the times and locations we determine, and for which we may charge fees. We will determine the duration, curriculum, and location of any such sessions. You will be responsible for all travel and living expenses that you incur while attending such session. In no event will you be required to attend any such session more than once every year.

If this is an additional Franchise being awarded to you, and you have already attended Initial Training, the requirement that you attend Initial Training is waived. If this is a Transfer, you will need to attend the Initial Training course.

B. GENERAL GUIDANCE.

You will have access to information helpful to the operation of the Franchised Business based on reports you submit to us, our review of your financial information which we can automatically access, and/or inspections that we make. In addition, we will furnish guidance to you on:

1. new products, services, and methods which we may have discovered or have developed for the System;
2. the purchase and use of supplies, uniforms, equipment, and products;
3. advertising, marketing, and/or promotional programs available to you as part of our continuing implementation of your local marketing program(s) and other research data and advice as we may, from time to time, develop for use in your local market;
4. contractor and employee recruitment, training, and retention;
5. the financial and daily operation of the Franchised Business including its accounting and record keeping functions.

This guidance will, at our discretion, be furnished in our operating Manuals, bulletins, or other written materials, conferences, conventions, or other training sessions, toll-free telephone consultations, electronic communications, and in consultations at our office or the offices of the Franchised Business.

C. OPERATING MANUALS.

We will loan to you during the term of this Agreement one copy of our operating Manuals. These Manuals contain our proprietary information and trade secrets and consist of the materials (including, as applicable, audiotapes, videotapes, magnetic media, computer software, cd's, proprietary business forms, written materials, and the ProTect Painters Owner's Intranet website) that we generally furnish to Franchise Owners from time to time for use in operating a Franchised Business. The Manuals contain mandatory and suggested specifications, standards, operating procedures, and rules (the "System Standards") that we prescribe from time to time for the operation of a Franchised Business, and information on your other obligations under this Agreement and related agreements. We may modify the Manuals from time to time to reflect changes in the System Standards.

You promise to keep your copy of the Manuals current and in a secure location in the principal office of the Franchised Business. In the event of a dispute over its contents, the master copy of each of the Manuals that we maintain at our principal office will be controlling. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manuals. If all or any of the Manuals are lost, destroyed, or significantly damaged, you promise to obtain replacements at our then-current charge.

If this is an additional Franchise being awarded to you, the set of Manuals that was loaned to you with the original franchise are to be shared between all the Franchised Businesses and we are not obligated to send you another set.

D. DELEGATION OF PERFORMANCE.

You agree that we have the right to delegate the performance of any portion or all of our obligations and duties under this Agreement to designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

4. MARKS.

A. OWNERSHIP AND GOODWILL OF MARKS.

1. You acknowledge that we own and have all rights to the Marks.
2. Your right to use the Marks is derived only from this Agreement and is limited to your operation of the Franchised Business in accordance and in compliance with this Agreement and all System Standards we prescribe from time to time during its term.
3. You promise to use only the Marks that we designate in writing, and to use them only in the manner that we authorize.
4. You agree that your use of the Marks, and any goodwill established by this use, will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interest in the Marks upon you (other than the right to operate a Franchised Business under this Agreement).
5. All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols that we authorize you to use.
6. The right and license of the Marks awarded to you under this Agreement is non-exclusive, and we may: (i) award other licenses and franchises for the Marks, in addition to those licenses already awarded; and/or (ii) use the Marks in connection with marketing and selling any products and services as we deem appropriate.

B. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.

You promise to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and not to communicate with any person other than us and our attorneys, and your attorneys, in any infringement, challenge, or claim. We have sole discretion to take the action we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or any other administrative proceeding arising out of any infringement, challenge, or claim or otherwise relating to any Mark. We shall indemnify and hold you harmless against any loss, damage or expense incurred in connection with any such infringement, challenge or claim; provided, however, our indemnity shall be only to the extent you are using the Marks in accordance with the terms and conditions of this Agreement. You promise to sign any and all instruments and documents, render the assistance, and do the acts and things that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding, or otherwise to protect and maintain our interest in the Marks.

C. LIMITATIONS ON YOUR USE OF MARKS.

1. You promise to use the Marks as the only identification of the Franchised Business, except that you agree to identify yourself as the owner of an independent entity in the manners that we prescribe.
2. You promise to affix the Marks upon such vehicles, uniforms, equipment, containers, fixtures, signs, stationery, advertising, sales/promotional materials, and such other objects, in such size, color, lettering style and fashion, and at such places as we may designate in the Manuals.
3. You promise to not use the Marks, or any words or symbols confusingly similar to them, as part of any corporate or other legal name or with any prefix, suffix, or other modifying words, terms, designs, or symbols. You may not use the Marks in connection with the

sale of any unauthorized product or service, on an Internet web-site of your own design, or in any other manner not explicitly authorized in writing by us.

4. Except as expressly provided in the Manuals, you may not display any other trademarks, logotypes, symbols, or service marks, nor may you use any other marks in connection with the Marks, or with the Franchised Business, without our prior written approval.

5. You promise that all advertising and promotional materials that you use will bear the appropriate "®" or "©" registration symbol and/or such other appropriate notice of ownership, registration, or copyright as we may require.

6. You promise to not use the Marks in any internet advertising, except as provided for under the then-current Internet policy, as published in the most current Manuals. This includes, but is not limited to: websites, domain names, URL's, linking, meta-tags, as well as any other method of performing e-commerce activities. If approved to engage in Internet Marketing, you agree to adhere to the Internet Marketing policy, including our specifications on placement, key words, meta-tags, titles, and other requirements as we determine.

7. You promise to submit to us, for our approval, the assumed or trade name (the "DBA") you intend to use in the operation of the Franchised Business prior to filing for it as required by local laws. We may approve or not approve such DBA at our sole discretion. All filings or affidavits, following your receipt from us of an approved DBA, must state that the filing or affidavit is made as "a franchise of ProTect Painters International, LLC." The approved DBA is the only DBA that you may use. You may not use a different name under any circumstances, including as a domain name, URL address, marketing, or for any other function.

8. We are the lawful and sole owner of the domain name www.protectpainters.com. You cannot register any of the Marks that are now or in the future owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the system on the Internet and to create, operate, maintain and modify, or discontinue use of a website using the Marks. You may access our website. Except as we authorize in writing in advance; however, you cannot: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any Internet domain names in connection with your Franchise. The only exception is that you may list the Franchised Business in an online directory. Additionally, you may advertise on the Internet if you have our prior written permission.

D. DISCONTINUANCE OF USE OF MARKS.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue the use of any Mark and/or use one or more additional or substitute names or marks, you promise to comply with our direction within a reasonable time after you have received notice. We will not be liable to you for any expenses, losses, or damages you sustain as the result of any such addition, modification, substitution, or discontinuance of a Mark, and you promise to not commence or join in any litigation or other proceeding against us for any such expenses, losses, or damages.

5. CONFIDENTIAL AND PROPRIETARY INFORMATION.

A. CONFIDENTIAL INFORMATION.

We possess (and will continue to develop and acquire) certain confidential information (the "Confidential Information") relating to the development and operation of ProTect Painters businesses. The Confidential Information includes (without limitation):

1. general operating procedures for a Franchised Business;

2. personnel guidelines for hiring, training, retaining, promoting, and supporting staff;
3. a Franchise Management Software System;
4. the Right Start and Initial Training Program;
5. written marketing and advertising materials, audio tapes, and programs for their utilization;
6. knowledge of specifications and suppliers of certain assets and supplies for the Franchised Business;
7. information on operating results and financial performance of ProTect Painters businesses other than your own;
8. The Manuals and ProTect Painters Owner's Intranet website and its contents.

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to utilize that which is disclosed to you in operating the Franchised Business during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You also acknowledge and agree that the Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you promise to:

9. not use Confidential Information in any other business or capacity;
10. maintain the absolute confidentiality of Confidential Information during and after the term of this Agreement;
11. not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form;
12. adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure to employees and contractors of the Franchised Business and others.

The foregoing restrictions will not apply to such information that:

13. is now public knowledge or hereafter becomes public knowledge through no fault of yours;
14. is properly provided to you without restriction by third party having no such restriction;
15. is required to be disclosed by order of a competent court or governmental authority, provided, however, that (i) you provide us with prompt written notice of any claim or litigation that could give rise to such a requirement; (ii) you furnish only that portion of the Confidential Information that you are required to disclose; and (iii) you advise the governmental authority of your confidentiality obligations under this Agreement.

B. PROPRIETARY INFORMATION/CUSTOMER LISTS

You acknowledge and agree that we own any and all customer lists and their contents that you may develop during the normal course of operating the Franchised Business and that such customer lists and contents are our trade secrets. You promise to keep an up-to-date list of all current and former customers in the most current version of the Franchise Management Software, including their name, telephone number, complete mailing address, frequency of service, last date serviced, price of service, and marketing lead source which we may access

without limitation. The information will be utilized periodically in the development and execution of various marketing strategies for the mutual benefit of you and us. We retain sole discretion in the development of all marketing strategies. You promise not to use any customer list for any purpose other than in the normal operation of the Franchised Business without our prior written approval. We promise to not make the customer list available to any third or related party, excepting only those agents of ours acting in an audit capacity as provided for in Section 8 of this Agreement or acting in a marketing capacity as provided for in Sections 1 and 2 of this Agreement. We reserve the right to cross-market other Service Brands International, LLC businesses, and to otherwise communicate with people on the customer list.

6. COVENANTS NOT TO COMPETE.

A. FOR YOU.

You promise, during the term of this Agreement, to not: (i) engage as an owner, partner, shareholder, director, officer, employee, consultant, agent, or in any other capacity in any other business offering residential and/or commercial painting services the same as or similar to the services sold by the Franchised Business (except for other Franchises under Franchise Agreements we enter into with you); nor (ii) use our Confidential Information, System, Manuals, Marks, customer lists, trade secrets, trade dress, proprietary knowledge, or know-how, or any colorable imitations, in the design, development, or operation of any business whether or not similar to or the same as that conducted by the Franchised Business.

B. FOR YOUR EMPLOYEES AND CONTRACTORS.

At the start of their employment/retention, you promise to require, as consideration for employment/retention, each of your employees and contractors to execute nondisclosure and confidentiality agreements that we have approved. Such agreements will prohibit disclosure, by the employee and contractor to any other person or legal entity, of any trade secrets, customer lists, or other information, knowledge, or know-how regarding the System or the operation of the Franchised Business, which is deemed confidential or proprietary by us. Such employee/contractor non-disclosure and confidentiality agreements will, to the fullest extent permitted by applicable law, prevent employees and contractors from servicing or soliciting any of the customers of your Franchised Business, except in their capacities as employees or contractors of the Franchised Business. We may require at any time that a fully signed copy of each employee and contractor non-disclosure and confidentiality agreement will be sent to us.

C. OUR RIGHT TO ENFORCE NON-COMPETITION COVENANTS.

You agree and acknowledge that a violation of the covenants not to compete as listed in this Section, will result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you consent to the entry of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete. Further, you expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement or otherwise, will not constitute a defense to the enforcement by us of these covenants not to compete. You promise to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by us in connection with the enforcement of these covenants not to compete if you are found to be in violation of your confidentiality and/or your non-competition obligation(s) under this Agreement. The protection awarded in this Paragraph will be in addition to, and not in lieu of, all other protections for such trade secrets and confidential information as may otherwise be afforded in law or in equity.

7. SYSTEM STANDARDS.

A. COMPLIANCE WITH SYSTEM STANDARDS.

You acknowledge and agree that the operation and maintenance of your Franchised Business according to System Standards are essential to preserve the goodwill for the Marks and all ProTect Painters franchises. Therefore, at all times during the term of this Agreement, you promise as the Managing Owner to devote your full time, best efforts to operate and maintain your Franchised Business according to each and every System Standard, even if you believe that a System Standard, as originally issued or subsequently modified or supplemented, is not in the System's or your Franchise's best interest. System Standards may be periodically modified and supplemented during the term of this Agreement. Furthermore, you promise to use your best efforts to assure that your contractors, employees and representatives conduct themselves during business hours and/or whenever they are in a ProTect Painters vehicle or uniform, in a manner which is consistent with the professional and ethical image of the System.

System Standards as specified and periodically amended in the Manuals may regulate one or more of the following for your franchise:

1. use and display of the Marks;
2. services and products which we authorize you to sell to the public;
3. the use of supplies and equipment;
4. a dress code, during business hours, for you, your employees, and your representatives;
5. suppliers you may use for the purchase of uniforms and van decals;
6. vehicle type, model, color, trademark representation, and appearance (no rust or body damage). These specifications are included in our Manuals. All vehicles will be purchased or leased for the business through our approved vendors as specified in the Manuals and are to be maintained in a "good" condition as defined by KELLY BLUE BOOK. ("Good" condition means that the vehicle is free of any major defects. The paint, body and interior have only minor (if any) blemishes, and there are no major mechanical problems. In states where rust is a problem, this should be very minimal.) All vehicles used in the business are to be decaled as required by us and the decals are to be free of defects;
7. business forms and stationery;
8. designated and approved suppliers for trademarked business assets and supplies;
9. types and amounts of insurance coverage;
10. compliance with applicable laws including obtaining required licenses and permits, payment of all taxes, assessments, fees, fines, and penalties arising out of the operation of the Franchised Business;
11. adhering to good business practices, observing high standards of honesty, integrity, fair dealing, and ethical business conduct in all dealings with customers, suppliers, and us, and notifying us if any action, suit, or proceeding is commenced against you or the Franchised Business;
12. general operations including maintaining, at a minimum, Monday through Friday 8:00 AM to 6:00 PM business hours, sales, marketing, advertising, and promotional programs, and materials and media used in these programs, call center usage, phone type/model/provider, personnel practices, bookkeeping, accounting, data processing, and record keeping systems, and forms, methods, content, and frequency of reports to us of sales and financial performance, and the furnishing of tax returns related to the Franchised Business and other operating and financial information to us;

13. timely response to any and all customers' inquiries or complaints within one business day, and resolution within 7 days of the initial complaint, to insure positive customer relations and maintain the goodwill of the System, even when such response may necessitate re-performing a task not completed to the customer's satisfaction or a refund of moneys received;

14. any other aspect of the operation and maintenance of your Franchised Business that we determine, from time to time, to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and the System;

15. public figures you choose in connection with local promotions;

16. use of a computer, electronic mail and website that meets our requirements, as periodically updated;

17. marketing, advertising, and promotional material prepared by you; and

18. additional services that you must offer.

B. MODIFICATION OF SYSTEM STANDARDS.

You acknowledge and agree that the System must continue to evolve in order to reflect changing market conditions and to meet new and changing consumer demands. As a consequence, changes, modifications, and variations to the System's Standards may be required from time to time to preserve and enhance the public image of the System and enhance the operational efficiency of all franchises.

You, therefore, agree that we may, periodically and upon notice, add to, modify, or change the System, including without limitation the adoption and use of new or modified trademarks, uniforms, signs, vehicle types, products, equipment, services, techniques, proprietary software, non-proprietary software, methodologies, and sales strategies, and you promise to promptly accept, implement, use, and display in the operation of your Franchised Business, all such additions, modifications, and changes at your expense.

Provided however, we will not require you to make any changes, modifications, and variations to the System that are not required of all Franchise Owners; further we will periodically meet with representative groups of Franchisees and solicit their input prior to the implementation of any material change or modification. Your failure to comply with modifications to System Standards within the required time period is an incurable default under this Agreement, as provided in Section 12.B.

C. INSURANCE.

Before attending Initial Training, you promise to purchase and maintain in full force and effect throughout the term of this Agreement, at your expense, insurance protecting you, your employees, and us, our officers, and employees, against loss, liability, fire, personal injury, death, property damages, or theft arising from, or occurring in connection with, the operation and promotion of the Franchised Business.

You acknowledge and agree that the insurance you will maintain reflects the minimum amounts of coverage we require, that it is not meant to reflect the actual needs you may have or other state-mandated coverage, and that it is your responsibility to carefully evaluate if such minimum will adequately meet your needs and state requirements. (i.e. flood insurance, employment practices liability, pollution or major medical etc.) All policies will be written by an insurance company(ies) that is/are licensed in the state in which you are doing business, and that has an A.M. Best rating of "A-" or better. When we locate an insurance provider(s) that is licensed in all or in a significant number of states, including yours, you will be required to purchase your insurance from that provider(s). We reserve the right to specify or change, at our April 2009/02

discretion, the specific provider that you must use in the future. Our current requirements are described below:

1. Commercial General Liability Insurance. Coverage for “bodily injury,” “property damage,” and “personal and advertising injury” with no exclusion or limitation applying to the products / completed operations liability coverage. Limits must be at least \$2,000,000 general aggregate, \$2,000,000 products and completed operations aggregate, \$1,000,000 personal and advertising injury limit and \$1,000,000 per occurrence limit. Contractual liability coverage including the assumed personal injury endorsement must be included to cover the indemnity provisions of this Franchise Agreement. The exclusion for employer’s liability shall not apply to claims for covered contractually assumed liability claims. Such policy shall contain a waiver of subrogation endorsement as to claims against ProTect Painters International, LLC.

ProTect Painters International, LLC shall be named as an additional insured on this policy on a primary and noncontributory basis, and with a Grantor of Franchise Form CG2029 or an insurer’s comparable form.

2. Automobile Liability Insurance. You shall maintain insurance with a combined single limit (“CSL”) of \$1,000,000 for bodily injury and property damage for all owned or leased vehicles and include a hired and non-owned endorsement. Additionally, uninsured motorist and under-insured motorist coverage will be equal to the CSL.

3. Workers’ Compensation and Employers’ Liability. Statutorily required workers’ compensation insurance and employer’s liability insurance shall be maintained with limits of at least \$500,000 by accident, \$500,000 by disease and \$500,000 policy limit. In “Monopolistic States”, Ohio, North Dakota, Washington, Wyoming and West Virginia “Stop Gap” coverage must be purchased separately or added to the commercial general liability policy. “Stop Gap” in Ohio must not contain exclusion with the "substantially certain to occur" language.

4. Employee Dishonesty Insurance. You shall maintain employee dishonesty insurance with minimum limits of \$50,000 per loss and such coverage shall also cover acts of stealing against third parties.

5. Umbrella Liability Insurance. You shall maintain a commercial umbrella liability insurance policy with a limit of at least \$1,000,000 per occurrence and aggregate and shall list the commercial general liability and automobile liability as scheduled underlying policies.

6. Other Insurance. You shall comply with any state, county, local, or other municipal insurance requirements.

No deductible or self insured retention can exceed \$5,000 for any required insurance policy, except that you may have retention of up to \$10,000 on the Umbrella Liability Insurance policy.

You may not reduce the policy limits, restrict coverage, cancel, or otherwise alter or amend any insurance policy without our written consent.

All policies will name ProTect Painters International, LLC as additional insured, will contain no provision which in any way limits or reduces coverage for you in the event of a claim by any one or more of the Indemnified Parties, will extend to and provide indemnity for all obligations assumed by you and all items for which you are required to indemnify us, will be primary to and without right of contribution from any other insurance purchased by the Indemnified Parties, and will provide, by endorsement, that we receive at least 10 days notice of any intent to cancel or materially alter any policy.

At least 10 days prior to attending training, whenever a change is made to your policy, and before expiration of any insurance coverage, you promise to submit to us a copy or certificate or other acceptable proof of such insurance with a copy of the Additional Insured Endorsement on your policy. On occasion, we may request complete copies of all insurance policies to insure compliance with the insurance provisions of this Agreement.

We may, periodically, and reasonably determine and modify the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant circumstance.

You promise to promptly report all material claims, or potential claims, against you, any Indemnified Party or us, to the insurer and to us.

If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our sole option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. We are under no obligation whatsoever to obtain such insurance, but if we do so, you must fully cooperate with us in our efforts and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your ProTect Painters Business required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf will reduce or absolve you of any obligations of indemnification described in this Agreement.

You acknowledge that your franchise may be held financially responsible for wrongful acts that cause bodily injury or property damage to a third party which are committed by an independent contractor working on your behalf even though you have no direct fault for the act. Therefore you promise to obtain or have on file standard ACCORD form certificates of insurance for every subcontractor that performs work on your behalf. You will collect certificates of insurance prior to the subcontractor entering the work site. Certificates of insurance and Subcontractor Agreements will be kept on file for a minimum of five years and will stipulate that your franchise is an Additional Insured and that proper limits are maintained on the subcontractor's General Liability, Commercial Automobile and Worker's Compensation and Employer's Liability Insurance as specified in the Subcontractor Agreement. You further acknowledge that, should you fail to maintain certificates of insurance, you may be responsible for paying worker's compensation premiums for all work performed without proper documentation.

D. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

We require you to use the Software for maintaining customer records for the Franchised Business. We will have confidential access to your databases and related information from this software management system, which we will use to compute the Royalty due on Gross Sales, and to make other evaluations and verifications. In addition, you promise to establish and maintain, at your expense, the online accounting system that we prescribe in the Manuals, including any system we may develop. We will have automatic, but confidential, password access to your financial reports. You promise to furnish us, in the manner and format that we require:

1. by Tuesday of each week, all Gross Sales achieved during the prior Royalty Week ending on Saturday;
2. upon our request, a back-up of the Franchise Management Software System database that includes all current and former customers;
3. on the 25th day of each month, an unaudited income statement for the preceding month, in a form satisfactory to us, and such additional reports as we may require;

4. within 90 days after the close of your fiscal year, a complete income statement;
5. within 10 days of our request, exact copies of any state, federal, or other income tax returns covering the operation of the Franchised Business.
6. by December 15 of each year, Financial Projections for the upcoming year; and
7. by December 15 of each year, a Marketing Plan, prepared working with us, for the upcoming year.

You promise to verify and sign each report and financial statement in the manner that we prescribe. We can disclose data derived from these reports without specifically identifying you or the Franchised Business (unless we have your written consent to do so). We can require you to have audited financial statements prepared on an annual basis if you fail to comply with any provision of this Agreement. Finally, you will allow us, as we deem appropriate, timely access to all computer systems that you maintain, to retrieve all information relating to the operation of the Franchised Business.

You promise to maintain all records, reports, and financial statements for a period of 5 years during and following the termination of this Agreement.

E. COMPLIANCE WITH LAWS.

You will, at your expense, secure and maintain in force all required licenses, permits, and certificates relating to the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable local, state and federal laws, rules and regulations. You must, at your expense, comply with all federal, state, and local laws, rules and regulations that apply to residential and/or commercial painting services in general. If your state or county requires a license, you must be licensed before commencing operation of the Franchised Business and maintain such license throughout the term of the Franchise Agreement and any Renewal Terms.

You must also comply with all federal, state and local laws, rules and regulations related to the handling and/or disposal of paint, lead paint, mold, and/or hazardous waste. Some of the laws, rules and regulations you will want to investigate include the Federal Hazardous Waste Management laws, Environmental Protection Agency (mold, lead, and other hazardous materials), and Occupational Safety and Health Administrations regulations. It is your sole responsibility to investigate and comply with these laws, rules and regulations, and keep appraised of changes that are made in areas that you service.

It is your sole responsibility to investigate the federal, state and local laws, rules and regulations that pertain to residential and/or commercial painting services prior to signing the Franchise Agreement, as well as to stay appraised of any changes during the Term of this Agreement. You must maintain your license(s) in good standing with the licensing authority for the entire term of this Agreement and all Renewals Terms.

You will notify us in writing within five (5) days of the commencement of any action, suit, or proceeding for the issuance of any order, writ, injunction, award or decree or any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the Franchised Business.

F. MULTIPLE AGREEMENTS.

If you have been awarded more than one ProTect Painters Franchise, then the following applies: (i) you agree that any default under any of the ProTect Painters Franchise Agreements awarded to you, shall constitute a default under all your Franchise Agreements and all available remedies under any of your Franchise Agreements shall apply; and (ii) if you are signing two or

more Franchise Agreements at the same time, or six months have not passed since you signed your first Franchise Agreement, then the following modifications are made to your commencement date. Provided that you complied with the requirement to attend Initial Training within four months of signing the Franchise Agreement and commenced business within two months of attending Initial Training, you may have an additional six months from the date of commencement of the Franchised Business before you are required to open each additional Franchised Business. For example, if you signed and then trained in month 4 and opened in month 6, you would need to open the second unit in month 12, the third in month 18, etc.

8. INSPECTIONS AND AUDITS.

A. *OUR RIGHT TO INSPECT THE FRANCHISED BUSINESS.*

To determine whether you are complying with this Agreement and all System Standards, we have the right at any time during business hours to perform an on-site inspection of your business at its principal office. During such inspection, we may participate in quality checks of homes and businesses being serviced, review your books and records, review your promotional materials and media advertising, review your personnel files and practices, interview contractors and/or employees, and/or review any and all components of the Franchised Business.

You promise to cooperate fully with us in any inspection of your business, and we promise to use our best efforts to not interfere with its operation.

B. *OUR RIGHT TO AUDIT.*

We have the right at any time during business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, any and all financial statements, reports, income tax records, sales tax records, payroll records, software databases, and other records. You promise to cooperate fully with our representatives, and independent accountants we hire, to conduct any inspection or audit.

If any inspection or audit discloses an understatement of Gross Sales, we can debit your account, as provided in Sections 2.D., 2.I., and 2.M. for the Royalty, General Marketing Fund contributions, S & T Fund contributions and CARS program contributions which are due on the amount of the understatement, plus 100% of understated Royalty and interest, at the rate of 12% per annum or the maximum rate permitted by applicable law, whichever is lower, and all late fees, from the date originally due until the date of payment.

If an inspection or audit is made necessary by your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if an understatement of Gross Sales is greater than 5%, or for failure to record all customers in the Software, for any period reviewed, you promise to reimburse us for the cost of the inspection or audit, including without limitation, the charges of attorneys and independent accountants, the travel expenses, room and board, and compensation of our employees and/or contractors. Further, if an understatement of Royalty is greater than 5%, you also promise to pay us an additional penalty fee equal to 10% of the total amount of the understated Gross Sales.

These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

9. TAXES AND ADVANCES.

A. *TAXES.*

You promise to pay all taxes as required by local, state, or federal laws regarding the products, service, or equipment furnished or used in connection with the operation of the Franchised Business. You promise to promptly pay us, when due, the amount of all sales taxes,

use taxes, personal property taxes, and similar taxes imposed upon, required to be collected, or paid by us, to your state and/or local government, on account of services or goods furnished by us to you through sale, lease, or otherwise, or on account of collection by us of the Initial Franchise Fee, Royalties, or any other payments to us called for by this Agreement.

B. ADVANCES.

You promise to promptly reimburse us for all amounts that we have paid, or have been obligated to pay, on your behalf for any unpaid tax liability.

10. TRANSFER.

A. BY US.

This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests herein.

B. BY YOU.

If you are in full compliance with this Agreement, then, with our prior written approval, you may transfer this Agreement, the Franchise and Business, and any part of your ownership in it (including any voluntary, involuntary, direct or indirect assignment, sale, gift, or other disposition). Any such assignment, transfer, or encumbrance without such approval, will constitute a breach of this Agreement. Any change of ownership requires our approval and must meet the conditions specified below, and the payment of the transfer fee will be due should the change of ownership be 33% or more in the aggregate. We will not, however, unreasonably withhold our approval provided that the conditions specified below are met:

1. you are in full compliance with this Agreement;
2. the transferee has demonstrated sufficient business experience, aptitude, and financial resources to meet our then-current standards for new Franchise Owners, which may include aptitude or assessment testing;
3. the transferee and its owners and affiliates are not engaged in a competitive business, unless they agree to operate all competitive businesses as part of the ProTect Painters System;
4. you provide us with written authorization to release to the transferee any and all information about the operation of the Franchised Business which we have collected;
5. the transferee has executed our then-current form of Franchise Agreement for a full term;
6. you, or the transferee has paid us: (i) a \$10,000 transfer fee upon execution of the Franchise Agreement to defray expenses we incur in the transfer, including the costs of training the transferee (we will waive the transfer fee for transfers to your spouse, children, or parent); (ii) all royalties, Marketing Fund contributions, S & T Fund contributions, CARS program contributions, amounts owed for purchases from us or by us on your behalf, late payments and interest; and (iii) any applicable broker fees if you utilize a third party broker to locate the transferee.
7. the transferee has successfully completed our Initial Training Program;
8. you have executed a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, and agents;

9. we have approved the material terms and conditions of the transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Franchised Business;

10. if you finance any part of the sale price of the transferred interest, you agree that all of the transferee's obligations under any promissory notes, agreements, or security interests that you have reserved in the Franchised Business, are subordinate to the transferee's obligation to pay Royalties, and all other amounts due to us and otherwise to comply with this Agreement.

11. in the event of an approved transfer to a wholly-owned corporation or limited liability company, we will require you to own and control at least 67% of the issued and outstanding capital stock or other ownership interest;

12. you must have attended Initial Training and your business is open.

C. YOUR DEATH OR DISABILITY.

Upon your death or disability, your executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement to a third party within a reasonable amount of time, but not to exceed 6 months. The transfer will be subject to all of the terms and conditions applicable to transfers that are contained in this Section, with the exception that the transfer fee will be waived if the third party is your spouse or child or parent.

In the event of your death or disability, and prior to a transfer of your interests in this Agreement, your spouse, child, parent or other immediate family member may, if such party otherwise would qualify as a transferee, operate the Franchised Business, provided that such person personally manages the business on a full time basis and successfully completes Initial Training and signs a new Franchise Agreement.

For the purposes of this section disability is defined as a condition that materially impairs your ability to operate the Franchised Business in accordance with this Agreement.

D. OUR RIGHT OF FIRST REFUSAL.

If you at any time determine to sell, assign, or transfer for consideration (does not apply to your death or disability) your interest in this Agreement, you agree to obtain a bona fide, executed written offer and earnest money (in the amount of 5% or more of the offering price) from a responsible and fully disclosed offeror and immediately submit to us a true and complete copy of the offer which includes details of the payment terms. To be a valid, bona fide offer, the proposed purchase price is to be denominated in a dollar amount.

We have the right, exercisable by written notice delivered to you within 30 days from the date of the delivery to us of both an exact copy of the offer and all other information we request, to purchase the interest for the price, less the transfer fee, on the same terms and conditions contained in the offer provided that: (i) we may substitute cash for any form of payment proposed in the offer; (ii) our credit will be deemed equal to the credit of any proposed purchaser; (iii) we will have 60 days, after giving notice of our election to purchase, to prepare for and complete closing; and (iv) we are entitled to receive, and you agree to make, all customary representations and warranties given to the proposed purchaser.

If we do not exercise our right of first refusal, you may complete the sale to the purchaser on the exact terms of the offer, subject to our approval of the transfer as provided in Paragraphs B of this Section. If the sale is not completed within 60 days after the expiration of our right of first refusal, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30 day period

following either the expiration of the 60 day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

11. EXPIRATION OF THIS AGREEMENT.

A. YOUR RIGHT TO RENEW THIS AGREEMENT.

Upon the expiration of this Agreement, provided that during its term you complied substantially with its provisions, including the timely payment of all fees and royalties, you may renew your Franchise for additional terms of 10 years each (the "Successor Term").

We may refuse to offer you a Successor Term if you: (i) are not, at the time, in substantial compliance with this Agreement, or any other ancillary agreement then in effect between you and us; (ii) have received written notice by us 3 or more times during the last two years of the Initial Term or any Successor Terms for failure to comply with the terms of this Agreement, and were in violation of your obligation(s), whether or not such failure is subsequently cured; and/or (iii) have repeatedly failed to make timely payment to us of all sums due to us.

B. AWARD OF A SUCCESSOR AGREEMENT.

You promise to give us written notice of your election to renew this Agreement no earlier than 9 and no later than 6 months, before the expiration of this agreement. We promise to give you notice of our decision (referred to as "Our Notice") not more than 45 days after we receive your notice, in accordance with Paragraph A of this Section: (i) to award you a Renewal Term; (ii) to award you a Renewal Term on the condition that you correct any provisions of the Franchise Agreement with which you are not in compliance; or (iii) not to award you a Renewal Term based on our determination that you have not substantially complied with this Agreement during its term.

If applicable, Our Notice will state the actions you promise to take to correct operating deficiencies and a reasonable time period in which these deficiencies are to be corrected.

If we elect not to award you a Renewal Term, our notice will describe the reasons for our decision. Your right to a Renewal Term is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

If you are approved, and have been notified of our decision to renew the Franchise Agreement, prior to our execution of the renewal agreement, we may require that you attend additional training, not to exceed ten days in length.

C. AGREEMENTS/RELEASES.

If you satisfy all of the other conditions to the awarding of a Renewal Term, you promise to execute the form of Franchise Agreement and any ancillary agreements we are customarily using at the time. In no event will the DMT or Royalty for the Renewal Term be changed from that contained in this Agreement. You further promise to execute a mutual general release, in a form satisfactory to us, of any and all claims against either of us and our respective shareholders, officers, directors, employees, agents, successors, and assigns.

D. SUCCESSOR TERM FEE.

You promise to pay us a \$10,000 Renewal Fee, upon execution of your Successor Agreement.

12. TERMINATION OF AGREEMENT.

A. BY YOU.

At any time during its Initial Term or Successor Term, you may terminate this Agreement by giving us 60 days prior written notice of termination and an executed general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors, and assigns.

B. BY US.

We have the right to terminate this Agreement, effective upon delivery of written notice to you, if:

1. you fail to attend training and/or fulfill all the pre-training requirements, which include the payment of all monies due to us, and the completion of all the required tasks as designated in the Right Start Manual, within 4 months from the date of payment of the Initial Franchise Fee and/or signing of this Agreement and/or you fail to commence operation of the Franchised Business within 2 months following your successful completion of the Initial Training Program;

2. you have made or make any material misrepresentation or omission in purchasing the Franchise or operating the Franchised Business;

3. you receive from us 3 or more notices to cure the same or similar defaults or violations of this Agreement within any two-year period of time, regardless of whether such defaults were cured after such notice;

4. you are or have been convicted by a trial court of, or plead no contest to, a felony, and/or you fail, for a period of 15 days after notification of non-compliance by appropriate authority, to comply with any federal, state federal, state or local law, ordinance, or regulation applicable to the operation of the Franchised Business;

5. you fail to make payment of any amounts due to us or funds are not available in your account for debiting when they are due, and you do not correct the failure within 10 days of your receipt of written notice of the failure; and/or you understate your Royalty by 5% or more in any reported financial statement on three or more occasions during any consecutive two-year time frame during the term of this Agreement, regardless of whether or not you subsequently rectify the deficiency;

6. you violate any of the transfer provisions contained in this Agreement;

7. you engage in any dishonest or unethical conduct which may adversely affect the reputation of the Franchised Business or the general goodwill associated with the Marks;

8. you violate any covenant of confidentiality or non-disclosure provision contained in this Agreement or you otherwise disclose, use, permit the use of, copies, duplicates, records, transmits, or otherwise reproduce any Manuals, business forms, videos, cd's, audiotapes, customer list, material or proprietary information, knowledge or know-how created or used by us and designated for confidential use within the System, without our prior written approval;

9. you cease to continuously and actively operate the Franchised Business for five consecutive days, unless caused by an act of God, or other circumstance beyond the your control, as determined by us; or the business telephone is disconnected at any time and no new number is immediately reinstalled or reconnected; or your conduct is otherwise determined by us to constitute your abandonment;

10. you fail to comply with any part or condition, warranty, certification, or other provision required by this Agreement, the Manuals, and/or other ProTect Painters confidential materials, and do not correct the failure within 30 days after written notice of the failure to comply is delivered to you;

11. you fail to comply with modifications to System Standards within the required time period;

12. you fail to acquire or continuously maintain the required minimum levels of insurance, fail to have us named as an additional insured, or fail to provide a current certificate of insurance to us as required in Section 7.C. However, we will not exercise our right to terminate this Agreement if upon receipt of notice from us you immediately cease operating the Franchised Business and obtain the required insurance within ten days after written notice is delivered to you;

13. you fail to receive our prior written approval and use products or materials that do not meet our standards and specifications and/or do not promptly discontinue use after written notice from us;

14. you fail to timely provide us with any report, statement, or return required by this Agreement within 10 days after written notice of the failure is delivered to you;

15. you fail to operate the Franchised Business as specified by us in the Franchise Agreement, the ProTect Painters owner's Intranet website, the Manuals, and/or other confidential materials, and fail to cure such non-compliance or deficiency within 30 days or written notice from us;

16. you fail to service all customers in a friendly and respectful manner consistent with our System Standards and reputation;

17. you do not comply with our marketing policy, and you do not immediately cease and desist upon notice from us;

18. you fail to have at least one managing owner of the Franchise Business devote his/her full-time attention to the operations and the continuing growth of the Franchise Business and you have not designated a Managing Owner to serve in this place who has met all the training requirements within the required timelines;

19. you fail to attend, or send a representative in your place, to a minimum of one training course, convention, or regional meeting each calendar year, and you fail to get approval prior to such absence. Provided that at least two of the above named events have been offered during that calendar year period.

Notwithstanding the above stated notice periods, if one of the listed failures or defaults cannot be cured within the time period specified above, and you promptly commence all reasonable actions to effectuate a cure and diligently pursue those actions to completion, then we will not terminate this Agreement.

13. POST TERMINATION OBLIGATIONS.

A. PAYMENT OF AMOUNTS OWED TO US.

You promise to pay to us, on the effective date of termination or expiration of this Agreement, or at any later date that the amounts due to us are determined: (i) all Royalties, General Marketing Fund contributions, S & T Fund contributions, CARS program contributions, fees, amounts owed for purchases from us or by us on your behalf, late payments, and interest; (ii) all warranty fees you have collected from your customers over the past two (2) years; and/or (iii) upon termination for any default, the actual and consequential damages, costs, and expenses (including reasonable attorney and expert fees) incurred by us as a result of your default.

The obligation to pay said sums will create a lien in favor of us against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory of the Franchised Business and/or against any moneys we hold or otherwise come to our possession.

Any transferee (or purchaser of all or substantially all of the assets of the Franchised Business) shall be liable for payment of such items if you do not timely pay them. Provided, however, the foregoing sentence will not release or discharge you from your obligations to pay us pursuant to this section and/or to indemnify or reimburse the transferee or purchaser pursuant to the applicable purchase or transfer agreement.

B. MARKS.

Upon the termination or expiration of this Agreement, you promise to:

1. strictly comply with, observe, and abide by all of the provisions of the Covenants Not to Compete as set forth in Section 13.D.;
2. neither directly nor indirectly represent to the public that any other business you may then own or operate, is or was operated as, or was in any way connected to, the System;
3. not hold yourself out or advertise in any context that you were a former Franchise Owner of ours;
4. immediately refrain from engaging in any business relationship or having any contact with customers or former customers of the Franchised Business, or providing them services, or for any other purpose(s) related to the Franchised Business;
5. assign any and all accounts receivable to us for collection unless all Royalties and other payment obligations to us are paid in full. In connection with this assignment, you appoint us as attorney-in-fact to engage in such collection activities and you specifically undertake to refrain from engaging in any such collection activities. We promise to employ good faith efforts, including, where appropriate in our sole and exclusive judgment, the commencement of legal proceedings to collect such accounts receivable. We have no duty or obligation to you to accomplish the collection of such accounts receivable. We will remit to you any such sums collected after first deducting all moneys owed to us and our costs of collection;
6. not operate or do business under any name or in any manner which might tend to give the general public the impression that you are operating a ProTect Painters_franchise, or any confusingly similar business;
7. take the action required to cancel all DBA's or equivalent registrations relating to your use of any Mark;
8. deliver to us, within 7 days, written verification that the electronic list, already in our possession, of the names, telephone numbers, complete mailing addresses, frequency of service, last date of service, and price of such service for all customers serviced by you and the names, addresses, and telephone numbers of the employees rendering such service to each customer, is current, accurate, and complete;
9. remove all signage from vehicles and/or store fronts and deliver to us, within 7 days, all Manuals, proprietary information, confidential material, proprietary software, signs, sign-faces, marketing and advertising materials, forms, uniforms, job signs, decals (or proof of their removal) and other materials containing any Mark or otherwise identifying or relating to a ProTect Painters business, and allow us, without liability to you or third parties, to remove all of these items from vehicle(s) and your place of business;

10. agree to cooperate with us to the extent necessary to effectuate any changes in telephone numbers or other transfers of our property to us, including the signing of any forms, authorizations or other necessary documents;

11. deliver to us, upon our request, an assignment of any real estate leases for property from which the Franchised Business was operated (this shall not apply if the Franchised Business was operated from your residence);

12. deliver to us, within 30 days, evidence that is satisfactory to us of your compliance with each of the foregoing obligations.

C. CONFIDENTIAL INFORMATION.

You promise that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information (including the Software or any other computer software that we have licensed to you) in any business or otherwise, and return to us all copies of the Manuals and other confidential materials that we have loaned to you, and shall not maintain any copies of any such materials, in whole or part, for itself.

D. COVENANT NOT TO COMPETE.

For a period of 18 months from the time of expiration or termination of this Agreement, you promise to not engage as an owner, shareholder, partner, director, officer, employee, consultant, salesperson, representative, or agent or in any other capacity in any residential and/or commercial painting business, within:

1. the DMT as defined in Exhibit A of this Agreement;
2. the geographic area encompassed by the DMTs of any ProTect Painters Franchise Owners as of the date of the termination or expiration of this Agreement;
3. a geographic area that is contained within 25 miles from the outside boundary of your DMT as defined in Exhibit A of this Agreement.

E. CONTINUING OBLIGATIONS.

All of our and your obligations that expressly or by their nature survive the expiration or termination of this Agreement, will continue in full force and effect subsequent to and notwithstanding its expiration or termination, until they are satisfied in full or by their nature expire.

14. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

A. INDEPENDENT CONTRACTORS.

You acknowledge and agree that, under this Agreement; you are and will be an independent contractor of ours. You will not be deemed an employee of ours for any purpose, and no employee or contractor of yours will be deemed to be an employee of ours for any purpose, most particularly with respect to any mandated or other insurance coverage, tax, or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, or federal governmental agency. Nothing in this Agreement will be construed so as to create a partnership, joint venture, or agency. You do not have any power to obligate us for any expenses, liabilities, or other obligations, other than as is specifically provided for in this Agreement. We will not have the power to hire or fire your employees or contractors, and, except as expressly provided in this Agreement, we may not control or have access to your funds or expenditures, or in any other way exercise dominion or control over the Franchised Business.

You promise to identify yourself conspicuously in all dealings with customers, suppliers, public officials, the Franchised Business's contractors and employees, and others, and in the manner we prescribe, as the owner of the Franchised Business under a Franchise that we have awarded and to place notices of independent ownership on the forms, business vehicles, stationery, and advertising, and other materials we require you to use from time to time.

B. NO LIABILITY FOR ACTS OF OTHER PARTY.

Neither you nor we will make any express or implied agreements, warranties, guarantees, or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between you and us is other than that of franchisor and Franchise Owner. We do not assume any liability, and will not be deemed liable for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement or for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Franchised Business.

C. INDEMNIFICATION.

You promise to protect, defend, and indemnify us, and all of our past, present, and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys, and designees (the "Indemnified Parties"), and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury, or damage to any person, firm, or corporation, or to any property arising out of, or in connection with, your operation of the Franchised Business. We agree to provide you with reasonable notice of and cooperate with you in connection with any claims, for which we will seek indemnification.

Notwithstanding the above-stated indemnification regarding any third party claims and/or liabilities, we agree to waive and release the Manager Owner(s) from personal responsibility for these indemnifications, and we will look for recovery only from the Franchisee. Provided however, at the time of any event giving rise to an indemnification, if the insurance coverages required in Section 7.C are not maintained and/or we are not included as an additional named insured, or for any other reason beyond our control we are not covered by the insurance, then this waiver and release is null and void, and the personal indemnifications set forth above remain in full force and effect.

Under no circumstances will we, or any other Indemnified Party, be required to seek recovery from any insurer or other third party, in order to maintain and recover fully a claim against you. You agree that a failure to pursue recovery against others will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

We promise to protect, defend and indemnify you, and all of your past, present and future shareholders, officers, directors, employees, attorneys and designees (the indemnifying parties), and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation, or any property arising out of or in connection with your right to use the Marks, confidential and proprietary information provided to you by us pursuant to this Agreement and/or your right to operate the Business System, subject to the terms and conditions of this Agreement.

D. NO LIABILITY FOR TECHNOLOGY FAILURE.

We are not liable for any direct, incidental, or consequential damages, including but not limited to, lost profits, lost savings or consequential, punitive or incidental damages arising out of

or in any way connected to a technology related problem, such as high speed internet connection, electronic mail, software, website, computer and other electronic equipment, or the call center.

15. ENFORCEMENT.

A. SEVERABILITY.

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement, or the Manuals, and any present or future statute, law, ordinance, or regulation, contrary to which the parties have no legal right to contract, the latter will prevail, but in such event the provisions of this Agreement, or the Manuals thus affected, will be curtailed and limited only to the extent necessary to bring them within the requirements of the law. In the event that any part, article, paragraph, sentence, or clause of this Agreement, or the Manuals, will be held to be indefinite, invalid, or otherwise unenforceable, the indefinite, invalid, or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect.

If any covenant in this Agreement which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable by reducing any part or all of the covenant, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of the covenant.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of termination, or refusal to renew, than this Agreement, the prior notice or other action required by such law or rule will be substituted for the notice requirements of this Agreement. Such modification to this Agreement will be effective only in such jurisdiction and this Agreement will otherwise be enforced as originally made and entered into in all other jurisdictions.

B. WAIVER OF OBLIGATIONS.

Either of us may, by written notice, unilaterally waive or reduce any obligation or restriction of the other party under this Agreement. The waiver or reduction may be revoked at any time, for any reason, on 10 days written notice.

C. FEES AND EXPENSES.

Should either we or you commence any action or proceeding for the purpose of enforcing, or preventing, the breach of any provision of this Agreement, whether by arbitration, judicial or quasi-judicial action or otherwise, or for damages for any alleged breach of any provision, or for a declaration of such party's rights or obligations under this Agreement, then the prevailing party will be reimbursed by the losing party for all costs and expenses incurred in connection with such action, including, but not limited to, reasonable attorneys' and experts' fees for the services rendered to such prevailing party. All sums that are due but unpaid to either party will bear interest from the date due at the highest rate applicable by law.

D. YOU MAY NOT WITHHOLD PAYMENT TO US.

You promise to not withhold payment of any amount due to us on the grounds of our alleged nonperformance or for any other reason. You agree that all claims will, if not otherwise resolved, be submitted to arbitration as provided in Paragraph F of this Section.

E. RIGHTS OF PARTIES ARE CUMULATIVE.

Your and our rights are cumulative and no exercise or enforcement by either of us of any right or remedy in this Agreement will preclude the exercise or enforcement by that party of any other right of remedy to which it is entitled by law.

F. ARBITRATION.

Except for any controversy or claim relating to the improper or unauthorized use or ownership of the Marks, the breach of non-competition covenants, or the disclosure or improper or unauthorized use of confidential or proprietary information by you, all controversies, disputes, or claims between us and our shareholders, officers, directors, agents, and employees, and you, arising out of or related to: (i) this Agreement or any other agreement between you and us or any provision of any these agreements; (ii) our relationship with you; (iii) the validity of this Agreement or any other agreement between you and us or any provision of any of those agreements; and/or (iv) any System Standard relating to the establishment or operation of the Franchised Business;

will be submitted for final and binding arbitration, on demand of either party, to the office of the American Arbitration Association closest to our then existing principal business address. The arbitration proceedings will be conducted at that American Arbitration Association office and, except as otherwise provided in this Agreement, will be heard by an arbitrator, chosen by you and us, but if we cannot agree upon an arbitrator, then we shall each select one arbitrator, and the two arbitrators shall select a third arbitrator, this third arbitrator will alone hear the dispute, in accordance with the then-current commercial arbitration rules of the American Arbitration Association. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and not by any state arbitration law.

At least five (5) business days prior to the arbitration hearing, we will each provide our last best offer to resolve the dispute to one another, as well as to the arbitrator. Notwithstanding any other provision set forth in this section or elsewhere in the Agreement, it is agreed and understood the arbitrator shall only have the right to select one or the other of these last best offers as his/her final decision. The arbitrator may not under any circumstances reach any other determination. The party whose last best offer is not selected by the arbitrator shall pay the costs and expenses of the arbitrator and of the other party, including the other party's attorney fees. So long as it is set forth in a party's last best offer to resolve the dispute, the arbitrator shall have the right to award specific performance and/or injunctive relief. The arbitrator will not have the right to declare any mark generic or otherwise invalid or to award exemplary or punitive damages.

The award and decision of the arbitrators will be conclusive and binding upon all parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction.

We and you promise to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further promise that, in connection with any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as described above will be forever barred.

We and you agree that arbitration will be conducted on an individual, not a class-wide, basis, and that an arbitration proceeding between us and our shareholders, officers, directors, agents, employees, and you may not be consolidated with any other arbitration proceeding between us and any other person, corporation, or partnership.

Notwithstanding anything to the contrary contained in this Paragraph, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, provided, however, that we and you must contemporaneously submit our dispute for arbitration on the merits as provided in this Section.

The provisions of this Paragraph are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to, and notwithstanding, the expiration or termination of this Agreement

G. JURISDICTION.

Subject to Section 15.F., you agree that all actions arising under this Agreement, or otherwise, as a result of the relationship between you and us shall be commenced in the state, and in the state or federal court of general jurisdiction, closest to where our principal business address then is located, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction of or venue in such courts. Notwithstanding the foregoing, you agree that we may enforce this Agreement and any arbitration orders in the courts of the state or states in which you are domiciled or the Franchised Business is located.

H. CHOICE OF LAW.

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 ET SEQ.). Except to the extent governed by the Federal Arbitration Act as required hereby, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 ET SEQ.) or Federal Law, this Agreement, the Franchise and all claims arising from the relationship between us and you will be governed by the laws of the state where our principal business address is located.

I. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

Except for the mutual indemnification obligations under Section 14.C. and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any confidential information, we and you waive, to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains.

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US.

We and you agree any litigation will be conducted on an individual, not a class-wide, basis, and that any judicial proceeding between us and our shareholders, officers, directors, agents, employees, and you may not be consolidated with any other judicial proceeding between us and any other person, corporation, or partnership.

J. BINDING EFFECT.

This Agreement is binding us and you and will inure to the benefit of the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest and may not be modified, except by a written agreement signed by you and us.

K. LIMITATIONS OF CLAIMS.

Except for claims arising from your non-payment or underpayment of amounts you owe us under this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a judicial or arbitration proceeding is commenced within one year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim.

L. CONSTRUCTION.

The introduction and exhibits are a part of this Agreement which, together with the Manuals and our other written policies, constitute our and your entire agreement except as provided below, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement, except that you acknowledge that we justifiably have relied on your representations made before the execution of this Agreement. Except as contemplated by the arbitration provisions of Section 15.F. nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed initiated or effected actions that require our approval.

The headings of the sections and paragraphs in this Agreement are for convenience only and do not define, limit, or construe the contents of such sections or paragraphs.

References in this Agreement to "we," "us," and "our," with respect to all of our rights and all of your obligations to us under this Agreement, will be deemed to include any of our affiliates with whom you deal. The term "affiliate," as used in this Agreement with respect to you or us, means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. For purposes of this definition, "control" means the power to direct or cause the direction of management and policies.

If two or more persons are the Franchise Owner under this Agreement, their obligation and liability to us will be joint and several.

This Agreement may be executed in multiple copies, each of which will be deemed an original.

Nothing in the Franchise Agreement or in any related agreement is intended to disclaim any of the information in the Franchise Disclosure Document or its attachments/addenda.

M. COMPLIANCE WITH OTHER LAWS

You must comply with all national, state, and local laws and regulations that apply. It is your responsibility to carefully and thoroughly investigate these laws, discuss them with your attorney and/or advisors, and ensure that you understand them.

N. WAIVERS

We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

16. NOTICES AND PAYMENTS.

Any notice, report, payment, or other communication that is required to be delivered by the provisions of this Agreement, will be in writing and will be deemed to be delivered: (i) at the time of hand delivery; (ii) at the time delivered via computer transmission and, in the case of Royalty and General Marketing Fund contributions, S & T Fund contributions and CARS program contributions, at the time we actually debit your account; (iii) one business day after April 2009/02

transmission by telecopy, facsimile, or other electronic system; (iv) one business day after being placed in the hands of a commercial courier service for next business day delivery; and/or (v) three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

All communications are to be addressed to the party to be notified at its most current principal business address. Both you and we agree to immediately notify the other of any change in address. Any required payment or report that we do not actually receive during regular business hours on the date due will be deemed delinquent.

17. YOUR AFFIRMATIONS.

In awarding this Franchise, we are relying upon your statements, as affirmed by your initials to the left of each statement, that:

___ ___ As Managing Owner, you intend to devote your full-time best efforts to the development and management of your Business. At least one Managing Owner will operate the Franchised Business on a full-time basis or hire, subject to our approval, a designate who meets our qualifications as outlined in this Franchise Agreement.

___ ___ We have not made, nor have you relied on, any representation as to the past or future sales, volume or potential profitability, earnings or income of the Franchised Business, or any other ProTect Painters franchised business, other than the information provided in our Disclosure Document.

___ ___ You have had the opportunity, and have been encouraged by us, to independently investigate and analyze both the ProTect Painters franchise opportunity and the terms and provisions of this Agreement by contacting any and all of our franchise owners and by utilizing the services of attorneys, accountants, or other advisors as you deem to be necessary.

___ ___ You are not relying on any representation or statement that we have made regarding the anticipated income, earnings and growth of ProTect Painters International, LLC, the ProTect Painters franchise system, or the viability of the ProTect Painters franchise opportunity, other than the information provided in our Disclosure Document.

___ ___ Like any other business, the nature of the business conducted by ProTect Painters franchised businesses may, and probably will, evolve over time.

___ ___ Your abilities and efforts are vital to the success of the Franchised Business.

___ ___ Continually securing new customers is necessary to the success of Franchised Business and requires you to make consistent and repeated marketing and advertising efforts through a variety of media.

___ ___ We have certain rights reserved to us to own and operate ProTect Painters businesses, to franchise others to operate ProTect Painters businesses, and to otherwise use the System, Marks, know-how, techniques, and procedures, including (without limitation) those expressly set forth in Section 1.D. of this Agreement.

___ ___ As expressly set forth in Section 15, certain disputes, controversies, or claims between us will be submitted to Arbitration and we both waive rights to, or claims for, any punitive or exemplary damages either of us may have against the other.

___ ___ We may sell our assets, Marks, or the System, outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge or acquire other corporations; may undertake a re-financing, re-capitalization, leverage buyout or other

economic or financial restructuring; with regard to any or all of the above sales, assignments, and dispositions, you expressly agree to provide reasonable closing certificates and other documentation as reasonably requested by us to conclude the transaction, and specifically waive any claims, demands, or damages arising from or related to the loss of said Marks (or any variations of them) and/or the loss of association with or identification of ProTect Painters International, LLC as the franchisor of this Agreement.

___ ___ The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on you since you have other considerable skills, experience, and education which will afford you the opportunity to derive income from other endeavors.

___ ___ Independent contractors and/or your employees will perform the services for your customers.

___ ___ All information that you have set forth in any and all applications, financial statements, and submissions to us is true, complete, and accurate in all respects, and you expressly acknowledge that we are relying upon the truthfulness, completeness, and accuracy of such information.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement on the date stated on the first page hereof.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____
Wayne Scherger
Its: President

Date: _____

MANAGING OWNER

«Name1»

Date: _____

FRANCHISEE: «LLC_or_Corp_»

By: _____
«Name1»
Its: Authorized Representative

Date: _____

EXHIBIT A – DESIGNATED MARKETING TERRITORY

EXHIBIT A

TO THE FRANCHISE AGREEMENT

BETWEEN PROTECT PAINTERS INTERNATIONAL, LLC

AND

«Legal_Name»

DATED _____, 20__

The Designated Marketing Territory (“DMT”) referred to in Section 1 of the Franchise Agreement will be defined by the following zip codes, as located on the attached map.

DESIGNATED MARKETING TERRITORY (“DMT”)

<zip1>	<zip2>	<zip3>	<zip4>	<zip5>

This is to confirm your acknowledgement and understanding that zip codes and/or their boundaries change periodically, and in the event of a future change, we will use our best efforts to ensure your DMT comprises approximately the same number of target households in approximately the same geographic location.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____
Wayne Scherger
Its: President

Date: _____

MANAGING OWNER

«Name1»

Date: _____

FRANCHISEE: «LLC_or_Corp_»

By: _____
«Name1»
Its: Authorized Representative

Date: _____

EXHIBIT B-1 – INTIAL PACKAGE

EXHIBIT B-1
TO THE FRANCHISE AGREEMENT
BETWEEN PROTECT PAINTERS INTERNATIONAL, LLC
AND
«Legal_Name»
DATED _____, 20__

Item	Quantity
Office Supplies	
Business Cards	500
Personalized Letterhead	150
Personalized Envelopes	100
ProTect Painters Magnets	250
Accounting and Record Keeping Supplies	
Checks	500
Window Envelopes	500
Deposit Slips	200
Endorsement Stamp	1
Technology	
Laptop Computer	1
Portable Inkjet Printer	1
<i>ProTect Management</i> License and Software	1
Mobile Office (with Power Invertor and Printer Stand)	1
Phone & Activation Fee	1
Marketing Materials and Customer Supplies	
ProTect Painters Estimate Folders	250
ProTect Painters Proposal Paper	250
ProTect Painters Estimate Forms	350
ProTect Painters Working Binder	1
ProTect Painters Door Hangers	500
ProTect Painters Change Order Forms	100
Realtor-Style Brochure Boxes	12
Zippered Padfolio	2
Lawn Signs	50
Thank You Post Cards	250
Notecards and Envelopes	100
Grand Opening Public Relations Program	1
Customer Report Cards	100
Client Manual	1
Uniforms	
ProTect Painters Polo Shirt	5
ProTect Painters Oxford Shirt	2
ProTect Painters T-Shirt	60
ProTect Painters Collared Sweat Shirt	3

Item	Quantity
ProTect Painters Jacket	1
ProTect Painters Hat	12
Manuals on CD - Manuals are the property of ProTect Painters International, LLC, on loan to Franchise Owner	
Right Start Manual	1
General Operating Manual	1
Residential Marketing Manual	1
Commercial Marketing Manual	1
Convention Fee	1

EXHIBIT B-2 – TRANSFER INTIAL PACKAGE

EXHIBIT B-2

TO THE FRANCHISE AGREEMENT

BETWEEN PROTECT PAINTERS INTERNATIONAL, LLC

AND

«Legal_Name»

DATED _____, 20__

Item	Quantity
Office Supplies	
Business Cards	500
Personalized Letterhead	150
Personalized Envelopes	100
ProTect Painters Magnets	250
Accounting and Record Keeping Supplies	
Checks	500
Window Envelopes	500
Deposit Slips	200
Endorsement Stamp	1
Marketing Materials and Customer Supplies	
ProTect Painters Proposal Paper	250
ProTect Painters Estimate Forms	350
ProTect Painters Change Order Forms	100
Notecards and Envelopes	100
Customer Report Cards	100
Uniforms	
ProTect Painters Polo Shirt	5
ProTect Painters Oxford Shirt	2
ProTect Painters Jacket	1
Convention Fee	1

EXHIBIT C – FRANCHISE MANAGEMENT SOFTWARE LICENSING AGREEMENT

EXHIBIT C

**TO THE FRANCHISE AGREEMENT BETWEEN
PROTECT PAINTERS INTERNATIONAL, LLC**

AND

«Legal_Name»

DATED _____, 20__

ProTect Painters International, LLC, a Michigan limited liability company having its principal office at 3948 Ranchero Drive, Ann Arbor, Michigan 48108 ("Licensor"), grants a license ("License") to «Legal_Name» with offices at «Address» ("Licensee"), upon the terms set forth in this Agreement and subject to all the terms of a Franchise Agreement between Licensor and Licensee.

TERMS AND CONDITIONS

License Grant: Licensor grants to Licensee a renewable License to use the Franchise Management Software system and all subsequent upgrades distributed to Licensee (the "Product"), on Licensee's computer network, subject to the terms and conditions of this License and the Franchise Agreement. Copies of the database may be made for backup purposes. This License does not extend to other parties, even if they use the same computer or network. Licensor reserves the right to issue new modules, which may be separately licensed. You must upgrade the Product within a timely manner when new releases are released.

1. Title and Copyright: Title and copyrights in and to the Product and all accompanying material shall remain with Licensor and its subcontractors. Licensee may not copy any of these materials except as needed for internal use. All rights not specifically granted under this License are reserved by Licensor.

2. Term: This License shall remain in effect throughout the term of the Franchise Agreement between Licensor and Licensee.

3. Copies and Listings: The Licensee shall not copy or reverse-engineer the Product in whole or in part, nor shall it permit other parties to do so, except that Licensee may make a single copy of the Product for backup or archival purposes. The Product includes computer software, associated media, any printed materials, and any electronic documentation.

4. Protection of Product: Licensee agrees not to make available to any party the Product or any of its parts. Licensee agrees to take appropriate action with its employees, contractors, and any other parties to obtain assurances of non-disclosure consistent with this Agreement.

Licensee recognizes that the Product is Licensor's copyrighted property, represents a large investment of human and financial resources by Licensor, is a trade secret of Licensor, and is confidential information. Licensee agrees to keep the Product, and all related materials, confidential. Licensee will use its best efforts, including all reasonable security precautions as Licensor may request, to insure that the proprietary rights of Licensor in the Product are preserved to the fullest extent possible under the law. In addition to the right to terminate this Agreement, Licensor shall be entitled to seek appropriate injunctive relief in the event of any violation of the confidentiality of its copyrighted materials, and to bring an action at law where appropriate.

5. Limitations on Reverse Engineering Decompilation and Disassembly.

Licensee shall not reverse engineer, decompile or disassemble the Product, nor shall it permit others to do so, except and only to the extent that such activity is expressly permitted by applicable law notwithstanding this limitation.

6. Assignment and Sub-Licensing: This License shall not be assigned or sub-licensed by Licensee, except with the prior, specific written consent of Licensor.

7. Warranty: Licensor warrants that the Product, when delivered to Licensee, shall be free from material defects and shall substantially conform to the program documentation. Licensee acknowledges that the Product is of such complexity that it may have certain defects when delivered. Licensee agrees that the sole responsibility and liability of Licensor shall be to use reasonable efforts to correct program errors in the Product, and not to correct problems due to the hardware upon which the Product is operated, interaction with other non-standard software, or incorrect handling or employment of the Product by Licensee. All warranties extend only to the Licensee.

THE ABOVE WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, STATUTORY OR OTHERWISE, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

8. Limitation of Liability; Limitation of Actions: LICENSOR SHALL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOST PROFITS, FROM ANY CAUSE ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE PRODUCT, NOR FOR ANY CLAIM OR DEMAND BY OR AGAINST LICENSEE. No action arising out of the transactions under this Agreement may be brought by either party more than one year after the cause of action has occurred. Additionally, any cause of action for improper use, transfer, sub-licensing, or disclosure of the Product or materials may be brought within one year of the date when Licensor shall have actual knowledge thereof. In the event Licensor must institute suit to enforce the terms and conditions of this Agreement, Licensee shall pay reasonable attorneys fees and costs incurred by Licensor.

9. Termination by Licensor: The parties agree that any of the following events shall be considered to be a default under the terms of this Agreement, shall entitle Licensor to terminate this Agreement, and shall authorize Licensor to immediately terminate Licensee's access to the Product: (i) failure to maintain the Franchise Agreement between Licensor and Licensee in good standing; (ii) failure to make payments of any kind to Licensor in full or on time; (iii) failure to comply with any covenants or agreements herein; and/or (iv) licensee's disposing of, licensing, or transferring the Product, other than strictly in accordance with the terms of this Agreement.

Upon termination of this Agreement, Licensee shall immediately deliver to Licensor all Products, and copies of Products, and related materials in its possession, and shall not maintain any copies of any such materials, in whole or part, for itself.

10. No Exportation: Licensee will not, directly or indirectly, export or transmit the Product or related documentation or technical data to any country to which such export or transmission is restricted by any applicable U.S. regulation or statute, without the prior written consent, if required, of the Bureau of Export Administration of the U.S. Department of Commerce, or such other governmental entity as may have jurisdiction over such export or transmission.

11. Miscellaneous: In the event that any part of this Agreement shall be found to be unenforceable, such findings shall not invalidate the other parts of this Agreement. This Agreement expresses the entire understanding of the parties with respect to the subject matter herein, all promises, undertakings, representations, agreements and arrangements with reference to the subject matter of this Agreement. This Agreement shall be construed in accordance with the laws of the State of Michigan, and shall be deemed to have been made in the State of Michigan. This Agreement may not be modified, except by a written agreement signed by Licensor and Licensee.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____
Wayne Scherger
Its: President

Date: _____

MANAGING OWNER

«Name1»

Date: _____

FRANCHISEE: «LLC_or_Corp_»

By: _____
«Name1»
Its: Authorized Representative

Date: _____

EXHIBIT D – TELEPHONE LISTING AGREEMENT

EXHIBIT D

**TO THE FRANCHISE AGREEMENT BETWEEN
PROTECT PAINTERS INTERNATIONAL, LLC**

AND

«Legal_Name»

DATED _____, 20__

In accordance with the terms of the Franchise Agreement between ProTect Painters International, LLC (“FRANCHISOR”), a Michigan limited liability company, and «Legal_Name» (“FRANCHISE OWNER”) executed concurrently with this Assignment (the “Franchise Agreement”), under which FRANCHISOR granted FRANCHISE OWNER the right to own and operate a franchised business in the DMT described therein (the "Franchised Business"), FRANCHISE OWNER, for value received, hereby assigns to FRANCHISOR all of FRANCHISE OWNER'S right, title, and interest in and to all telephone numbers and regular, classified, or other telephone directory listings (collectively, the "Telephone Numbers and Listings") associated with FRANCHISOR’s trade and service marks and used from time to time in connection with the operation of the Franchised Business.

This assignment is for collateral purposes only and, except as specified herein, FRANCHISOR will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless FRANCHISOR will notify the telephone company and all listing agencies (collectively, the "Telephone Company") pursuant to the terms hereof to effectuate the assignment.

Upon termination or expiration of the Franchise Agreement (without renewal or extension), FRANCHISOR will have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings, and, in such event, FRANCHISE OWNER will have no further right, title, or interest in the Telephone Numbers and Listings and will remain liable to the Telephone Company for all past due fees owing to the Telephone Company on or before the effective date of the assignment hereunder.

FRANCHISE OWNER agrees and acknowledges that as between FRANCHISOR and FRANCHISE OWNER, upon termination or expiration of the Franchise Agreement, FRANCHISOR will have the sole right to, and interest in, the Telephone Numbers and Listings, and FRANCHISE OWNER appoints FRANCHISOR as FRANCHISE OWNER'S true and lawful attorney-in-fact to direct the Telephone Company to assign same to FRANCHISOR, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, FRANCHISE OWNER will immediately notify the Telephone Company to assign the Telephone Numbers and Listings to FRANCHISOR. If FRANCHISE OWNER fails to promptly direct the Telephone Company to assign the Telephone Numbers and Listings to FRANCHISOR, FRANCHISOR will direct the Telephone Company to effectuate the assignment, contemplated hereunder, to FRANCHISOR.

The parties agree that the Telephone Company may accept written direction from FRANCHISOR, or this Assignment, as conclusive proof of FRANCHISOR's exclusive rights in and to the Telephone Numbers and Listings upon such termination or expiration.

The parties further agree that if the Telephone Company requires that the parties execute the Telephone Company's assignment forms or other documentation at the time of termination or expiration, FRANCHISOR's execution of such forms or documentation will effectuate April 1, 2009/02

FRANCHISE OWNER'S consent and agreement to the assignment. The parties agree that at any time after the date hereof, they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____
Wayne Scherger
Its: President

Date: _____

MANAGING OWNER

«Name1»

Date: _____

FRANCHISEE: «LLC_or_Corp_»

By: _____
«Name1»
Its: Authorized Representative

Date: _____

EXHIBIT E – DISCLOSURE ACKNOWLEDGMENT STATEMENT

EXHIBIT E

TO THE FRANCHISE AGREEMENT

(To be completed by each signator to the Franchise Agreement)

Through the use of this document, we desire to ascertain that you, «Legal_Name», understand and comprehend that the purchase of a ProTect Painters franchise is a very important business decision, complete with its associated risks, and that it is the policy of ProTect Painters International, LLC to verify that you are not relying upon any oral statement, representations, promises, or assurances during the negotiations for the purchase of the franchise which have not been authorized by ProTect Painters International, LLC

1. I recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including my skills and abilities, the hours I work, the competition, interest rates, the economy, inflation, business location, operation costs, lease terms, and the market place, where my franchise will operate. I hereby acknowledge my willingness to undertake these risks.
2. I acknowledge receipt of the ProTect Painters International, LLC Franchise Disclosure Document and Exhibits. I acknowledge that I have had the opportunity to personally and carefully review these documents. Furthermore, I have been advised to seek professional assistance, to have professionals review the documents, and to consult with other franchise owners regarding the risks associated with the purchase of the franchise.
3. I agree and state that the decision to enter into this business, with its associated risks, is in no manner predicated upon any oral representations, assurances, warranties, guarantees, or promised made by ProTect Painters International, LLC or any of its officers, employees, or agents (including any franchise broker) as to the likelihood of success of the franchise. I further acknowledge that I have not received any information from ProTect Painters International, LLC or any of its officers, employees, or agents (including any franchise brokers) concerning actual, average, projected, or forecasted franchise sales, profits, or earnings, other than that which is contained in Item 19 of the Franchise Disclosure Document. If I believe that I have received any information concerning actual, average, projected, or forecasted franchise sales, profits, or earnings, I will describe them in the space below. *If no information concerning actual, average, projected, or forecasted franchise sales, profits, or earnings, other than those contained in Item 19, have been received, please write "None."*

«Name1»

Date: _____

EXHIBIT F – CONSUMER NOTE

**EXHIBIT F
TO THE FRANCHISE AGREEMENT
BETWEEN PROTECT PAINTERS INTERNATIONAL, LLC
AND
«Legal_Name»
DATED _____, 20____
CONSUMER NOTE**

Amount Due: [\$Amount]

DUE DATE: [Date]

FOR VALUE RECEIVED, the receipt of which is acknowledged, the undersigned, «Name1», promise to pay to the order of ProTect Painters International, LLC, a Michigan limited liability company located at 3948 Ranchero Drive, Ann Arbor, Michigan 48108, the principal sum of [\$Amount]. There is no interest assessed if paid on or before [First due date]. Should the undersigned not pay the balance due on or before [First due date], then interest will be charged at a rate of 9.9%. However, the balance of the note and all interest is due no later than seven (7) days prior to attending Initial Training or [Final Due Date], whichever occurs first. A non-refundable \$250 Administrative Fee must accompany this note.

This Promissory Note may be prepaid in full at any time without restriction or penalty.

The undersigned hereby waives presentation for payment, demand, notice of non-payment, protest, and all other demands and notices required by law (statutory or otherwise). In the event that the undersigned should default under this Promissory Note, and legal proceedings are commenced to collect the indebtedness evidenced hereby, the undersigned agrees to pay all costs and expenses, including reasonable attorney fees, incurred in the collection of this Promissory Note.

Should the undersigned transfer or assign their franchise rights to a third party prior to the pay-off of this Promissory Note, said Promissory Note must be paid in full before ProTect Painters International, LLC will approve such transfer or assignment.

The validity, construction, interpretation and enforceability of the terms of this Promissory Note shall be determined and governed by the laws of the State of Michigan. The undersigned hereby confirms that the proceeds of this Promissory Note will be used for the business purpose of starting up this ProTect Painters International Franchised Business. As provided in the Franchise Agreement, this Promissory Note is personally guaranteed by «Name1».

«Name1»
In his/her personal capacity

Date: _____

EXHIBIT A-2: STATE ADDENDA AND RIDERS TO FRANCHISE AGREEMENT

ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN CALIFORNIA

ADDENDUM TO THE FRANCHISE AGREEMENT
FOR USE IN THE STATE OF CALIFORNIA
BETWEEN PROTECT PAINTERS INTERNATIONAL, LLC.
AND «Legal_Name»

DATED _____

This is an addendum to the Franchise Agreement between ProTect Painters International, LLC, a Michigan limited liability company with its principal place of business at 3948 Ranchero Drive, Ann Arbor, Michigan (referred to in this Agreement as “we,” “us,” and “ourselves”), and «Name1» (referred to as “you” and “Managing Owner”), resident of the State of «State», and «LLC_or_Corp», a «State» company to be formed or already existing, whose principal address is «Address» (referred to in this Agreement as “you,” “your” or “Franchisee”).

Notwithstanding anything to the contrary in the Franchise Agreement, if there is a conflict between the terms of this Addendum and the terms of your Franchise Agreement, the terms of this Addendum shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties signing below, it is hereby agreed and understood that the following will supersede and replace section 13.D. of the Franchise Agreement:

13.D. COVENANT NOT TO COMPETE.

You acknowledge and reaffirm that the ProTect Painters customer list developed under your Franchise Agreement and all customer information contained therein are trade secrets and the sole and exclusive proprietary information of ProTect Painters International, LLC, and that you have no ownership right(s) or any other interest in this customer list and information except as a ProTect Painters franchisee. In the event of any future termination and/or expiration of your franchise agreement with ProTect Painters International, LLC, you will not use, disclose or retain, in any form, this customer list or any of the customer information contained therein. You further acknowledge and agree that if, after the termination and/or expiration of your franchise agreement, you would solicit, or market to, any customers included on the list on behalf of yourself or others, that you would inevitably use or disclose the customer list and information to do so. As a result, you agree not to solicit or market to any customers on the list in connection with the providing of residential and/or commercial painting services for a period of 24 months after the termination and/or expiration of your Franchise Agreement.

It is also agreed and understood that if you sell any one or more of your ProTect Painters franchise businesses, as a condition precedent to our approving your purchaser as a new ProTect Painters franchisee, you will agree with your purchaser and with us that, for 24 months after the sale closing, you will not engage as an owner, director, officer, employee, consultant, salesperson, representative, agent or in any other capacity in any residential and/or commercial painting services business, within the purchased ProTect Painters DMT boundaries and in a geographic area extending out from the purchased ProTect Painters DMT boundaries, in every direction, for

twenty-five (25) miles. Provided, however, these non-competition provisions do not create or imply any additional restrictions upon your ownership of other ProTect Painters franchise business(es) in and around this geographic area.

In all other respects, the terms and conditions contained in your original Franchise Agreement, and any previous addendums to your Franchise Agreement, remain in full force and effect. Further this it to confirm that we have made no other promises or commitments of any nature concerning this or any other aspect of your franchise business that have not been set forth in writing, and any future promises, commitments or assurances must be in writing and signed by both of us, to be enforceable.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____ Date: _____
Wayne Scherger
Its: President

MANAGING OWNER

_____ Date: _____
«Name1»

FRANCHISEE: «LLC_or_Corp»

By: _____ Date: _____
«Name1»
Its: Authorized Representative

RIDER TO THE FRANCHISE AGREEMENT FOR USE IN ILLINOIS

**RIDER TO THE
PROTECT PAINTERS FRANCHISE AGREEMENT
FOR USE IN ILLINOIS
DATED _____**

This is a Rider to the «Date» Franchise Agreement, which is being executed concurrently with this Rider, between ProTect Painters International, LLC, a Michigan limited liability company with its principal place of business at 3948 Ranchero Drive, Ann Arbor, Michigan (referred to in this Agreement as “we,” “us,” and “ourselves”), and «Name1» (referred to as “you” and “Managing Owner”), resident of the State of «State», and «LLC_or_Corp», a «State» company to be formed or already existing, whose principal address is «Address» (referred to in this Agreement as “you,” “your” or “Franchisee”).

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, (Ill. Comp. Stat. §§ 705/1 to 705/44), the parties to the ProTect Painters International Franchise Agreement (the "Agreement") agree as follows:

1. Background. We and you are parties to that certain Agreement dated _____, 20__ that has been executed concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because (a) the offer or sale of the franchise for the ProTect Painters franchise you will operate under the Agreement was made in the State of Illinois and you will operate the franchise in the State of Illinois and/or (b) you are a resident of the State of Illinois.

2. Jurisdiction. Section 15.G. entitled "Jurisdiction" is superseded and replaced by the following: "Subject to Section 15.F., you agree that all actions arising under this Agreement, or otherwise, as a result of the relationship between you and us shall be commenced in the state, and in the state or federal court of general jurisdiction, closest to where our principal business address then is located, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction of or venue in such courts. Notwithstanding the foregoing, you agree that we may enforce this Agreement in the courts of the state or states in which you are domiciled or the Franchised Business is located. Except any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of Illinois or requiring the application of the laws of another state is void with respect to any cause of action otherwise enforceable under the Illinois Franchise Disclosure Act."

3. Choice of Law. Section 15.H. entitled "Choice of Law" is superseded and replaced by the following: "All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 ET SEQ.). Except to the extent governed by the Federal Arbitration Act as required hereby, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 ET SEQ.) or Federal Law, and except for claims arising under the Illinois Franchise Disclosure Act, this Agreement, the Franchise and all claims arising from the relationship between us and you will be governed by the laws of the state where our principal business address is located except that the provisions will not apply unless its jurisdictional requirements are met independently without reference to this section."

4. Limitation of Claims. The following is added to the beginning of Section 15.K. of the Agreement, entitled "Limitations of Claims: "Except for claims arising under the Illinois Franchise Disclosure Act, and..."

5. Illinois Franchise Disclosure Act. The following language is added to Section 15.M. of the Agreement: "Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any law of this state is void. This section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

6. Your Affirmations. Section 17 of the Franchise Agreement.

(a) The second affirmation, beginning with the phrase "We have not made" is hereby amended to read as follows: "We ask that, before you execute this Agreement, you bring to our attention any statements or representations that have been made to you by any of our officers, directors, employees, or agents that are contrary to or inconsistent with the statements made in the ProTect Painters International, LLC Disclosure Document you received or the provisions of this Agreement."

(b) The ninth affirmation, beginning with the phrase, "As expressly set forth in Section 15" is hereby amended to read as follows: "As expressly set forth in Section 15, certain disputes, controversies, or claims between us will be submitted to Arbitration."

(c) The tenth affirmation, beginning with the phrase, "We may sell our assets," the following is deleted: "...and specifically waive any claims, demands, or damages arising from or related to the loss of said Marks (or any variations of them) and/or the loss of association with or identification of ProTect Painters International, LLC as the FRANCHISOR of this Agreement."

7. Agreements/Releases. Section 11 Paragraph C of the Franchise Agreement is deleted in its entirety and replaced by the following: "If you satisfy all of the other conditions to the awarding of a Renewal Term, you promise to execute the form of franchise agreement and any ancillary agreements we then are customarily using in awarding Renewal Terms for ProTect Painters franchises, provided that in no event will the DMT or Royalty for the Renewal Term franchise agreement be changed from that contained in this agreement."

Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Rider.

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____
Wayne Scherger
Its: President

Date: _____

MANAGING OWNER

«Name1»

Date: _____

FRANCHISEE: «LLC_or_Corp»

By: _____
«Name1»
Its: Authorized Representative

Date: _____

RIDER TO A FRANCHISE AGREEMENT FOR USE IN MARYLAND

**RIDER TO THE
PROTECT PAINTERS FRANCHISE AGREEMENT
FOR USE IN MARYLAND
DATED _____**

This is a Rider to the «Date» Franchise Agreement, which is being executed concurrently with this Rider, between ProTect Painters International, LLC, a Michigan limited liability company with its principal place of business at 3948 Ranchero Drive, Ann Arbor, Michigan (referred to in this Agreement as "we," "us," and "ourselves"), and «Name1» (referred to as "you" and "Managing Owner"), resident of the State of «State», and «LLC_or_Corp», a «State»

company to be formed or already existing, whose principal address is «Address» (referred to in this Agreement as “you,” “your” or “Franchisee”).

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

1. Background: We and you are parties to that certain Agreement that has been executed concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because (a) the offer or sale of the franchise for the ProTect Painters franchise you will operate under the Agreement was made in the State of Maryland and you will operate the franchise in the State of Maryland and/or (b) you are a resident of the State of Maryland.

2. Expiration of this Agreement: Pursuant to COMAR 02.02.08.16L, the following is added to the end of Sections 10.B.8, 11.C., and 12.A. of the Agreement: “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

3. Enforcement: The following is added at the end of Section 15.F. and 15.K. of the Agreement: “Any limitation of claims provisions shall not act to reduce the three-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

4. Jurisdiction: Pursuant to Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, the following is added at the end of Sections 15.G. and 15.H. of the Agreement: “You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

5. Acknowledgment: Pursuant to Section 14-226 of the Maryland Franchise Registration and Disclosure Law The following is added at the end of Section 17 of the Agreement and to the Disclosure Acknowledgement Statement: “The representations, acknowledgements and affirmations in the preceding section 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 Act.”

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____

Date: _____

Wayne Scherger

Its: President

MANAGING OWNER

Date: _____

«Name1»

FRANCHISEE: «LLC_or_Corp»

By: _____

Date: _____

«Name1»

Its: Authorized Representative

RIDER TO THE FRANCHISE AGREEMENT FOR USE IN MINNESOTA

RIDER TO THE PROTECT PAINTERS FRANCHISE AGREEMENT FOR USE IN MINNESOTA DATED _____

This is a Rider to the «Date» Franchise Agreement, which is being executed concurrently with this Rider, between ProTect Painters International, LLC, a Michigan limited liability company with its principal place of business at 3948 Rancho Drive, Ann Arbor, Michigan (referred to in this Agreement as “we,” “us,” and “ourselves”), and «Name1» (referred to as “you” and “Managing Owner”), resident of the State of «State», and «LLC_or_Corp», a «State» company to be formed or already existing, whose principal address is «Address» (referred to in this Agreement as “you,” “your” or “Franchisee”).

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. 80C.01 through 80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rule 2860.0100 through 2860.9930, the parties to the attached ProTect Painters International, LLC franchise agreement (the "Agreement") agree as follows:

1. Background. We and you are parties to that certain Agreement that has been executed concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because (a) the offer or sale of the franchise for the ProTect Painters franchise you will operate under the Agreement was made in the State of Minnesota and you will operate the franchise in the State of Minnesota and/or (b) you are a resident of the State of Minnesota.

2. Marks. The following language is added at the end of Section 4 of the Agreement: “Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights that you have to use our proprietary rights, including your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and to indemnify you from any loss, costs, or expenses arising out of any claim, suite or demand regarding the use of the name.”

3. Termination by Franchisor. The following language is added to Section 12.B of the Agreement: “With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the franchise agreement.”

4. Waiver of Punitive Damages and Jury Trial. The following is added to Section 15.I, if the Agreement: “Minn. Rule 2860.4400J. prohibits the waiver of a jury trial.”

5. Limitations of Claims. The following is added to Section 15.K. of the Agreement: "Minn. Stat. 80C.17, Subd. 5 requires that no action may be commenced pursuant to this section more than three years after the cause of action occurs."

6. Governing Law/Consent to Jurisdiction. The following language is added to Section 15.G. if the Agreement: "PURSUANT TO MINN. STAT. 80C.21 AND MINN. RULE 2860.4400J, THESE SECTIONS SHALL NOT IN ANY WAY ABROGATE OR REDUCE YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES 1984, CHAPTER 80C, INCLUDING THE RIGHT TO SUBMIT MATTERS TO THE JURISDICTION OF THE COURTS OF MINNESOTA."

7. Agreements/Releases. The following language is added to Section 11.C.: "Provided; however, that such general releases do not apply to the extent prohibited by applicable law with respect to claims which arise under Minn. Rule 2860.4400D."

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____ Date: _____
Wayne Scherger
Its: President

MANAGING OWNER

_____ Date: _____
«Name1»

FRANCHISEE: «LLC_or_Corp»

By: _____ Date: _____
«Name1»
Its: Authorized Representative

RIDER TO THE FRANCHISE AGREEMENT FOR USE IN NEW YORK

**RIDER TO THE
PROTECT PAINTERS FRANCHISE AGREEMENT
FOR USE IN NEW YORK
DATED _____**

This is a Rider to the «Date» Franchise Agreement, which is being executed concurrently with this Rider, between ProTect Painters International, LLC, a Michigan limited liability company with its principal place of business at 3948 Ranchero Drive, Ann Arbor, Michigan (referred to in this Agreement as "we," "us," and "ourselves"), and «Name1» (referred to as "you" and "Managing Owner"), resident of the State of «State», and «LLC_or_Corp», a «State» company to be formed or already existing, whose principal address is «Address» (referred to in this Agreement as "you," "your" or "Franchisee").

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein

shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

1. BACKGROUND. We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the ProTect Painters Franchised Business that you will operate under the Franchise Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the Franchised Business in New York.

2. AGREEMENTS/RELEASES. Section 11.C. of the Franchise Agreement is amended by adding the following language to the end of the last sentence of the paragraph: "Provided, however, that all rights Franchisee enjoys and any causes of action arising in Franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied."

3. TERMINATION OF AGREEMENT BY FRANCHISEE. Section 11.A. of the Franchise Agreement is amended by adding the following as the last sentence: "Franchisee also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York."

4. TRANSFER BY US. Section 10.A. of the Franchise Agreement is amended by adding the following language at the end: "However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement."

5. GOVERNING LAW/CONSENT TO JURISDICTION. Sections 15.G. and 15.H. of the Franchise Agreement are amended by adding the following language: "HOWEVER, THE GOVERNING CHOICE OF LAW SHALL NOT BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON FRANCHISEE BY THE PROVISIONS OF ARTICLE 33 OF THE GENERAL BUSINESS LAW OF THE STATE OF NEW YORK."

6. BINDING EFFECT. Section 15.J. of the Franchise Agreement is amended by adding the following language: "Modifications to the Operations Manual will not unreasonably affect Franchisee's obligations, including economic requirements, under this Agreement."

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____
Wayne Scherger
Its: President

Date: _____

MANAGING OWNER

«Name1»

Date: _____

FRANCHISEE: «LLC_or_Corp»

By: _____
«Name1»
Its: Authorized Representative

Date: _____

RIDER TO THE FRANCHISE AGREEMENT FOR USE IN NORTH DAKOTA

**RIDER TO THE
PROTECT PAINTERS FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA
DATED _____**

This is a Rider to the «Date» Franchise Agreement, which is being executed concurrently with this Rider, between ProTect Painters International, LLC, a Michigan limited liability company with its principal place of business at 3948 Ranchero Drive, Ann Arbor, Michigan (referred to in this Agreement as “we,” “us,” and “ourselves”), and «Name1» (referred to as “you” and “Managing Owner”), resident of the State of «State», and «LLC_or_Corp», a «State» company to be formed or already existing, whose principal address is «Address» (referred to in this Agreement as “you,” “your” or “Franchisee”).

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the ProTect Painters Franchised Business that you will operate under the Franchise Agreement was made in the State of North Dakota, and/or (b) you are a resident of North Dakota and your Franchised Business will be located or operated in North Dakota.

2. **AGREEMENTS/RELEASES.** Sections 10.B.8, 11.C and 12.A. of the Franchise Agreement are amended by adding the following: ““Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent otherwise prohibited by applicable law with respect to claims arising under the North Dakota Franchise Investment Law.”

3. **COVENANT NOT TO COMPETE.** Section 13.D of the Franchise Agreement is amended by adding the following: “Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, you acknowledge and agree that we intend to seek enforcement of these provisions to the extent allowed under the law.”

4. **ARBITRATION.** The following is added to the end of the first paragraph of Section 15.F. of the Franchise Agreement: “However, to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration proceedings will be held at a site to which ProTect Painters International, LLC and Franchisee agree.”

5. **GOVERNING LAW.** The following is added to the end of Section 15.H. of the Franchise Agreement: “except as otherwise required by North Dakota law.”

6. **CONSENT TO JURISDICTION.** Section 15.G. of the Franchise Agreement is amended by adding the following language: “Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to Franchisee’s arbitration obligations, Franchisee may bring an action in North Dakota for claims arising under the North

Dakota Franchise Investment Law.”

7. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. To the extent required by the North Dakota Franchise Investment Law, the following paragraph is deleted from Section 15.I. of the Franchise Agreement. “We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us.”

8. LIMITATIONS OF CLAIMS. Section 15.K. of the Franchise Agreement is amended by adding the following: “The time limitations set forth in this subsection might be modified by the North Dakota Franchise Investment Law.”

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____
Wayne Scherger
Its: President

Date: _____

MANAGING OWNER

«Name1»

Date: _____

FRANCHISEE: «LLC_or_Corp»

By: _____
«Name1»
Its: Authorized Representative

Date: _____

RIDER TO THE FRANCHISE AGREEMENT FOR USE IN RHODE ISLAND

**RIDER TO THE
PROTECT PAINTERS FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND
DATED _____**

This is a Rider to the «Date» Franchise Agreement, which is being executed concurrently with this Rider, between ProTect Painters International, LLC, a Michigan limited liability company with its principal place of business at 3948 Ranchero Drive, Ann Arbor, Michigan (referred to in this Agreement as “we,” “us,” and “ourselves”), and «Name1» (referred to as “you” and “Managing Owner”), resident of the State of «State», and «LLC_or_Corp», a «State» company to be formed or already existing, whose principal address is «Address» (referred to in this Agreement as “you,” “your” or “Franchisee”).

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

1. BACKGROUND. We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “Franchise Agreement”).

This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the ProTect Painters Franchised Business that you will operate under the Franchise Agreement was made in the State of Rhode Island, and/or (b) you are a resident of Rhode Island and your Franchised Business will be located or operated in Rhode Island.

2. Jurisdiction or Venue. §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.”

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____ Date: _____
Wayne Scherger
Its: President

MANAGING OWNER

«Name1» Date: _____

FRANCHISEE: «LLC_or_Corp»

By: _____ Date: _____
«Name1»
Its: Authorized Representative

RIDER TO THE FRANCHISE AGREEMENT FOR USE IN VIRGINIA

**RIDER TO THE
PROTECT PAINTERS FRANCHISE AGREEMENT
FOR USE IN VIRGINIA
DATED _____**

This is a Rider to the «Date» Franchise Agreement, which is being executed concurrently with this Rider, between ProTect Painters International, LLC, a Michigan limited liability company with its principal place of business at 3948 Ranchero Drive, Ann Arbor, Michigan (referred to in this Agreement as “we,” “us,” and “ourselves”), and «Name1» (referred to as “you” and “Managing Owner”), resident of the State of «State», and «LLC_or_Corp», a «State» company to be formed or already existing, whose principal address is «Address» (referred to in this Agreement as “you,” “your” or “Franchisee”).

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

1. BACKGROUND. We and you are parties to that certain Franchise Agreement
April 2009/02

that has been signed concurrently with the signing of this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the ProTect Painters Franchised Business that you will operate under the Franchise Agreement was made in the State of Virginia, and/or (b) you are a resident of Virginia and your Franchised Business will be located or operated in Virginia.

2. TERMINATION. Section 12. of the Franchise Agreement is amended by adding the following: "Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds 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."

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____
Wayne Scherger
Its: President

Date: _____

MANAGING OWNER

«Name1»

Date: _____

FRANCHISEE: «LLC_or_Corp»

By: _____
«Name1»
Its: Authorized Representative

Date: _____

RIDER TO THE FRANCHISE AGREEMENT FOR USE IN WASHINGTON

**RIDER TO THE
PROTECT PAINTERS FRANCHISE AGREEMENT
FOR USE IN WASHINGTON
DATED _____**

This is a Rider to the «Date» Franchise Agreement, which is being executed concurrently with this Rider, between ProTect Painters International, LLC, a Michigan limited liability company with its principal place of business at 3948 Ranchero Drive, Ann Arbor, Michigan (referred to in this Agreement as "we," "us," and "ourselves"), and «Name1» (referred to as "you" and "Managing Owner"), resident of the State of «State», and «LLC_or_Corp», a «State» company to be formed or already existing, whose principal address is «Address» (referred to in this Agreement as "you," "your" or "Franchisee").

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and

paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

We and you are parties to that certain Agreement that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the ProTect Painters Franchised Business that you will operate under the Franchise Agreement was made in the State of Washington, and/or (b) you are a resident of Washington and your Franchised Business will be located or operated in Washington.

1. The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. If any provision in the Franchise Agreement is inconsistent with the relationship provisions of the Revised Code of Washington, Section 19.100.180, or any other requirements of the Washington Franchise Investment Protection Act (the "Act"), the provisions of the Act will prevail over the inconsistent terms of the Franchise Agreement. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

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

The undersigned does hereby acknowledge receipt of this Rider.

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____
Wayne Scherger
Its: President

Date: _____

MANAGING OWNER

«Name1»

Date: _____

FRANCHISEE: «LLC_or_Corp»

By: _____
«Name1»
Its: Authorized Representative

Date: _____

EXHIBIT A-3: CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

With respect to determining the feasibility of whether or not to purchase a ProTect Painters franchise, ProTect Painters International, LLC is are prepared to provide you with certain financial, business, marketing, and operational information concerning the business operations of ProTect Painters International, LLC.

We are able to provide you this information with your explicit understanding and agreement that you recognize and agree that this information is confidential and valuable, and that this information constitutes special and unique proprietary rights and assets of ProTect Painters International, LLC.

The term “Confidential Information” shall mean and include any and all information disclosed by us to you relating to the ProTect Painters business and potential trade name and internet web names, whether copyrighted or patented. Provided; however, Confidential Information shall not include information which:

- A. Is disclosed to you following the date of this Agreement by a third party who is not under an obligation to keep the information confidential; or
- B. Is or becomes publicly disclosed through no act or omission of yours; or
- C. Information previously known by you prior to contact with ProTect Painters International, LLC.

In accepting this Confidential Information, you agree that you will not disclose it to any third party or make use of it yourself, in any regard, with the exception that it may disclosed to an attorney, accountant or business consultant that you utilize as part of your due diligence process, provided you assure they are informed of and comply with all the terms of this Confidentiality and Non-Disclosure Agreement.

You further agree to maintain the confidentiality of any and all Confidential Information which has been provided to you in a manner using at least the same degree of care as the manner used to maintain the confidentiality of your most confidential information.

In the event that you do not purchase a ProTect Painters business, or upon our request at any time, you agree to return all materials furnished to your or to certify in writing that such information has been destroyed.

You further recognize that breach of this Confidentiality and Non-Disclosure Agreement by you will cause severe and irreparable damage to ProTect Painters International, LLC and that ProTect Painters International, LLC may pursue all of its rights and remedies after any breach, including injunctive relief.

Please indicate that you agree to the conditions, as stated above, under which Confidential Information will be furnished to you by signing in the space provided below.

ACKNOWLEDGED:

By: _____
Signature

Date: _____

EXHIBIT A-4: DISCLOSURE AND ACKNOWLEDGMENT STATEMENT

To Be Completed By the Franchise Owner Upon
Execution of the Franchise Agreement.

Through the use of this document, we desire to ascertain that you understand and comprehend that the purchase of a ProTect Painters franchise is a business decision, complete with its associated risks, and that it is the policy of ProTect Painters International, LLC to verify that you are not relying upon any oral statement, representations, promises, or assurances during the negotiations for the purchase of the franchise which have not been authorized by ProTect Painters International, LLC.

1. I recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including my skills and abilities, the hours I work, the competition, interest rates, the economy, inflation, business location, operation costs, lease terms, and the market place. I hereby acknowledge my willingness to undertake these risks.

2. I acknowledge receipt of the ProTect Painters International, LLC Franchise Disclosure Document and Exhibits. I acknowledge that I have had the opportunity to personally and carefully review these documents. Furthermore, I have been advised to seek professional assistance, to have professionals review the documents, and to consult with other franchise owners regarding the risks associated with the purchase of the franchise.

3. I agree and state that the decision to enter into this business is in no manner predicated upon any oral representations, assurances, warranties, guarantees, or promises made by ProTect Painters International, LLC or any of its officers, employees, or agents (including any franchise broker) as to the likelihood of success of the franchise. I further acknowledge that I have not received any information from ProTect Painters International, LLC or any of its officers, employees, or agents (including any franchise brokers) concerning actual, average, projected, or forecasted franchise sales, profits, or earnings, other than that which is contained in Item 19 of the Franchise Disclosure Document. If I believe that I have received any information concerning actual, average, projected, or forecasted franchise sales, profits, or earnings, I will describe them in the space below. *If no information concerning actual, average, projected, or forecasted franchise sales, profits, or earnings, other than those contained in Item 19, have been received, please write "None."*

Acknowledged By: _____

Date: _____

EXHIBIT A-5 MUTUAL RELEASE – RENEWAL

MUTUAL RELEASE

THIS SETTLEMENT AND MUTUAL RELEASE is being made by and between ProTect Painters International, LLC (“ProTect Painters” and/or “Franchisor”) and «Name1» (referred to as the “FRANCHISE OWNER”), resident of «State», and «LLC_or_Corp» (“Franchisee”) and shall be effective as of the date of the last signature below.

W I T N E S S E T H:

WHEREAS, FRANCHISOR and FRANCHISE OWNER entered into a Franchise Agreement on the _____ day of _____, 20____ (the “Franchise Agreement(s)”) for the operation of a Franchised Business in a defined Designated Marketing Territory(s) in the state of «State», (the “Business”), which Franchise Agreement(s) is being renewed;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by and between each of the parties, it is agreed and understood as follows:

1. FRANCHISE OWNER and FRANCHISOR have agreed upon new renewal Franchise Agreements, to be executed contemporaneously with this Mutual Release, which will replace the original Franchise Agreements, thus continuing FRANCHISE OWNER’s rights to operate a franchised business within a DMT, as defined in the Franchise Agreement in the State of «State».

2. In reliance upon the execution of renewal Franchise Agreements, the parties agree to the following mutual releases:

A. FRANCHISE OWNER and FRANCHISEE, for themselves and for their employees, agents, heirs, successor and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interest of FRANCHISE OWNER and/or FRANCHISEE, hereby releases, acquits, and forever discharges FRANCHISOR and its directors, officers, shareholders, employees, agents, legal representatives, successors and assigns, and every other person, firm, entity, and/or corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses and suits whatsoever and of every conceivable kind, character, and nature, whether absolute or contingent, and whether known or unknown, which either party may have against the other, by reason of, or arising out of, or in any way related to any acts or omissions of the other party occurring prior to the date of this Release.

B. FRANCHISOR, for themselves and for their employees, agents, heirs, successor and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interest of FRANCHISOR, hereby releases, acquits, and forever discharges FRANCHISE OWNER and/or FRANCHISEE and their directors, officers, shareholders, employees, agents, legal representatives, successors and assigns, and every other person, firm, entity, and/or corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses and suits whatsoever and of every conceivable kind, character, and nature, whether absolute or contingent, and whether known or unknown, which either party may have against the other, by reason of, or arising out of, or in any way related to any acts or omissions of the other party occurring prior to the date of this Release.

C. [CALIFORNIA – For use in CA only] Except as set forth herein, FRANCHISOR, FRANCHISE OWNER and FRANCHISEE expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California (“Section 1542”), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS AGREEMENT, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT.”

Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, FRANCHISOR, FRANCHISE OWNER and FRANCHISEE expressly acknowledge that this Agreement is intended to include in its effect without limitation, all claims described in this paragraph which FRANCHISOR, FRANCHISE OWNER and/or FRANCHISEE does not know or suspect to exist in its favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.

3. Any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises made by the parties herein or with regard to the interpretation, formation, or breach of this Release, shall be settled by arbitration conducted in Southfield, Michigan in accordance with the Commercial Arbitration Rules of the American Arbitration Association and judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction thereof. The Arbitrator must award costs and attorneys' fees, including the Arbitrator's fee, to be paid by the unsuccessful party.

4. Both parties acknowledges and agree that money damages will not be a sufficient remedy for any breach of this provision and that either party shall be entitled to specific performance as a remedy for any such breach. Such remedy shall not be deemed to be the exclusive remedy, but shall be in addition to all other remedies available at law or equity to the party. In the event of any litigation to enforce any of the terms of this Mutual Release, the unsuccessful party shall pay the costs and attorneys' fees of the successful party.

5. Neither this Release nor any provision of this Release can be modified or waived in any way, except by an agreement in writing signed by each of the parties hereto, consenting to such modification or waiver.

6. All parties hereto do hereby acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the execution of this Release, and that they have executed this Release with the consent and upon the advice of said independent counsel.

7. This Release may be signed in two or more counterparts, and will be effective when all the parties and signatories have affixed their signatures to two or more of the counterparts and they have been delivered as aforesaid, at which time the counterparts together will be deemed one original document.

8. The terms of this Mutual Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

9. This Agreement contains the entire agreement between the parties hereto concerning the resolution of any and all disputes or controversies between or among them.

10. [MARYLAND – For use in MD only] This Mutual Release may not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties have caused this Mutual Release to be executed as of the day and year written below.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____
Wayne Scherger
Its: President

Date: _____

Managing Owner

«Name1»

Dated: _____

FRANCHISE OWNER: «LLC_or_Corp»

By: _____
Its: Authorized Representative
«Name1»

Dated: _____

EXHIBIT A-6: GENERAL RELEASE – ASSIGNMENT

MUTUAL RELEASE

THIS SETTLEMENT AND MUTUAL RELEASE is being made by and between ProTect Painters International, LLC. (“ProTect Painters” and/or “Franchisor”) and «Name1» (together referred to as the “FRANCHISE OWNER”), resident of «State», and «LLC_or_Corp» (“Franchisee”) and shall be effective as of the date of the last signature below.

WITNESSETH:

WHEREAS, FRANCHISOR and FRANCHISE OWNER entered into a Franchise Agreement on the _____ day of _____, 20____ (the “Franchise Agreement(s)”) for the operation of a ProTect Painters business in a defined Designated Marketing Territory(s) in the state of «State», (the “Business”);

WHEREAS, FRANCHISOR and FRANCHISE OWNER have reached agreement that it is in the best interest of all parties for FRANCHISE OWNER to discontinue operations and terminate the Franchise Agreement, upon the terms and conditions specified below, and for the parties to exchange mutual releases;

NOW THEREFORE, in consideration of the mutual covenants and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by and between each of the parties, it is agreed and understood as follows:

1. Effective as of the date last signed below, FRANCHISE OWNER hereby transfers, sets over and assigns to FRANCHISOR all right, title and interest in and to the Franchise Agreement and agrees to abide by and observe all Post-Termination Obligations and Covenants Not to Compete as set forth in the Franchise Agreement.

2. FRANCHISOR hereby releases FRANCHISE OWNER from any further duties and obligations thereunder except those continuing duties and obligations specifically set forth in Paragraph 1 of this Agreement.

3. The parties hereby agree to the following mutual releases:

A. Except for the obligations of the parties herein contained, FRANCHISE OWNER and FRANCHISEE for themselves, and their employees, agents, heirs, successors and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interests of FRANCHISE OWNER and/or FRANCHISEE, hereby releases, acquits, and forever discharges FRANCHISOR and it directors, officers, members, shareholders, employees, agents, legal representatives, heirs, successors and assigns, and every other person, firm, entity, and/or corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses, and suits whatsoever and of every conceivable kind, character and nature, whether absolute or contingent and whether known or unknown, which FRANCHISE OWNER and/or FRANCHISEE has, has had or may ever have against FRANCHISOR, by reason of, or arising out of, or in any way related to any acts or omissions of the other party prior to the date of this Agreement.

B. Except for the obligations of the parties herein contained, FRANCHISOR for themselves, and their employees, agents, heirs, successors and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interests of FRANCHISOR, hereby releases, acquits, and forever discharges FRANCHISE OWNER and FRANCHISEE and it directors, officers, members, shareholders, employees, agents, legal representatives, heirs, successors and assigns, and every other person, firm, entity, and/or

corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses, and suits whatsoever and of every conceivable kind, character and nature, whether absolute or contingent and whether known or unknown, which FRANCHISOR has, has had or may ever have against FRANCHISE OWNER and/or FRANCHISEE, by reason of, or arising out of, or in any way related to any acts or omissions of the other party prior to the date of this Agreement.

C. [CALIFORNIA – For use in CA only] Except as set forth herein, FRANCHISOR, FRANCHISE OWNER and FRANCHISEE expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California (“Section 1542”), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows: “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS AGREEMENT, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT.”

Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, FRANCHISOR, FRANCHISE OWNER and FRANCHISEE expressly acknowledge that this Agreement is intended to include in its effect without limitation, all claims described in this paragraph which FRANCHISOR, FRANCHISE OWNER and/or FRANCHISEE does not know or suspect to exist in its favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.

4. Any controversy or claim whatsoever arising out of or relating to this Mutual Release or the enforcement of the promises made by the parties herein or with regard to the interpretation, formation, or breach of this Mutual Release, shall be settled by arbitration conducted in Southfield, Michigan in accordance with the Commercial Arbitration Rules of the American Arbitration Association and judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction thereof. The Arbitrator must award costs and attorney’s fees of the successful party.

5. Neither this Mutual Release nor any provision of this Mutual Release can be modified or waived in any way, except by an agreement in writing signed by each of the parties hereto, consenting to such modification or waiver.

6. All parties hereto do hereby acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the execution of this Mutual Release, and that they have executed this Mutual Release with the consent and upon the advice of said independent counsel.

7. This Mutual Release may be signed in two or more counterparts, and will be effective when all the parties and signatories have affixed their signatures to two or more of the counterparts and they have been delivered as aforesaid, at which time the counterparts together will be deemed one original document.

8. The terms of this Mutual Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

9. This Agreement contains the entire agreement between the parties hereto concerning the resolution of any and all disputes or controversies between or among them.

10. [MARYLAND – For use in MD only] This Mutual Release may not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

11. [TRANSFERS – WHEN BUYER IS PAYING IN INSTALLMENTS]
FRANCHISE OWNER and FRANCHISEE acknowledge and agree (i) that they negotiated the sale of their franchise to Buyer Company without the assistance, or any other involvement of the Franchisor; (ii) that the purchase price for such sale (the “Purchase Price”) will not be paid in full at closing, but will be paid over a period of time after closing, and (iii) that they are assuming the full risk of nonpayment of the Purchase Price, FRANCHISE OWNER and FRANCHISEE further agree that they will not, in any manner, at any time, under any set of circumstances, seek payment of any portion of the Purchase Price from FRANCHISOR, and/or any of its directors, officers, members, shareholders, employees, agents, representatives, heirs, successors or assigns.

IN WITNESS WHEREOF, the parties have caused this Mutual Release to be executed as of the day and year written below.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____

Date: _____

Wayne Scherger

Its: President

Managing Owner

Dated: _____

«Name1»

FRANCHISE OWNER: «LLC_or_Corp»

By: _____

Dated: _____

Its: Authorized Representative

«Name1»

EXHIBIT A-7: SAMPLE REGIONAL ADVERTISING COOPERATIVE ADDENDUM

**ADVERTISING COOPERATIVE ADDENDUM TO THE
FRANCHISE AGREEMENT**

BETWEEN PROTECT PAINTERS INTERNATIONAL, LLC AND

«Legal_Name»

DATED _____, 20__

This Addendum shall be added to the original Franchise Agreement(s) between ProTect Painters International, LLC (“PPI”) and «Name1». In this Addendum, “we”, “us” and “our” refers to PPI and “you” and “your” refers to the Franchisee.

We have been informed that you and certain other ProTect Painters franchisees in the _____ area (the “Co-Op Franchisees”) are forming an advertising cooperative (the “Co-Op”). All of the Co-Op Franchisees (including you) are listed on Schedule 1 attached hereto.

This Addendum is in response to a request by the Co-Op Franchisees to provide for the creation And funding of the Co-Op in their Franchise Agreements pursuant to the provisions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties signing below, it is agreed and understood as follows:

1. Participating Owners. It is acknowledged and agreed that the other Co-Op Franchisees are executing (or have executed) addendums to their franchise agreements in the same form and substance as this Addendum. It is further acknowledged and agreed that any transferee or buyer of a Co-Op Franchisee’s Franchised Business and any new ProTect Painters franchisee whose DMT is located in the Co-Op Territory (as defined below) shall be required to execute an addendum to their Franchise Agreement(s) in the same form and substance as this Addendum. All of the ProTect Painters franchisees (current or new) subject to these Co-Op addendums shall be referred to as “Participating Owners”.

2. Co-Op Territory. The Co-Op Territory is the [_____] major media broadcast territory.

3. Fees and Payment Obligations. During the term of this Addendum, each Participating Owner will make a weekly contribution to the Co-Op (the “weekly contribution”). The weekly contribution will be paid to us via Electronic Funds Transfer and is due on the same day as the weekly Royalty. The amount to be paid by each Participating Owner shall be determined by the applicable Participating Owner’s Co-Op Percentage (as defined below). As of the date of this Addendum, your weekly contribution is \$ _____; however, this amount may increase or decrease in the future as determined by the Co-Op or as a result of a change in your Co-Op Percentage. The obligation to make a weekly contribution will begin on your start date or the Royalty Week of _____ (whichever occurs later).

For purposes of this Addendum (including this Section 3 and Section 5 below), the term “Co-Op Percentage” shall mean, with respect to a Participating Owner, the percentage equal to (i) the number of DMT(s) owned by that Participating Owner, divided by (ii) the total number of Participating Owners’ DMTs.

4. Payments/Accountings. After receipt of a written payment direction from the Co-Op, we will pay the advertising bills of the Co-Op (or other approved expenses) from the funds. These funds will not be our asset, will be accounted for separately from (but may be

commingled with) our other funds, and will be held for your benefit. We will furnish to you upon request, a monthly statement of moneys collected and costs incurred in connection with the Co-Op.

5. Co-Op Governance. Each Participating Owner shall designate a voting member to sit on the Co-Op Committee. Each Participating Owner will receive one vote for each DMT awarded to them in all Co-Op decision making. Decisions of the Co-Op shall require a majority vote of the Participating Owners based upon their Co-Op Percentages. It is acknowledged and agreed that the rules for voting and other governing matters may be further set forth in the agreement among the Participating Owners and may be amended or revised in accordance with the terms of such agreement.

6. Term. The term of this Addendum shall begin on _____ and end on _____. Provided, however, this Addendum will automatically continue for successive one (1) years term unless (a) a majority of the Participating Owners (based upon their Co-Op Percentages) notify us in writing, within thirty (30) days prior to the end of a term, of their decision to terminate the Co-Op or (b) we notify the Participating Owners in writing of its decision to terminate the Addendum.

7. Miscellaneous. In all other respects, the terms and conditions contained in your original Franchise Agreement(s), and any previous signed addendums to your Franchise Agreement remain in full force and effect, to the extent they are consistent with the provisions of this Addendum. In the event of any inconsistencies, the provisions of this Addendum shall govern. Any capitalized terms used, but not defined, herein shall have the meaning provided in the Franchise Agreement. Further, this is to confirm we have made no other statements, promises or commitments of any nature concerning this Addendum, its subject matter, or any other aspect of your Franchised Business that has not been set forth in writing and signed by both of us.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Addendum on the date stated on the first page hereof.

PROTECT PAINTERS INTERNATIONAL, LLC, a Michigan limited liability company

By: _____ Date: _____
Wayne Scherger
Its: President

MANAGING OWNER

_____ Date: _____
«Name1»

FRANCHISEE: «LLC_or_Corp»

By: _____ Date: _____
«Name1»
Its: Authorized Representative

EXHIBIT A-8: ELECTRONICS FUND TRANSFER AGREEMENT

PROTECT PAINTERS INTERNATIONAL, LLC
Automatic Debit of Weekly Amount Due to Franchisor

I, _____ Franchise Managing Owner of _____, authorize ProTect Painters International, LLC (referred to as "Franchisor") to debit on every Friday from Franchise Owner's bank account the amount of Royalty, General Marketing Fund contributions, Sales and Technology Fund contributions, and Late Fees or Interest due to the Franchisor based on Gross Sales of the above reference ProTect Painters franchise, along with any Franchise Management Software (the "Software"), Co-Op, or other fees due and owing to the Franchisor as they come due.

I understand that I must pay Royalties for Gross Sales as agreed in the Franchise Agreement. I also understand that for purposes of paying Royalty, Franchisor defines their week as beginning on Sunday and ending on Saturday (the "Royalty Week"). By Tuesday of each week, I must enter in the Software all Gross Sales achieved upon jobs completed during the preceding Royalty Week. Franchisor will then scan the Software to find Gross Sales achieved during the preceding Royalty Week, compute Royalties, and draft the Royalty from my bank account on Friday, which is 6 days after the Royalty Week ended. I also understand that Franchisor may, with seven days prior notice to me, periodically specify other dates for reporting and payment of the royalty.

Franchise Owner Bank Information

Bank Name	
Bank Address	
Account Name	
ABA Routing Number	
Account Number	

By: _____

Date: _____

Managing Owner

By: _____

Date: _____

Managing Owner

EXHIBIT B: FINANCIAL STATEMENTS

**PROTECT PAINTERS
INTERNATIONAL, L.L.C.**

BALANCE SHEET

JANUARY 20, 2009

C O N T E N T S

	<u>Page</u>
BALANCE SHEET	
Independent auditor's report	1
Balance sheet	2
Notes to balance sheet	3



Independent Auditor's Report

To the Members of
Protect Painters International, L.L.C.

We have audited the accompanying balance sheet of Protect Painters International, L.L.C. as of January 20, 2009. This balance sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Protect Painters International, L.L.C. as of January 20, 2009, in conformity with accounting principles generally accepted in the United States of America.


DOEREN MAYHEW

February 21, 2009
Troy, Michigan

PROTECT PAINTERS INTERNATIONAL, L.L.C.

BALANCE SHEET
JANUARY 20, 2009

ASSETS

Intangible Assets (note 1)	
Trademark	\$ 10,000
License	<u>90,000</u>
Total intangible assets	<u>\$ 100,000</u>

MEMBERS' EQUITY

Members' Equity (note 2)	<u>\$ 100,000</u>
---------------------------------	-------------------

See accompanying notes to balance sheet

PROTECT PAINTERS INTERNATIONAL, L.L.C.

NOTES TO BALANCE SHEET JANUARY 20, 2009

Note 1 - Nature of Business and Significant Accounting Policies

Nature of Business

Protect Painters International, L.L.C. ("the Company") was formed on January 8, 2009. The Company's operations are principally related to the sales and support of franchises for interior and exterior, light commercial and residential painting and decorating services through certain metropolitan regions in the United States.

Estimates

The preparation of the balance sheet in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Intangible Assets

The Company evaluates the recoverability of intangible assets on an annual basis or in certain circumstances as required under Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets". Intangible assets are evaluated whenever events or changes in circumstances indicate that the carrying value of the asset may be impaired. An impairment loss is recognized when the fair value or the estimated future cash flows expected to result from the use of the asset, including disposition, is less than the carrying value of the asset.

Intangible assets are being amortized as follows:

License	10 years
Trademark	15 years

The Company recognized no amortization expense as of January 20, 2009.

PROTECT PAINTERS INTERNATIONAL, L.L.C.

NOTES TO BALANCE SHEET JANUARY 20, 2009

Note 1 - Nature of Business and Significant Accounting Policies - Continued

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by, or provided for the Company. Members are taxed individually on their share of the Company's net earnings. The Company's net revenue is allocated based upon the members' ownership percentages after allowing for member guaranteed payments.

Note 2 - Members' Equity

In accordance with the operating agreement, the members have made a \$100,000 capital contribution in cash to the Company in connection with its formation. The cash was used to purchase the license and trademark of Protect Painters International, L.L.C.

EXHIBIT C: STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR	STATE	STATE ADMINISTRATOR
California	Commissioner of Corporations Department of Corporations 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 213.576.7500 or Toll Free 866.275.2677	North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor Dept. 414 Bismarck, ND 58505-0510 701-328-4712
Hawaii	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808.586.2722	Oregon	Department of Consumer and Business Services Division of Finance and Corporate Securities 350 Winter Street, N.E. #410 Salem, OR 97310 503.378.4387
Illinois	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 217.782.1090	Rhode Island	Department of Business Regulation Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 401.222.3048
Indiana	Indiana Secretary of State Securities Division Franchise Section, Room E-111 302 West Washington Street Indianapolis, IN 46204 317.232.6681	South Dakota	Department of Revenue and Regulation Division of Securities 445 East Capital Avenue Pierre, SD 57501-3185 605.773.4823
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 410.576.6360	Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 804.371.9051
Michigan	Michigan Department of Attorney General Division of Securities Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 517.373.7117	Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 360.902.8760
Minnesota	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101 651.296.4026	Wisconsin	Wisconsin Securities Commissioner Department of Financial Institutions 345 W. Washington Ave., 4 th Floor Madison, WI 53703 608-266-1064
New York	New York State Department of Law Bureau of Investor Protection and Securities, 23 rd Floor 120 Broadway New York, NY 10271 212.416.8222		

EXHIBIT D: AGENTS FOR SERVICE OF PROCESS

STATE	AGENT FOR SERVICE OF PROCESS	STATE	AGENT FOR SERVICE OF PROCESS
California	California Corporations Commissioner 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 213.576.7500 or Toll Free 866.275.2677	North Dakota	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capital, Fifth Floor Dept. 414 Bismarck, ND 58505-0510 701-328-4712
Hawaii	Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 808.586.2722	Oregon	Director of Oregon Department of Insurance and Finance 350 Winter Street, N.E. #410 Salem, OR 97310 503.378.4387
Illinois	Illinois Attorney General 500 South Second Street Springfield, IL 62706 217.782.1090	Rhode Island	Director of Rhode Island Department of Business Regulation 233 Richmond Street, Suite 232 Providence, RI 02903-4232 401.222.3048
Indiana	Indiana Secretary of State 201 State House Indianapolis, IN 46204 317.232.6681	South Dakota	Director of South Dakota Division of Securities 445 East Capital Avenue Pierre, SD 57501-3185 605.773.4823
Maryland	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 410.576.6360	Virginia	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 804.371.9051
Michigan	Michigan Department of Commerce, Corporations and Securities Bureau 670 Law Building Lansing, MI 48913 517.373.7117	Washington	Director of Washington Financial Institutions P.O. Box 9033 Olympia, WA 98507-9033 360.902.8760
Minnesota	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101 651.296.4026	Wisconsin	Commissioner of Securities of Wisconsin 345 W. Washington Ave., 4 th Floor Madison, WI 53703 608-266-1064
New York	Secretary of State, New York 41 State Street Albany, NY 12223		

EXHIBIT E: STATE ADDENDA TO DISCLOSURE DOCUMENT

ADDITIONAL DISCLOSURES FOR THE STATE OF CALIFORNIA.

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

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. Our website www.protectpainters.com has not been reviewed or approved by the California Department of Corporations. Any complaints concerning the content of the website may be directed to the California Department of Corporations at www.corp.ca.gov.

4. Item 1 of the Disclosure Document is amended to state that our Regional Service Director in California, Mr. Michael Gornet, has established his own corporation, separate and apart from us. Through this corporation, he offers assistance, again separate and apart from us, for new California owners who request help in obtaining qualification under a general contractor's license.

5. The following is added to Item 2: California and Florida Regional Service Director - Michael Gornet: Since October 2009, Mr. Gornet has been the Owner, Manager and President of ProTect Painters of California, Inc (San Rafael, CA), and ProTect Painters of Florida, Inc., (San Rafael, CA, operating in FL), both which he formed to assist new franchisees in obtaining the requisite experience to obtain their contractor's license. He obtained his California General Contractors License in 2002 and his Florida Certified General Contractor License in March 2007. He is also the Owner, Manager and President of Mr. Handyman of California, Inc., (San Rafael, CA) since 2004, and Mr. Handyman of Florida System, Inc (San Rafael, CA operating in FL) since March 2007.

6. Item 3 of the Disclosure Document is amended to provide that neither the franchisor, nor the franchise brokers identified in Item 2 and Exhibit K of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Security Exchange Act of 1934, 15 U.S.C.A 78a et seq., suspending or expelling such persons from membership in that association or exchange.

7. The following is added to Item 6, footnote 3, regarding royalty and Gross Sales in Item 6: Twenty percent of the royalty payments that you pay to us are paid to Mike Gornet for training and support as our California and Florida Regional Service Director.

8. The following is added to Item 11, Training: Mike Gornet, who is disclosed in Item 2, assists with Initial Training for new California and Florida owners. Mr. Gornet has 5 years of franchisee training experience and 7 years of experience in the field.

9. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

A. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees 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.

B. The Franchise Agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Secs. 101 et seq.)

C. 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.

D. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the franchise agreement. This may not be enforceable under California Law. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. 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).

E. The Franchise Agreement requires binding arbitration. The arbitration will occur at the American Arbitration Association office located nearest to the offices of ProTect Painters International, LLC (currently Ann Arbor, MI) with the prevailing party paying for all costs associated with the arbitration. You 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 of the State of California.

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

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

ADDITIONAL DISCLOSURES FOR THE STATE OF FLORIDA

1. The following is added to Item 1: "Our Regional Director in Florida, Mr. Michael Gornet, has established his own corporation, separate and apart from us. Through this corporation, he offers assistance, again separate and apart from us, for new Florida owners who request help in obtaining qualification under a general contractor's license."

2. The following is added to Item 2: "California and Florida Regional Service Director - Michael Gornet : Since October 2009, Mr. Gornet has been the Owner, Manager and President of ProTect Painters of California, Inc (San Rafael, CA), and ProTect Painters of Florida, Inc., (San Rafael, CA, operating in FL), both which he formed to assist new franchisees in obtaining the requisite experience to obtain their contractor's license. He obtained his California General Contractors License in 2002 and his Florida Certified General Contractor License in March 2007. He is also the Owner, Manager and President of Mr. Handyman of California, Inc., (San Rafael, CA) since 2004, and Mr. Handyman of Florida System, Inc (San Rafael, CA operating in FL) since March 2007.

3. The following is added to Item 6, footnote 3, regarding royalty and Gross Sales in Item 6: Twenty percent of the royalty payments that you pay to us are paid to Mike Gornet for training and support as our California and Florida Regional Service Director.

4. The following is added to Item 11, Training: Mike Gornet, who is disclosed in Item 2, assists with Initial Training for new California and Florida owners. Mr. Gornet has 5 years of franchisee training experience and 7 years of experience in the field.

ADDITIONAL DISCLOSURES FOR THE STATE OF ILLINOIS.

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 88705/1 et. seq., the Franchise Disclosure Document, in connection with the offer and sale of franchises for use in the State of Illinois, shall be amended to include the following:

The following language is added to the table in Item 17 at the end of the Summary sections of provisions (v) and (w) entitled Choice of Forum and Choice of Law: “except for any claims arising under the Illinois Franchise Disclosure Act of 1987.”

ADDITIONAL DISCLOSURES FOR THE STATE OF MARYLAND.

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Disclosure Document in connection with the offer and sale of franchises for use in the State of Maryland, shall be amended to include the following:

1. The Summary sections of Item 17(c) and (m) of the Disclosure Document captioned “Requirements for franchisee to renew or extend” and “Conditions for franchisor approval of transfer,” are amended by adding the following: “Any general releases you sign will not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law. (See Exhibits A-5 and A-6 for the form of General Release that we currently to intent to use in connection with franchise renewals and transfers.”

2. The “Summary” section of Item 17(h) of the Disclosure Document, captioned “Cause defined – non-curable defaults” is amended by adding the following: “The Franchise Agreement provides for termination upon your insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.”

3. The “Summary” section of Item 17(v) of the Disclosure Document, captioned “Choice of Forum,” is amended to read as follows: “Subject to arbitration requirement, litigation generally must be in Michigan, although you may, subject to your arbitration obligation, commence a lawsuit against us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

4. The “Summary” section of Item 17(w) of the Disclosure Document, captioned “Choice of Law,” is amended to read as follows: “Except for Federal Arbitration Act, other federal law, and claims arising under the Maryland Franchise Registration and Disclosure Law, Michigan law applies.”

5. The following is added to the end of the Item 17 chart: “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise. “

6. Exhibit A-4 of the Disclosure Document captioned “Disclosure Acknowledgement Statement” is amended as follows: “Such representations are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

ADDITIONAL DISCLOSURES FOR THE STATE OF MINNESOTA.

Renewal, Termination, Transfer and Dispute Resolution. The following paragraphs are added at the end of the chart in Item 17:

A. With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Section 80.C.14, Subds. 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.

B. Pursuant to Minn. Stat. §80C.21 and Minn. Rule Part 2869.4400J, these sections shall not in any way abrogate or reduce your rights as provided in Minnesota Statutes 1984, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota.

C. Any release as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

D. Minn. Rule Part 2860.4400J., prohibits you from waiving your rights to a jury trial or waiving your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquid damages, termination penalties of judgment notices.

E. Minn. Stat. 80C.17, Subd. 5 requires that no action may be commenced pursuant to this section more than three years after the cause of action occurs.

F. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated by the Minnesota Commissioner of Commerce, are met independently without reference to these Additional Disclosures in the Disclosure Document.

ADDITIONAL DISCLOSURES FOR THE STATE OF NEW YORK.

1. The following paragraphs are added at the beginning of Item 3 of the Disclosure Document:

Neither we, any predecessor, any person identified in Item 2, or an affiliate offering franchises under our principle trademark has an administrative, criminal, or material action pending against us, it, him, or her, 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.

Neither we, any predecessor, any person identified in Item 2, or an affiliate offering franchises under our principle trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge; or been held liable in a civil action alleging; violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable allegations.

Neither we, any predecessor, any person identified in Item 2, or an affiliate offering franchises under our principle trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a franchise as a real estate broker or sales agent.

2. The following paragraph is added at the beginning of Item 4 of the Disclosure Document: “Neither we, any of our predecessors, affiliates, officers or general partners have, during the 10 year period immediately preceding 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) has obtained a discharge of its debts under the U.S. 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 that officer or general partner of ours held this position in the company or partnership.”

3. The “Summary” section of Item 17(d) of the Disclosure Document is amended by adding the following: “You also may terminate the Franchise Agreement on any grounds available by law.”

4. The “Summary” section of Item 17(j) of the Disclosure Document is amended by adding the following: “However, no assignment will be made except to an assignee, who in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.”

5. The “Summary” section of Items 17(c) and 17(m) of the Disclosure Document are amended by adding the following: “Provided, however, that all rights enjoyed by you and any causes of action arising by your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law, Sections 687.4 and 687.5 be satisfied.”

6. The “Summary” section of Item 17(s) of the Disclosure Document is amended by adding the following: “Modifications to the Operations Manual will not unreasonably affect your obligations, including economic requirements, under the Franchise Agreement.”

7. The “Summary” sections of Items 17(v) and (w) of the Disclosure Document are amended by adding the following: “This choice of law and forum should not be considered a waiver of any right conferred upon you by Article 33 of the General Business Law of the State of New York.”

ADDITIONAL DISCLOSURES FOR THE STATE OF NORTH DAKOTA

1. The “Summary” sections of Item 17(c) and (m) of the Disclosure Document are amended to add the following: “Any release executed will not apply, to the extent prohibited by applicable law, with respect to claims arising under the North Dakota Franchise Investment Law.”

2. The “Summary” section of Item 17(r) of the Disclosure Document is amended to add the following: “Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.”

3. The “Summary” section of Item 17(u) of the Disclosure Document is amended to read as follows: “Except for certain claims, we and you must arbitrate all claims.”

4. The “Summary” section of Item 17(v) of the Disclosure Document is amended to read as follows: “Arbitration generally must be in Michigan courts, except that, subject to your arbitration obligation, and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.”

4. The “Summary” section of Item 17(w) of the Disclosure Document is amended to read as follows: “Except for the federal law, North Dakota law applies.”

ADDITIONAL DISCLOSURES FOR THE STATE OF RHODE ISLAND

1. The “Summary” section of Item 17(v) of the Disclosure Document is amended to read as follows: “Litigation generally must be in Michigan courts, except that subject to your arbitration obligation and to the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.”

2. The “Summary” section of Item 17(w) of the Disclosure Document is deleted in its entirety and replaced with the following: “Except for the Federal Arbitration Act, and other federal law, and except as required by the Rhode Island Franchise Investment Act, Michigan law governs.

ADDITIONAL DISCLOSURES FOR THE STATE OF VIRGINIA

The following is added to the end of Item 17 of the Disclosure Document: “Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds 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.”

ADDITIONAL DISCLOSURES FOR THE STATE OF WASHINGTON

The following paragraph is added at the end of Item 17 of the Disclosure Document:

If any of the provisions in this Disclosure Document or the Franchise Agreement are inconsistent with the relationship provisions of Revised Code of Washington, Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act (the “Act”), the provisions of the Act will prevail over the inconsistent terms of the Disclosure Document or Franchise Agreement.

EXHIBIT F: LIST OF FRANCHISEES

Del DeLeon 11523 Palm Brush Trail, # 114 Lakewood Ranch, FL 34202 (800) 824-8881 xt. 724; (941) 776-8328	Tim Eloshway 891 Colony Creek Lawrenceville, GA 30043 (800) 824-8881 xt. 711; (678)614-8392
Peter Casparriello 9 School St Westboro, MA 01581 (800) 824-8881 xt. 707; (508) 509-3450	Paul Dauteuil 117 B St Dracut, MA 01826 (800) 824-8881 xt. 710; (508) 574-4219
Ed Philpot 1730 New Brighton Blvd. # 261 Minneapolis, MN 55413 (800) 824-8881 xt. 717; (612) 600-9471	Steve Stidham* 9947 Hull Street Rd., #268 Richmond, VA 23236 (800) 824-8881, xt. 719; (804) 245-9004
John Descloux** 4798 S. Florida Ave., # 190 Lakeland, FL 33813 (800) 824-8881, xt. 729; (704) 423-9776	Sean Beatty 71 Hemenway Rd Framingham, MA 01701 (800) 824-8881 xt. 706; (508) 400-7236
Jamie Cox 25 Spring Lane Canton, MA 02021 (800) 824-8881 xt. 708; (781) 760-1067	John Guarino III* 356 Park Avenue Arlington, MA 02476 (800) 824-8881 xt. 714; (781) 983-0764
Steve Legg* 131 Daniel Webster Hwy, #610 Nashua, NH 03060 (800) 824-8881, xt. 716; (603) 494-0835	

* Indicates ownership of two (2) franchise units.

** Signed, but not opened as of December 31, 2008

EXHIBIT G: LIST OF FORMER FRANCHISEES

The following is a list of franchisees who transferred, closed or were terminated in between January 1, 2008 and December 31 2008, or who have not communicated with us during the 10 weeks prior to the date of this Disclosure Document.

David Lynn (2 units) Matthews, NC 704-778-6753	Jake Williams Marietta, GA 770-658-9580
--	---

EXHIBIT K: 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 ProTect Painters International, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If ProTect Painters International, 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 law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit C.

[Maryland, 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. Michigan and Washington require that we give you this Disclosure Document at least 10 business days before the execution of the franchise or other Agreement, or the payment of any consideration that relates to the Franchise Relationship.]

Alex Roberts, Mike Welch and Ken Boyce of ProTect Painters, International, LLC., act as our franchise brokers. Their address is 3948 Ranchero Drive, Ann Arbor MI 48108 and their telephone number is 1-800-824-8881.

[This portion may be filled in at a later date in the Addendum to Exhibit K: Receipt.]

Date of Issuance: April 1, 2009 (The Date of Issuance is different in the following states: (CA 5/19/09 as amended 11/10/09; HI-3/27/09; FL-4/23/09 as amended 10/22/09; IL-5/4/09; IN-3/12/09; MD-7/2/09; MI-4/1/09; MN-3/30/09; NY- 3/17/09; ND-5/15/09; RI-4/24/09; SD-3/13/09; UT:-3/16/09; VA-4/6/09 & 5/17/09; and WA-3/20/09).

See Exhibit D for our registered agents authorized to receive service of process.

This Franchise Disclosure Document included the following Exhibits: (A-1) Franchise Agreement and Related Materials; (Exhibit A) Designated Marketing Territory; (Exhibit B-1) Initial Package; (Exhibit B-2) Transfer Initial Package; (Exhibit C) Software Agreement; (Exhibit D) Telephone Agreement; (Exhibit E) Disclosure Acknowledgment Statement; (Exhibit F) Consumer Note; (A-2) State Addenda to Franchise Agreement; (A-3) Confidentiality/Non-Competition Agreement; (A-4) Disclosure and Acknowledgment; (A-5) General Release – Renewal; (A-6) General Release – Assignment; (A-7) Sample Regional Advertising Cooperative Addendum; (A-8) Electronic Funds Transfer Agreement; (B) Financial Statements; (C) State Administrators; (D) Agents For Service of Process; (E) State Addenda to Disclosure Document; (F) List of Franchisees; (G) List of Former Franchisees; and (K) Receipt.

Date: _____

Signature of Prospective Franchisee

Print Name

Signature of Prospective Franchisee

Print Name

KEEP THIS COPY FOR YOUR RECORDS.

This Disclosure Document is available by request in either paper or .pdf format, please contact info@protectpainters.com. You will need to have Adobe Reader installed on your computer to view and print the Disclosure Document in .pdf format. This is available for download at www.adobe.com.

EXHIBIT K: 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 ProTect Painters International, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If ProTect Painters International, 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 law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit C.

[Maryland, 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. Michigan and Washington require that we give you this Disclosure Document at least 10 business days before the execution of the franchise or other Agreement, or the payment of any consideration that relates to the Franchise Relationship.]

Alex Roberts, Mike Welch and Ken Boyce of ProTect Painters, International, LLC., act as our franchise brokers. Their address is 3948 Ranchero Drive, Ann Arbor MI 48108 and their telephone number is 1-800-824-8881.

[This portion may be filled in at a later date in the Addendum to Exhibit K: Receipt.]

Date of Issuance: April 1, 2009 (The Date of Issuance is different in the following states: (CA 5/19/09 as amended 11/10/09; HI-3/27/09; FL-4/23/09 as amended 10/22/09; IL-5/4/09; IN-3/12/09; MD-7/2/09; MI-4/1/09; MN-3/30/09; NY- 3/17/09; ND-5/15/09; RI-4/24/09; SD-3/13/09; UT:-3/16/09; VA-4/6/09 & 5/17/09; and WA-3/20/09).

See Exhibit D for our registered agents authorized to receive service of process.

This Franchise Disclosure Document included the following Exhibits: (A-1) Franchise Agreement and Related Materials; (Exhibit A) Designated Marketing Territory; (Exhibit B-1) Initial Package; (Exhibit B-2) Transfer Initial Package; (Exhibit C) Software Agreement; (Exhibit D) Telephone Agreement; (Exhibit E) Disclosure Acknowledgment Statement; (Exhibit F) Consumer Note; (A-2) State Addenda to Franchise Agreement; (A-3) Confidentiality/Non-Competition Agreement; (A-4) Disclosure and Acknowledgment; (A-5) General Release – Renewal; (A-6) General Release – Assignment; (A-7) Sample Regional Advertising Cooperative Addendum; (A-8) Electronic Funds Transfer Agreement; (B) Financial Statements; (C) State Administrators; (D) Agents For Service of Process; (E) State Addenda to Disclosure Document; (F) List of Franchisees; (G) List of Former Franchisees; and (K) Receipt.

Date: _____

Signature of Prospective Franchisee

Print Name

Signature of Prospective Franchisee

Print Name

RETURN THIS COPY TO PROTECT PAINTERS

Please sign this copy of the receipt, date your signature, and return it to ProTect Painters International, LLC., Franchise Administration Department, 3948 Ranchero Drive, Ann Arbor, MI 48108.

This Disclosure Document is available by request in either paper or .pdf format, please contact info@protectpainters.com. You will need to have Adobe Reader installed on your computer to view and print the Disclosure Document in .pdf format. This is available for download at www.adobe.com.