

FRANCHISE DISCLOSURE DOCUMENT



RENT-A-CENTER FRANCHISING INTERNATIONAL, INC.

a Texas corporation
5501 Headquarters Drive
Plano, Texas 75024
(800) 422-8186
www.colortyme.com

The franchises described in this Disclosure Document are for rental businesses which provide "rental purchase" programs for a specialized inventory of rental products, such as televisions, audio-video equipment, appliances, furniture, tires, jewelry and computers as well as the sale of related accessories, and the franchises will only be offered to existing ColorTyme franchisees.

The total investment necessary to begin operation of a ColorTyme Rental Store is \$367,010 to \$693,505. This amount includes \$131,160 to \$161,630 payable to us.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this Disclosure 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 our franchise department at 5501 Headquarters Drive, Plano, Texas 75024; (972) 403-4905.

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

Date of Issuance: April 28, 2023

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers franchisor may designate. These items may be more expensive than similar items you could buy on your own.

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

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

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

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

Some States Require Registration

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

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

Special Risk(s) to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Texas. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Texas than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" to see whether your state requires other risks to be highlighted.

FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2 BUSINESS EXPERIENCE	3
ITEM 3 LITIGATION.....	3
ITEM 4 BANKRUPTCY	5
ITEM 5 INITIAL FEES	5
ITEM 6 OTHER FEES.....	6
ITEM 7 ESTIMATED INITIAL INVESTMENT	9
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	12
ITEM 9 FRANCHISEE'S OBLIGATIONS.....	14
ITEM 10 FINANCING.....	14
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	15
ITEM 12 TERRITORY	22
ITEM 13 TRADEMARKS	24
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	25
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS....	25
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	26
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	26
ITEM 18 PUBLIC FIGURES	27
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS	27
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION.....	28
ITEM 21 FINANCIAL STATEMENTS	32
ITEM 22 CONTRACTS	32
ITEM 23 RECEIPTS.....	32

EXHIBITS

EXHIBIT A	STATE ADDENDA
EXHIBIT B	LIST OF FRANCHISEES AND DEVELOPERS
EXHIBIT C	FINANCIAL STATEMENTS
EXHIBIT D	FRANCHISE AGREEMENT
EXHIBIT E	STATE ADMINISTRATORS
EXHIBIT F	AGENTS FOR SERVICE OF PROCESS
EXHIBIT G	TABLE OF CONTENTS OF THE COLORTYME FRANCHISE OPERATIONS MANUALS
EXHIBIT H	CURRENT SAMPLE FORM OF GENERAL RELEASE
EXHIBIT I	SOFTWARE LICENSE AGREEMENT
EXHIBIT J	RECEIPTS

COLORTYME FRANCHISE DISCLOSURE DOCUMENT

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

Rent-A-Center Franchising International, Inc. ("**RAC Franchising**," "**RAC Franchise**", "**we**," or "**us**"), formerly known as ColorTyme, Inc. ("**ColorTyme, Inc.**"), was originally incorporated in Texas on December 15, 1980. In May 1996, ColorTyme, Inc. merged into CT Acquisition Corporation ("**CT**"), a newly formed, wholly owned subsidiary of Renters Choice, Inc. ("**Renters Choice**"). CT did not conduct any business prior to the merger. On the date of the merger, CT changed its name to ColorTyme, Inc. On August 8, 2013, we changed our name to Rent-A-Center Franchising International, Inc. and began offering Rent-A-Center franchises. Our principal business address is 5501 Headquarters Drive, Plano, Texas, 75024. We have offered franchises under the name "ColorTyme" since June 1996, and we have also offered under the name "RimTyme" since March 2007. Previously, ColorTyme, Inc. offered ColorTyme franchises from April 1982 until May 1996. As of December 31, 2022, there were 392 Rent-A-Center franchised stores, 18 ColorTyme franchised stores, and 37 RimTyme franchised stores. Except as described below, we do not do business under any name other than Rent-A-Center, ColorTyme and RimTyme, which are offered through separate Disclosure Documents. Except as described above, we do not own or operate any business which is similar to the business being franchised, and do not engage in any other business. Our agents for service of process are listed in *Exhibit G*.

Our Parent and Affiliates

In August 1998, our parent company, Renters Choice, acquired Thorn Americas, Inc. ("**Thorn Americas**"), our largest rent-to-own competitor. Thorn Americas had a total of approximately 1,400 corporate-owned stores and 65 franchised stores in 49 states and the District of Columbia, operating under 3 brand names – "*Rent-A-Center*," "*Remco*" and "*U-Can-Rent*." Thorn Americas operated 1,158 stores under the Rent-A-Center brand. Rent-A-Center, Inc., was incorporated in 1986 as Renters Choice. On December 31, 1998, Thorn Americas merged into Renters Choice, and on the same day, Renters Choice changed its name to Rent-A-Center, Inc. On December 31, 2002, Rent-A-Center, Inc. changed its name to Rent-A-Center East, Inc. ("**RAC East**"). We are a wholly owned subsidiary of RAC East through its parent company Upbound Group, Inc. ("**Upbound**"), which trades on the NASDAQ National Market under the symbol "UPBD."

RAC East and our affiliates, Rent-A-Center West, Inc., a Delaware corporation ("**RAC West**"), and Rent-A-Center Texas L.P., a Texas limited partnership ("**RAC Texas**"), both wholly owned subsidiaries of Upbound, operate the Rent-A-Center Rental Stores owned by RAC East and affiliates and are collectively referred to in this Disclosure Document as "**Rent-A-Center**."

As of December 31, 2022, Rent-A-Center operated approximately 1,803 rent-to-own stores in the United States and Puerto Rico that offer high quality durable products such as major consumer electronics, appliances, tires, computers, and furniture and accessories under flexible rental purchase agreements that typically allow the customer to obtain ownership of the merchandise at the conclusion of an agreed-upon rental period. Additionally, as of December 31, 2022, Rent-A-Center operated 126 rent-to-own stores in Mexico. Together, RAC Franchising and Rent-A-Center represent 2,321 rent-to-own outlets in the United States, Puerto Rico, and Mexico.

On February 17, 2021, RAC East acquired Acima Holdings, LLC, in which retailers offer their customers a lease-to-own option ("**Acima**").

RAC Texas has negotiated arrangements under a Retail Chain Agreement with a third party whereby franchisees may secure certain products and services under terms similar to those provided to RAC Texas. RAC East and our affiliates share a principal business address at 5501 Headquarters Drive, Plano, Texas 75024.

The Franchised Business

We award franchises for the operation of ColorTyme Rental Stores which provide a specialized inventory of rental products, such as televisions, appliances, furniture, tires, jewelry and computers, to be offered to consumers under a rental purchase program. Some ColorTyme Rental Stores also engage in retail sales of accessory products. In addition, we permit some ColorTyme Rental Stores to offer financial services, such as payday and/or title loans, where permitted by applicable law and if permitted by us. All ColorTyme Rental Stores (i) use our trade names, service marks, trademarks, logos, emblems and indicia of origin (collectively, the “**Proprietary Marks**”); and (ii) operate under distinctive operating procedures and standards specified by us (the “**System**”). A business operated under the System and Proprietary Marks is referred to in this Disclosure Document as the “**Franchised Business**” or “**Rental Store.**”

We are currently only offering ColorTyme franchises to existing ColorTyme franchisees upon renewal and to approved transferees. A very limited number of franchises may be offered to existing ColorTyme franchisees on a case-by-case basis to convert a Rent-A-Center store to a ColorTyme store.

If we approve, you (meaning and including individuals, partnerships, limited liability companies or corporations, and the owners of these entities) will be permitted to sign a franchise agreement (“**Franchise Agreement**”) to establish and operate a Rental Store in a specific geographic area or renew your franchise agreement by signing the then-current form of the franchise agreement which may include terms which differ substantially from your original franchise agreement.

Competition

The primary market for the services and products offered by a Rental Store are customers who have only a short-term need for the product or are financially unable to make the down payment or meet the other requirements necessary for a retail purchase, or who wish to try a new and different product before making a buying decision.

The television, appliance, jewelry, tire, computer and furniture rental market is highly competitive; and you may have to compete with numerous other independent and chain-affiliated rental businesses, some of which may be franchised. Typically, Rental Stores are located in urban store front locations or “strip” malls; however, virtually any type of retail structure could be suitable for a Rental Store. You also may be competing with retail distributors of similar products offered for retail sale.

RAC Franchising, including Rent-A-Center, may offer merchandise similar to that offered by ColorTyme Rental Stores. These stores may directly compete with your Rental Stores.

Industry-Specific Laws and Regulations

You must comply with all local, state, and federal laws and regulations that apply to your Franchised Business operation. As of the date of this Disclosure Document, 47 states and Puerto Rico have enacted rental-purchase legislation in some form. The states which currently have legislation are Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, and Wyoming. Typically, state laws define the rental-purchase transaction as a terminable lease (with option to purchase) and require rental purchase businesses to provide certain disclosures to customers in regard to prices and payments. Three states regulate rental purchase transactions as credit sales. Although certain proposed federal regulation has been introduced several times in the past and may continue to be under consideration, no federal legislation has been enacted regulating rental purchase transactions. We are not aware of any other laws and regulations which directly and specifically apply to rental-purchase businesses, but you should consult with an attorney concerning these and other local laws and ordinances that may affect your Rental Store operations.

The laws applicable to rental purchase agreements vary significantly from state to state and we do not warrant or represent that form agreements supplied by us, or other suppliers conform to the laws of the state(s) in which you do business. Whenever you use pre-printed forms, agreements, or other documents, whether obtained from us or another supplier, you should consult qualified legal counsel selected by and representing You to determine whether the documents comply with applicable laws and regulations. If you elect to perform title and/or payday loans, you must review and comply with applicable laws and regulations in your jurisdictions regarding these types of loans.

ITEM 2 BUSINESS EXPERIENCE

Corporate Director: Mr. Mitchell E. Fadel

Mr. Fadel has been the Chief Executive Officer of Upbound and our Corporate Director since January 2018. Mr. Fadel served as President of U.S. Pawn for EZCORP, Inc., from September 2015 until December 2016. Prior to that, Mr. Fadel served as President of Upbound (beginning in July 2000) and Chief Operating Officer of Upbound (beginning in December 2002) each until August 2015, and also as a director of Upbound from December 2000 to November 2013.

Vice President of Franchising: Mr. G. Michael Landry

Mr. Landry has been our Vice President of Franchising since November 2020. Previously, Mr. Landry served as our Vice President of Franchise Development from May 2012 to November 2020. In addition, Mr. Landry has been Vice President of Franchising of Upbound as of November 2020. He was previously the Vice President of Franchise Development of Upbound from February 2012 until November 2020.

Senior Director of Franchising, Mergers and Acquisitions: Mr. Andrew Bowers

Mr. Bowers has been our Senior Director of Franchising, Mergers and Acquisitions since February 2020. Prior to that, Mr. Bowers was our Director of Acquisitions & Development from March 2018 through January 2020. Prior to that Mr. Bowers was the Director of Acquisitions & Development for Upbound from September 2011 through February 2018.

Director of Franchise Operations: Mr. David Smith

Mr. Smith has been our Director of Franchise Operations since January 2019. Previously, Mr. Smith was Vice President of Operations and Franchise Support for Easygates LLC d/b/a easyhome US from April 2010 through December 2018.

Executive Director of Training, Development and Communication: Megan McKee PhD

Dr. McKee has been the Executive Director of Training, Development and Communication for us and Upbound since December 2021. Prior to that she was the Director of Training and Development for us and Upbound from December 2016 through December 2021. Dr. McKee joined Upbound in 2014 and, prior to that, has worked in various Learning and Development landscapes across of a variety of industries including eCommerce, Retail, Healthcare and Non-Profit.

ITEM 3 LITIGATION

In AAA Rent-To-Own Hawaii, Inc., et al. v. Rent-A-Center Franchising International, Inc., Case 01-15-0004-2484 (American Arbitration Association, filed July 15, 2015), nineteen ColorTyme franchisees filed a consolidated arbitration demand against us seeking declaratory relief that they should be able to renew their ColorTyme franchise agreements under the same terms and conditions as their prior agreements and not those offered by us in our “then current” franchise agreement, namely an increase in royalty rate. The

franchisees also sought an accounting of the National Advertising Fund for the years 2012 to 2014. The franchisees did not seek any monetary relief. On December 28, 2015, franchisees amended their arbitration demand to add additional franchisees and refined the claims previously plead. On February 29, 2016, a dismissal with prejudice was entered whereby franchisees agreed to dismiss all their claims without a payment of any money, modification of the terms of the then current ColorTyme franchise agreement, or an accounting of the National Advertising Fund. Each party agreed to bear its own attorney's fees.

Alan Hall, et. al. v. Rent-A-Center, Inc., et. al. (Case No. 4:16-CV-00978-ALM-KPJ in the U.S. District Court for the Eastern District of Texas, Sherman Division); *James DePalma, et. al. v. Rent-A-Center, Inc., et. al.* (Case No. 4:2016-CV-00981 in the U.S. District Court for the Eastern District of Texas, Sherman Division). On December 23, 2016, a putative class action was filed against Rent-A-Center and certain of its former officers by Alan Hall in federal court in Sherman, Texas. The complaint alleges that the defendants violated Section 10(b) and/or Section 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by issuing false and misleading statements and omitting material facts regarding the business, including implementation of the point-of-sale system, operations and prospects during the period covered by the complaint. The complaint purports to be brought on behalf of all purchasers of Rent-A-Center's common stock from July 27, 2015, through October 10, 2016, and sought damages in unspecified amounts and costs, fees, and expenses. A complaint filed by James DePalma also in Sherman, Texas alleging similar claims was consolidated by the court into the Hall matter. On October 8, 2018, the parties agreed to settle this matter for \$11 million. The court granted preliminary approval of the settlement on December 13, 2018. Under the terms of the settlement our insurance carrier paid an aggregate of \$11 million in cash, subsequent to December 31, 2018, which was distributed to an agreed upon class of claimants who purchased our common stock from July 27, 2015, through October 10, 2016, as well as used to pay costs of notice and settlement administration, and plaintiffs' attorneys' fees and expenses.

Blair, et al. v. Rent-A-Center, Inc., et al. Case No. 3:17-CV-02335-WHA (N.D. Cal.) On March 13, 2017, Blair, the plaintiff, filed a state-wide class action complaint in the Federal District Court for the Northern District of California. The complaint alleged various claims, including that Rent-A-Center's cash sales and total rent to own prices exceeded the pricing permitted under California's Karmette Rental-Purchase Act, primarily due to the calculation and allocation of internal shipping costs. Following a court-ordered mediation on March 28, 2019, we reached an agreement in principle to settle this matter for a total of \$13 million, including attorneys' fees. The settlement was paid in full in November 2019. Rent-A-Center denied liability in the settlement and agreed to the settlement in order to avoid additional expensive, time-consuming litigation.

Federal Trade Commission Civil Investigative Demand. In April 2019, Rent-A-Center, Inc. (the "Company") received a Civil Investigative Demand ("CID") from the Federal Trade Commission ("FTC") seeking information regarding certain transactions involving the purchase and sale of customer lease agreements, and whether such transactions violated the anti-trust provisions of the FTC Act. Similar CIDs were sent to other rent-to-own operators who bought or sold store agreements. While not admitting any wrongdoing, the Company chose to settle the CID after many months of legal expenses and cooperating with the FTC investigation, and no fines or penalties were assessed against the Company. The settlement permits RAC to continue purchasing and selling customer lease agreements so long as such agreements are not contractually interdependent or contingent on a reciprocal transaction, and does not require any material changes to the Company's current business practices.

California Attorney General. The California Attorney General (the "CAG") issued an investigative subpoena in 2018 seeking information with respect to certain of our affiliate, Acceptance Now, business practices (now part of the Acima brand). In November 2021, the parties reached an agreement in principle regarding the resolution of this matter. On August 2, 2022, the parties finalized the settlement of this matter, which includes a proposed final judgment for approval by the Superior Court of the State of California. In the agreement and in consideration of the final resolution of this matter, Acceptance Now agreed to pay a total of \$15.5 million in restitution to consumers and civil penalties along with certain injunctive provisions, including (1) in the case of rental-purchase transactions in California originating through a third-party host retailer, not to charge a cash price on the rental-purchase agreement that is greater than the cash price offered to the consumer by the host retailer, and (2) to implement certain additional customer disclosures,

employee training and other compliance requirements and restrictions as set forth in the stipulated agreement. Acceptance Now did not admit to any violations of law or any wrongdoing. Although Acceptance Now disagrees with the CAG's interpretation of the relevant California statutory language regarding the definition of "cash price", Acceptance Now entered into the agreement to avoid the expense, risk and distractions associated with potential protracted litigation. The agreed upon settlement amount of \$15.5 million was paid in August 2022.

Massachusetts Attorney General. The Massachusetts Attorney General (the "MAG") issued a civil investigative demand in 2018 seeking information with respect to certain business practices of Upbound subsidiaries, including the Rent-A-Center brand, regarding account management and certain other business practices in connection with lease-to-own transactions. Since receiving such demand, Upbound has cooperated with the MAG in connection with its investigation. In June 2021, the MAG provided Upbound with proposed settlement terms including a monetary payment, injunctive provisions regarding certain business practices and compliance requirements. Upbound, and its subsidiaries are continuing to cooperate and discuss resolution of the inquiry with the MAG. We are currently unable to predict the ultimate timing or outcome of the MAG investigation.

Assurance of Voluntary Compliance with the Georgia Attorney General. On January 26, 2022, our affiliate, Rent-A-Center East, Inc. ("East") entered into an Assurance of Voluntary Compliance ("AVC") with the State of Georgia Attorney General (the "AG") in Fulton County, Georgia (Civil Action File: 2022CV359608). The AG made numerous allegations including that East engaged in deceptive collection practices in violation of the Fair Business Practices Act ("FBPA") and the Georgia Lease Purchase Agreement Act ("GLPAA"). East denied the claims but agreed to be bound by the AVC and its terms. The execution of the AVC concluded any investigation into East, Acceptance Now, Preferred Lease and Merchants Preferred in Georgia. As part of the terms of the AVC, going forward East agreed to, among other things, (i) act in full compliance with the FBPA and the GLPAA, (ii) prior to selling or transferring the account to a third-party debt collector: verify the debt amount listed in a consumer's account prior to collection attempts, update records to reflect any settlement amounts, and include any judgements or awards; and (iii) once the debt has been transferred, not accept any direct payments on the account but direct the consumer to the third-party collector.

Litigation Against Franchisees

None.

Other than the action listed above, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Franchise Agreement

You must pay us an initial franchise fee when you sign the Franchise Agreement for a ColorTyme Rental Store. The initial franchise fee is \$35,000. The entire initial franchise fee is fully earned and nonrefundable and is payable in a lump sum.

Employee Training Platform

If we require employee training in connection with your New Rental Store, you will be required to pay us a per-employee training licensing fee prior to opening. This fee will cover the cost of an interactive training platform for 1 to 5 new employees at a cost of \$10 per employee.

Computer Installation and Training/IT and Telecommunications

Prior to opening, we will assist with the installation of your SIMS point of sale system. The total cost of hardware, software, installation and training for a new store range from \$5,000 to \$10,000.

You will also be required to purchase certain IT and Telecommunications equipment from us or a 3rd party approved supplier. This may include a phone system, wiring, control panel, permitting, inspection, installation and labor. You should anticipate spending in the range of \$4,000 to \$12,000.

Inventory Expenses/Equipment

You will purchase inventory through the Rent-A-Center Purchasing Portal, further described in Item 8. The total cost of initial inventory for a new store will range from \$87,150 to \$104,580.

ITEM 6 OTHER FEES

NAME OF FEE	AMOUNT	DATE DUE	REMARKS
Royalty	4-6% of Gross Rental Payments and Sales.	Payable the 10 th day of each month on prior month's Gross Rental Payment and Sales or as otherwise provided in the Manuals.	See Note 4 for the definition of Gross Rental Payments and Sales.
Local Advertising	3% of Gross Rental Payments and Sales, less the monthly contribution to the National Advertising Fund	As incurred.	These amounts are paid to third party advertisers. See Item 11 for additional details.
National Advertising Fund	Up to 3% of Gross Rental Payments and Sales.	Paid in the same manner and at the same time as the Royalty.	The current contribution is \$780 per month. See Item 11 for additional details.
Training Fee	None for the initial training of you and your manager. Our expense for initial training of any manager hired after the Rental Store opens (currently estimated at \$1,000).	On demand.	See Item 11 for additional details.
New Employee Training Manuals	\$10 for each license, with a minimum of 5 licenses.	Upon each new employee hire	See Note 4 and Item 11 for additional details.

NAME OF FEE	AMOUNT	DATE DUE	REMARKS
Intranet Fee	Up to \$320 per year, per Store, currently \$200 per year per Store	Invoiced on January 15 th annually.	See Item 11 for additional details
Technology Fee	Our costs.	On demand.	You must reimburse us or our designee on a pro rata basis for any costs incurred to provide technology to the System or in whole if the technology services provided were rendered to you upon your request and our agreement to provide such services.
Supply Services Fee	0% to 5% of purchase price for product purchase.	As incurred.	Fee relates to assistance we provide concerning product purchases, including ordering, billing, and accounting assistance. See Item 8 for additional details.
Transfer Fee	\$2,500	On or before date of transfer.	Other requirements must also be met to transfer interest in a franchised store.
Late Royalty and/or Advertising Fee	5% per month as long as delinquent	As incurred.	Late fee applies to any fee owed which is not paid on or before the 20 th day of the month.
Audit by Franchisor	Cost of audit and related expenses.	As incurred.	You must reimburse us if the audit reveals an understatement of 2% or more.
Interest on Understated Amounts Revealed by Inspection and Delinquent Payments	Lesser of 20% or maximum rate of interest permitted by law on date payments due.	On demand.	Payable on amounts understated.
Indemnification	Costs including attorneys' fees or payments to third parties.	On demand.	You must reimburse us if we are held liable for claims arising in connection with your operation of the Franchised Business or if we make payments to third parties on your behalf.
Cost of Enforcement or Defense	Costs including attorneys' fees.	On demand.	You must reimburse us if we must enforce the Franchise Agreement or defend against an action due to your (or your guarantor's) breach.

NAME OF FEE	AMOUNT	DATE DUE	REMARKS
Late Financial Statements Fee	\$500 per incidence.	On demand	Late Fee assessed for any month in which Financial Statements are received 30 days after fiscal month end.

NOTES:

1. Except for hardware, software, local advertising or local cooperative expenses, all fees are imposed by and payable to us, our parent or one of our affiliates. Unless otherwise stated, all fees are uniformly imposed.
2. All fees are non-refundable.
3. Your monthly royalty fee is 6%. Multi-Unit franchise operators may benefit from reductions in royalty fees for high sales and store count for units which franchisee is majority owner. Your effective monthly royalty fee may vary based on sales across all your stores from the previous month according to the following schedule:

Monthly Gross Rental Payments and Sales	Royalty %
Less than \$ 400,000	6.0
\$ 400,000 - \$ 549,999	5.9
\$ 550,000 - \$ 699,999	5.8
\$ 700,000 - \$ 849,999	5.7
\$ 850,000 - \$ 999,999	5.6
\$ 1,000,000 - \$ 1,149,999	5.5
\$ 1,150,000 - \$ 1,299,999	5.4
\$ 1,300,000 - \$ 1,449,999	5.3
\$ 1,450,000 - \$ 1,599,999	5.2
\$ 1,600,000 - \$ 1,749,999	5.1
More than \$ 1,749,999	5.0

For each full calendar month in which you operate other Rental Stores, the royalty fee will be further reduced in accordance with the following formula:

Store Count	Royalty % Deduction
0-2	-
3-5	-0.1%
6-8	-0.2%
9-11	-0.3%
12-14	-0.4%
15-17	-0.5%
18-20	-0.6%
21-23	-0.7%
24-26	-0.8%
27-29	-0.9%
30 and up	-1.0%

The lowest effective rate achievable in the above schedule is 4%.

Gross Rental Payments and Sales means the amount of all revenue you receive from the rental or sale of all products and services, and all income of every kind related to the Franchised Business, less sales tax and other taxes you collect. However, as to revenue (including agent fees) you receive as a result of your service as a sales agent for products and services not traditionally offered by a Rental Store (for example, the acceptance of utility bill payments, if we approve your provision of such services from the Rental Store), Gross Rental Payments and Sales includes only your agent fees, if we have approved your service in this regard.

4. The employee manuals are referred to as "The Drive Series" and a description of the manual is listed below for reference. You may access the Drive First Gear and Drive Second Gear books through a digital license that is granted under our shared service agreement with RAC East, at a cost of \$10 per employee license.

Training Material	Description
Drive First Gear	A blended onboarding program designed for new coworkers to learn the basic skills and introduce them to the processes used in stores during the first week (6 days) on the job
Drive Second Gear	An on-the-job training program that features hands-on weekly activities that focus on gaining a deeper understanding of the skills introduced in First gear to be completed over their first 90 days of employment.

ITEM 7 ESTIMATED INITIAL INVESTMENT

New Rental Store

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	LOW ESTIMATE	HIGH ESTIMATE			
Franchise Fee ^{1/}	\$ 35,000	\$ 35,000	As arranged	On signing the Franchise Agreement	Us
General Contractor Costs ^{2/}	\$ 74,000	\$ 255,000	As arranged	As incurred	General Contractor
Real Estate ^{3/}	\$ 3,500	\$ 13,875	As arranged	Monthly	Landlord
Soft Costs ^{4/}	\$ 5,000	\$ 15,000	As arranged	As incurred	Attorney, Architect and/or Consultant
Furniture, Fixture & Equipment Costs ^{5/}	\$ 16,550	\$ 35,000	As arranged	As incurred	Suppliers
Delivery Vehicle ^{6/}	\$ 2,000	\$ 5,000	As arranged	At purchase	Manufacturer, finance company
Insurance ^{7/}	\$ 1,000	\$ 1,500	As arranged	Monthly	Insurers
Outdoor Signage ^{8/}	\$ 7,800	\$ 25,000	As arranged	As incurred	Suppliers
Training ^{9/}	\$ 1,000	\$ 2,500	As arranged	As incurred	Suppliers of transportation, food, and lodging
Employee Training Platform ^{10/}	\$ 10	\$ 50	As arranged	As incurred	Us
Computer Installation and Training ^{11/}	\$ 5,000	\$ 10,000	As arranged	As incurred	Suppliers, Us
IT & Telecommunications Costs ^{12/}	\$ 4,000	\$ 12,000	As arranged	As incurred	Suppliers, Us
Loss Prevention Costs ^{13/}	\$ 5,000	\$ 15,000	As arranged	As incurred	Suppliers

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS MADE
	LOW ESTIMATE	HIGH ESTIMATE			
Opening Promotion and Initial Advertising ^{14/}	\$ 20,000	\$ 25,000	As arranged	As incurred	Suppliers
Security and Utility Deposits ^{15/}	\$ 5,000	\$ 9,000	As arranged	As incurred	Landlord and Utility Companies
Additional Funds for First 12 Months ^{16/}	\$ 95,000	\$ 130,000	As arranged	As incurred	Employees, suppliers, professionals, etc.
Inventory Expenses ^{17/}	\$ 87,150	\$ 104,580	As arranged	As incurred	Suppliers, Us and/or Our Affiliate
TOTAL:	\$ 367,010	\$ 693,505			

NOTES:

Except as otherwise described below, all payments are non-refundable.

1. Franchise Fee – You will pay an initial franchise fee of \$35,000 paid at the time of signing a franchise agreement related to the opening a new Rental Store. The initial franchise fee is non-refundable.

2. General Contractor Costs – The amount of money you will need to spend with a General Contractor, and the amount you will pay in rent will often depend on the condition of the premises delivered to you by your landlord and the amount of work Landlord is doing to prepare the space for your specific use. These costs include labor, travel, supervision, special taxes, permit fees and their profit. Also included are the leasehold improvements involving expenses associated with the interior and exterior design and layout of the Rental Store, such as the construction, modification, and/or removal of interior walls, and painting, lighting, plumbing, electrical, and cabinetry work which can sometimes be negotiated with the landlord. You should anticipate spending in the range of \$74,000 to \$255,000 with a General Contractor. This amount may also vary according to negotiations with your landlord whereby they may be willing to cover the costs for a greater amount of this scope of work in exchange for a higher monthly rent.

3. Real Estate – These figures represent monthly rental estimates. We estimate that a franchisee in a typical location will need a 4,000 to 4,500 square foot location. The estimated rent of \$9 to \$18 per square foot and an estimated additional \$1.50 to \$5.00 per square foot for common area maintenance, taxes, and insurance (i.e. triple net expenses) was used to estimate an annual rent rate of \$42,000 to \$103,500 or \$3,500 to \$13,875 monthly. Rental costs vary considerably, depending on the location and local market conditions.

We are unable to estimate the total cost of purchasing (as opposed to renting) suitable premises to operate the Rental Store or the amount of any down payment that would be required.

4. Soft Costs – These may include attorney fees, architect fees and consultant fees associated with site investigation, site assessment, code review, permitting and preparation of store layout and architectural drawings. You should anticipate spending in the range of \$5,000 to \$15,000.

5. Furniture, Fixture & Equipment (FF&E) Costs – These include showroom and display fixtures, office furniture, window graphics, store graphics, flooring and carpeting.

6. Delivery Vehicle – These figures represent an estimated range of the down payment for 1 delivery vehicle. This estimate does not include monthly payments. As the number of deliveries increase in your Rental Store, you may desire to purchase or lease an additional vehicle. One, but as many as two delivery vehicles are typically required.

7. Insurance – The estimates are the approximate average of the first monthly payment as required coverage for your Rental Store. This does not include additional monthly or annual payments that will be required by your insurer throughout the operation of your Store.

8. Outdoor Signage Costs – Signage includes building signage and may include monument signage and pylon signage. City codes, Franchisor and shopping center rules and regulations will determine what can and should be done at your location.

9. Training– Training costs are described in Item 11 of the Disclosure Document and will vary depending on your need for on-the-job training and the location of a Rental Store for this training. Costs shown are for travel, hotel and food during training. No training fee is assessed for initial training.

10. Employee Training Platform – This represents interactive training manuals for 1 to 5 new employees at a cost of \$10 each.

11. Computer Installation & Training – Computer costs are described in detail later in Item 11 of this Disclosure Document.

12. IT & Telecommunications Costs – These may include the cost of a phone system, electronic mail, intranet, wiring, control panel, permitting, inspection, installation and labor.

13. Loss Prevention Costs – These may include the cost of Closed-Circuit Television, Burglar Alarms, Fire Alarms, Security Gates, Safe and other Security Systems. Local crime statistics, city requirements, existing shopping center security and location history often determine the nature and extent of site-specific security protocols and measures.

14. Opening Promotion and Initial Advertising - In the first 3 months, you should expect to spend costs for advertising development, materials for execution of a soft opening, grand opening event and corporate promotion advertising, which could include shared mail, solo mail, door hangers, etc. Advertising is described in Item 11 of the Disclosure Document and expenses will vary depending on the location of the market and the quantity of advertising.

15. Security and Utility Deposits – This estimate includes deposits that may be required by Landlord, utility company and phone company.

16. Additional Funds for the first 12 months – You will need capital to support on-going expenses, such as payroll, utility costs and deposits, wages, tax bonds and business licenses, initial accounting services, and other miscellaneous expenses to the extent these costs are not covered by Gross Rental Payments and Sales. We estimate that the estimated amount will be sufficient to cover on-going expenses for the first 12 months. This amount is an estimate, and we cannot guarantee that you will not have additional expenses starting your business. This amount does not include any payment for debt service. This amount does not include any wages or living expenses for you. We relied on our experience in the rental purchase franchising business (30 years) in estimating your need for additional funds. If you are a new franchisee, you should anticipate higher additional fund needs than if you are a current franchisee.

17. Inventory Expenses – You should anticipate an opening inventory expense, in cash or line of credit, in the range of \$87,150 to \$104,580 for the opening of the Rental Store. As inventory goes out on rent you should be prepared to replace inventory as an ongoing expense. Item 8 of this Disclosure provides additional detail on products and services.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We reserve the right to designate us or any of our affiliates as the sole provider for products and services which franchisees may currently procure from an approved supplier, including any designated computer systems. Upon such designation, you must promptly purchase from us or our affiliate and commence using such new systems, products or services as we designate.

You do not currently have to purchase or lease computer hardware and software, supplies, fixtures, equipment, or real estate from us or any of our affiliates, however we have created an online purchasing portal (the "Purchasing Portal") which you may use to purchase certain inventory and other products from us. There is no additional fee to access or use the Purchasing Portal, however we may derive revenue from the inventory purchases you make via this system. We may also derive revenue from the Supply Services Fee described below, however we do not currently collect any amount of Supply Services Fee. If you are constructing a new store, you must also maintain at the Rental Store, at your expense, all of the computer hardware and software, fixtures, furnishings and signs that we specify, and you must obtain such computer hardware and software, fixtures, furnishings and signs from suppliers that we have approved in writing and not later disapproved. These items include the VersiRent computer system described in Item 11, sales counter, carpet, window/van graphics, audio/video display wall and other interior décor elements. You also must offer for rent or sale only the brands, types and models of inventory from and only from suppliers that we have approved in writing and not later disapproved.

If you want to offer any inventory that has not been previously approved, you must submit a written request for our approval with specifications of the inventory. We will approve or disapprove within two (2) weeks the proposed inventory if it is consistent with the System, and the image and marketing objectives of the System; and if the inventory meets our standards of quality and reliability. You may only offer for rent or sale products from suppliers that we have approved in writing and not later disapproved.

Suppliers of inventory make bids for approval by providing their prices and samples of goods to us. There are no fees required to secure our approval. Our approval, if furnished, will be revoked if there is poor supplier performance, digital connectivity capabilities, or a lack of price competitiveness. You will receive notification of supplier approval or disapproval in two (2) weeks. All proposed products not approved within two (2) weeks shall be deemed disapproved.

We are a supplier of certain advertising materials that are approved for use in conjunction with the System. Neither we nor any of our affiliates are sole suppliers of any products or services at this time.

We and/or our affiliate negotiate purchase arrangements with manufacturers and other suppliers for your and our benefit. Currently, there are approximately 28 purchase arrangements with suppliers of fixtures, furnishings and signs, vehicles as well as Rental Store inventory such as electronics, appliances and furniture. We do not provide material benefits to you based on your use of approved suppliers of these items.

Except as to the Rental Store's computer hardware and software, fixtures, furnishings and signs, as stated above, you are not required to purchase inventory or other products from suppliers with whom we have negotiated purchase arrangements, and we do not provide material benefits to you based on your use of approved suppliers of these items.

According to our audited financial statements for the 2022 fiscal year, we had total revenues of \$120,095,550, of which amount \$91,454,491 (approximately 764%) consisted of revenues from our direct sales to our franchisees, which includes both ColorTyme and Rent-A-Center franchisees, and from other required purchases and leases. We estimate that your purchases from us will represent from 65% to 95% of your total purchases and leases in establishing and operating the Rental Store.

No other affiliates derived any revenues from sales of products or services to franchisees.

We do not currently offer any rebate programs to franchisees, but we reserve the right to do so.

Although you are not currently required to purchase inventory or other products through us, if you elect to use certain supply services we make available to facilitate your purchase of inventory and other products for your Rental Store (including administration, ordering, billing, accounting and collection services) or if we designate us or our affiliate as the sole supplier of a particular product, we may receive a percentage of the total amount of each inventory or other product purchase (which will range from 0% to 5% of purchased inventory or other products), which amount is added into your price. See "Supply Services Fee" in Item 6.

Certain manufacturers and suppliers provide us payment term discounts (currently ranging from 1% to 3%), volume discounts (currently ranging from 1% to 4.25%), cash rebates, concessions, advertising allowance, discount bonuses and other cash payments based on mandatory and/or voluntary franchisee purchases of computer hardware and software, inventory, fixtures, furnishings, signs and other products and supplies purchased and used by our franchisees. We generally do not pass on these payments or incentives to franchisees, but we reserve the right to do so. We reserve the right to enter into other contracts in the future with new or existing manufacturers and suppliers to provide us similar types of revenue from the sale of their items to you.

We do not have purchasing or distribution cooperatives, but we reserve the right to establish and require franchisees to participate in such cooperatives in the future.

None of our officers currently own an interest in any of our suppliers.

We estimate that the purchases from approved suppliers (including us or our affiliate) will represent approximately 80% of your total purchases and leases in establishing your Rental Store and 100% of your total purchases and leases in the continuing operation of the Rental Store, and that purchases in accordance with our specifications where no approved suppliers have been identified will represent approximately 20% of your total purchases and leases in establishing your Rental Store and 0% of your total purchases and leases in the continuing operation of the Rental Store.

You must have insurance complying with the standards contained in the Manuals or otherwise stated by us in writing (and which we may periodically change at our discretion), but the minimum levels for which must be at least: for general liability, one million dollars per occurrence and two million dollars in the aggregate; for auto, at least one million dollars combined single limit; and such worker's compensation minimums as required by state. You must list us as an additional insured on the general liability and auto insurance, and insurance must be provided by insurers acceptable to us. You must provide proof of this insurance to us prior to the Rental Store opening and must maintain current coverage during the term of your Franchise Agreement.

You must maintain an adequate mix and inventory of approved products for rent, including special promotional products. Guidelines for the amount and mix of products are in the Manuals but it is generally 175 - 210 pieces averaging \$498 each and therefore amounts to \$87,150 - \$104,580 in inventory. Special promotional products may vary and be established by us in conjunction with various advertising campaigns. You must maintain on display at your Rental Store the approved rental products which we specify. You must not sell any products other than under purchase options under rental contracts unless we authorize you in writing.

We must approve all advertising you use. Please see Item 11 for details about advertising approval.

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	§§ 1.2, 5.10	Items 8, 11
b. Pre-opening purchases/leases	§§ 5.2, 5.4	Items 5, 7, 8
c. Site development and other pre-opening requirements	§§ 1.2, 5.2	Items 8, 11
d. Initial and ongoing training	§§ 4.2, 5.3	Item 11
e. Opening	§ 5.2	Item 11
f. Fees	§ 3t	Items 5, 6
g. Compliance with standards and policies/Operating Manuals	§§ 1.5, 5.1, 5.4	Items 11, 14
h. Trademarks and proprietary information	Recitals, §§ 6, 7	Items 13, 14
i. Restrictions on products/services offered	§ 5.4	Items 5, 8, 16
j. Warranty and customer service requirements	§ 5.1	Item 16
k. Territorial development and sales quotas	N/A	Item 12
l. Ongoing product/service purchases	§ 5.4	Item 8
m. Maintenance, appearance and remodeling requirements	§§ 5.7, 5.8	Item 8
n. Insurance	§ 11	Items 7, 8
o. Advertising	§ 9t	Items 6, 8, 11
p. Indemnification	§ 18.4	None
q. Owner's participation/ management/staffing	§ 5.3	Item 15
r. Records/reports	§ 10	Item 6
s. Inspection/audits	§§ 5.5, 10.7	Items 6, 11
t. Transfer	§ 12	Item 17
u. Renewal	§ 2	Item 17
v. Post-termination obligations	§ 14	Item 17
w. Non-competition covenants	§ 15	Item 17
x. Dispute resolution	§ 23	Item 17
y. Taxes/permits	§ 17	Item 1
z. Other: Owners/Shareholders Guarantee	§ 16.4, Attachment A	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing. We will not guarantee your note, lease or other obligations.

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

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

Franchise Agreement

Pre-Opening Obligations

We must provide certain supervision, assistance, and services to you but, with the exception of the training described in paragraph 2 below, the Franchise Agreement does not specify if these services will be provided before or after you open your Rental Store. It is our intention to provide the following services before you open your first Rental Store:

(1) We will assist with floor plans and specifications for the exterior and interior layout for your Rental Store. (Section 4.1)

(2) Under a shared services agreement with RAC East, we will offer an initial training program to you and your manager. (Section 4.2)

(3) We will provide on-site assistance and supervision in connection with the opening of your first Rental Store, if, and when, we think it necessary. (Section 4.3)

(4) We will provide promotional and advertising materials and assistance in connection with the opening of your Rental Store. (Section 4.4)

(5) We will loan to you 1 copy of the Manuals. (Section 4.5 and Item 8) The Table of Contents of the Manuals is attached to this Disclosure Document as *Exhibit G*.

(6) We will provide you with our list of approved products, inventory items and supplies. (Section 4.6.2)

(7) We will provide you with pre-opening consultation and advisory assistance if, and when, we think it necessary on your first store. (Section 4.7)

Continuing Obligations

During your operation of the Rental Store, we must provide the following assistance and services:

(1) We will provide you with continuing consultation and advisory assistance if, and when, we think it necessary. (Section 4.7)

(2) We will review samples of all advertising and promotional plans you submit to us. (Section 4.6.3).

Site Selection

The Franchise Agreement grants a franchise for a specific address which you have selected, and we have approved. (Section 1.2) If, however, at the time you sign the Franchise Agreement, you have not selected, and we have not approved, a location for your Rental Store you must submit in writing the proposed site to us. We will have 10 days after we receive the proposed site from you to approve or disapprove the site. In the typical case, we will help you with site selection by conducting a market analysis of the proposed location, and a review of the physical attributes of the proposed location. Our analysis includes demographic reports and maps of potential site locations. The factors we consider in approving sites include population density, vehicle traffic, median household income, location of any competitors, co-

tenancy, access, visibility, parking convenience, and other factors that may be relevant to your market. If we do not agree on a location within 2 months, we will, at our option, extend the approval process for an additional 1 month. If we and you do not agree on a location and no approved location is secured, we have the option to terminate the Franchise Agreement. (Section 13.3). These procedures and time limitations for site selection will be applicable to all System franchisees.

Store Construction

Your ColorTyme Rental Store must be constructed and completed according to the floor plans and specifications we provide for the exterior and interior design and layout, fixtures, office furnishings, and signs. You may use any specifications we develop and revise from time to time to secure these services from third parties. Construction and design plans must be submitted to us prior to construction for our approval.

Store Opening

You must open a Rental Store and commence business within six (6) months from the date you sign the Franchise Agreement (Section 5.2). The typical time between signing the Franchise Agreement and opening is three (3) to six (6) months. Factors that affect this length of time include obtaining leased premises, completing financing arrangements, and completing delivery and installation of equipment, fixtures, signs, and inventory. We will provide field operation help when opening your first ColorTyme Store. If you do not open your Rental Store within six (6) months of signing the Franchise Agreement, we have the option to terminate the Franchise Agreement (Section 13.2).

Training Programs

Initial Training Program

Before opening the Rental Store, we may require that you and your manager successfully complete our initial training program to our satisfaction. Our initial training program is referred to as “Drive”. Drive is divided into a two sets of gears. First and Second gear represent the onboarding program for new store coworkers.

- First Gear is designed to bring new coworkers up to speed on the basic skills and processes used in stores on a daily basis. First Gear begins with *six days* spent learning all about rent-to-own, the business, and our customers.
- Second Gear (under construction) is a *12-week* program that challenges coworkers to use the basic knowledge received in First Gear and gain a deeper understanding of the business and how it relates to customers and a store's operational goals. A coworker should be done with Second Gear by the 90th day of employment.

The full initial training program is required for new franchisees who do not have prior experience operating a rent to own business. If you have prior experience operating a rent to own business or currently operate a Rental Store, we may, at our option, choose not to require or provide an initial training program; alternatively, we may provide a training program which differs from our typical initial training program, and which is more suitable to your knowledge and experience.

The initial training program covers operational procedures and philosophies of operating a ColorTyme Rental Store. Our training program is under the direction of Dr. Megan McKee, PhD, Executive Director of Training, Development and Communication, through a shared services agreement with Upbound. Dr. McKee has been with us and Upbound since 2014. She is listed in Item 2 of this Disclosure Document.

Drive is a blended onboarding program designed for new coworkers to learn the basic skills and introduce them to the processes used in stores during the first week (6 days) on the job. The “Drive Series” of training books for franchisee employees are available for purchase as outlined in ITEM 6.

TRAINING PROGRAM

SUBJECT TAUGHT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
ColorTyme Drive First Gear		36	Your Rental Store
Total	0	36	

Advertising

Advertising Requirement

You are required to spend a combined total of 3% of Gross Rental Payments and Sales on local advertising and the National Ad Fund contribution (the “Advertising Requirement”). The National Ad Fund contribution is credited towards your total Advertising Requirement and is currently \$780 per month, per store. You must spend the portion of the Advertisement Requirement not contributed to the National Ad Fund as we prescribe in the Manuals or otherwise in writing.

Local Advertising

You must provide documentation of your local advertising expenditures upon our request. Your own advertising and promotional materials must be dignified in manner and conform to our standards in the Manuals or otherwise in writing. You may not use your own advertising and promotional materials without our prior written approval. You must submit to us samples of all advertising and promotional plans and materials before you use them. All plans not approved in writing ten (10) business days after we receive them shall be deemed disapproved. We also have the right at any time after you begin using approved material to prohibit further use, effective immediately on your receipt of written notice.

National Fund

We have established a National Fund for the System (referred to in the Franchise Agreement as the “Fund”). We have the right to collect up to 3% of your monthly Gross Rental Payments and Sales, but currently the monthly contribution is \$780 per Rental Store. We do not currently have any company-owned Rental Stores, but in the event we establish them, they would contribute to the National Fund on the same basis as our franchised Rental Stores. We, or our designee, will administer the National Fund as follows:

We direct all advertising programs with sole discretion over the materials and media used and their placement and allocation. The purpose of the National Fund is to maximize general public recognition and acceptance of the Proprietary Marks for the benefit of the System, and we and our designee are not obligated to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from the placement of advertising.

All monies collected as contributions to the National Fund will be accounted for separately from our other funds, and we separately account for all contributions and expenditures. We will not use contributions to defray any of our general operating expenses, except for reasonable administrative costs and overhead, if any, that we may incur in activities related to the administration or direction of the National Fund and advertising programs. The National Fund is not used to solicit new franchisees.

We anticipate that all contributions to the National Fund will be spent for advertising and promotional purposes during the taxable year when the contributions are made. If any amount remains in the National Fund at the end of a taxable year, all expenditures in the next taxable year will be made first

out of current interest or other earnings of the National Fund, next out of accumulated earnings, and finally from principal.

Annually we will prepare an unaudited statement of monies collected and costs incurred by the National Fund and make it available to you for review on our intranet. No independent audit of the National Fund is conducted. During our 2022 fiscal year, we used 2% of the money in the National Fund for direct marketing production and distribution, 8% for in-store point-of-purchase materials, 50% on digital marketing, and 40% on administrative expenses.

Although the National Fund is intended to be of perpetual duration, we can terminate the National Fund; however, we cannot terminate the National Fund until all money in it has been spent for the purposes described above or returned to the contributors still under ColorTyme franchise agreements with the Franchisor at the cessation of the National Fund.

We typically develop creative materials for your dissemination via direct mail, point-of-purchase materials (POP), radio and internet as well as customer and store employee incentive programs. The source of the advertising is an in-house ad department and outside vendors, and the scope is local. Neither we, nor any affiliate, receives any payment for providing goods or services to the National Fund. However, the salaries of the in-house advertising department related to the advertising that is developed can and will be paid by the National Fund. In order to participate in the National Fund and other advertising programs, you may be required to provide us with certain transactional and customer data.

Franchise Advisory Council

We do not have a franchise advisory council. In the event that we do establish a franchise advisory council, it will be one by which we have the power to change or dissolve it at our discretion. This council, if established, will be composed of franchisees, and will advise us on advertising and other System policies. The members of the council, if established will be elected by franchisees. The council will serve in an advisory capacity only. In 2022, we established an informal Marketing Committee composed of RAC Franchising staff and ColorTyme franchisees in order to seek input from franchisees on current and future marketing campaigns. Members are selected by us. The Marketing Committee serves in an advisory capacity only, and we have the power to form, change or dissolve it at any time. We do not have any other advertising council or committee that is composed of franchisees.

Electronic Advertising

Internet

We have established and maintain a website that provides information about ColorTyme and the products and services that Stores offer (the “**Website**”). We have control over the Website’s design and contents, including with respect to any online sales. We have no obligation to maintain the Website indefinitely, and we may dismantle it (and if dismantled may reinstate it) at any time. Technology permitting, and provided that you are not in default of your Franchise Agreement or any other agreement with us, we will grant you the right to establish an optional local sub-website through an approved third-party vendor containing an online store within the interior pages of our Website (the “**Sub-website**”). You may propose the contents of your Sub-website, but your Sub-website must use the most current ColorTyme website template and administration tools. We must approve all content before posting and we may restrict your ability to modify the Sub-website except in coordination with us and in compliance with our standards. If you have a Sub-website, you must update your Sub-website at least twice annually, including posting the minimum number of products in each category as we may require that are available for customers to view and order online. We currently require you to list up to 9 products on the landing page of your Sub-website which are available for customers to view and order online. In addition, it is your responsibility to follow-up on all online requests from customers.

You may not develop your own website or link any websites to the Website or Sub-website. All online advertising that you create, or purchase must be reviewed and approved by us and can only direct customers to the Website or Sub-website, your physical store and/or to your store phone number. In all cases, we will have sole discretion and control over any profile(s) using or relating to the Proprietary Marks, or that display the Proprietary Marks, that are maintained on social media outlets, including without limitation Instagram, Facebook and Twitter or other similar outlets, that may exist in the future. If you establish any social media profiles, those profiles must be linked to the ColorTyme preferred vendor's social management system. This will allow us the ability to properly monitor the use of the Proprietary Marks. We may use part of the National Fund monies we collect under the Franchise Agreement to pay or reimburse the costs associated with the development, maintenance and update of the profile(s). We may (but are under no obligation to) establish guidelines under which you may establish profiles or otherwise establish a presence on the social media outlets. In that event, you must comply with the standards, protocols and restrictions that we impose on that use.

Intranet (FranConnect)

We have established establish and maintain an intranet software program through which franchised Rental Stores and RAC Franchising through which we disseminate updates to the Manuals and other confidential information (the "**Intranet**"). Our current vendor for the Intranet is FranConnect. We will have no obligation to maintain the Intranet indefinitely. We have established policies and procedures for the Intranet's use. We do not permit the use of abusive, slanderous or otherwise offensive language in electronic communications; (b) nor do we permit any communications that endorse or encourage breach of any franchisee's franchise agreement; (c) the confidential treatment of materials that we transmit via the Intranet must be maintained per the terms of the franchise agreement; (d) RAC Franchise has established password protocols and other security precautions. We reserve the right to suspend or revoke franchisee's access to the Intranet should they violate the above listed terms. We do offer franchisees the ability to maintain a private library of documents that are posted on the Intranet for their respective franchise group ("Franchisee Library"). The Franchisee Library is not visible to other franchisees or RAC Franchise, with the exception of the FranConnect Administrator (an employee of RAC Franchise) who assists the franchisee in any franchisee maintenance requests and G. Michael Landry, our Vice President – Franchising. We make no claim to the Franchisee Library and the franchisee is required to maintain our policies and procedures at all times. This is a web-based software, so you are not required to purchase and install any necessary additions to the Rental Store's information system. Your obligation to maintain connection with the Intranet will continue until your Franchise Agreement's expiration or termination (or, earlier if we dismantle the Intranet). You must contribute up to \$350 per year per store (currently, \$200 per year, per store) to the cost of the Intranet's maintenance and further development as provided in Items 5 and 6 (Franchise Agreement, Section 5.13).

Other Advertising

We may occasionally offer to provide, at no additional cost outside your National Fund contribution, approved advertising and promotional plans and materials.

In lieu of traditional White Pages and Yellow Pages listings, we may post Rental Store information on your behalf via online business listings. It is your responsibility to keep the content accurate by notifying us of any changes. It is your responsibility to manage the reputation of your Rental Store by tracking and promptly responding to negative online comments by customers through social media outlets such as Facebook and online directories such as ColorTyme.com, Yelp, Better Business Bureau, Google or another customer-facing medium.

Manuals

You will be provided access to the ColorTyme Franchise Operations Manual which contains mandatory and suggested specifications, standards and operating procedures ("Operations Manual"). The Operations Manual is designed to protect the ColorTyme System and goodwill of the Proprietary Marks associated with the System and foster a uniform quality of operations through the System. This Operations

Manual is not meant to control the day-to-day operations of the Store. Franchisee shall at all times remain responsible for the operation of the Store, and all activities occurring at the Store. Franchisee must hire, train, discipline and otherwise be solely responsible for the store's employees. We are not responsible for and do not direct or control the conduct of any Store employee. The table of contents for each of the volumes of the ColorTyme Franchise Operations Manual is attached as *Exhibit G*. The Operations Manual is currently contains 224 pages, however, all aspects of the Operations Manuals may be modified by us from time to time, and you must comply with the Operations Manual as modified.

Computer Systems

You must, at your expense, purchase, lease and maintain such computer hardware and software, required dedicated telephone and power lines, modem and high-speed internet service, printer(s) and other computer-related accessories or peripheral equipment as we specify, for the purpose of, among other functions, recording rentals, sales and other record keeping and central functions. We have the right to upload and download data, trouble shoot and perform diagnostic checks, and retrieve whatever data and information we need from your computer system. In view of the contemplated interconnection of computer systems and the necessity that such systems be compatible with each other, you must strictly comply with our standards and specifications for all item(s) associated with your computer system.

You also must keep your computer system in good maintenance and repair. If we so direct, you must promptly install, at your expense, such additions, changes, modifications, substitutions and/or replacements to your computer hardware, software, telephone and power lines, high-speed internet service and other computer-related facilities, as we direct.

We currently use and you must purchase the following hardware components and software programs:

HARDWARE			
Quantity	TYPE	DESCRIPTION	FUNCTION
1	Processor	Intel i5 or i7 or AMD Ryzen 2000 series or higher	<i>For low volume store:</i> ● Quad Core i7 (for single store). ● Quad Core Ryzen 5 <i>For high volume store (or connected to a home office)</i> ● Quad Core Xeon (hyperthreaded) ● Quad Core Epyc (hyperthreaded) ECC Required for all Server Systems
1	Memory	8 GB Minimum	Low Volume Stores: ● 8 GB (minimum) ● 16 GB (recommended) High Volume Stores ● 16 GB (minimum)
1	Hard Drive	20 GB free space	<i>Low volume stores:</i> ● 7200 RPM with 50 GB free <i>Mid to High volume store or If connected to HOS (one of the following):</i> ● 15000 RPM SATA or ● 7200 Raid 0 or RAID 10 or

HARDWARE			
Quantity	TYPE	DESCRIPTION	FUNCTION
			• SSD • 15000 SAS drive <i>If connected to HOS and running SQL Standard, store must have 2 hard drives – one for database logs and the other for database</i>
1	Port	USB Ports	USB Ports
1	OS	Win 7 64 Bit Win 8.1 64 bit Win 10 64 bit	<i>If low volume store and NOT running services such as SMS:</i> • Win 7 64 Bit • Win 8.1 64 bit • Win 10 64 bit <i>If mid to high volume store:</i> • Windows Server 2012 • Windows Server 2016 Windows Server 2019
1	SQL Server	SQL Server Native Client 2012	Low Volume Stores: • SQL Server 2014 Express • SQL Server 2016 Express • SQL Server 2017 Express • SQL Server 2019 Express High Volume Stores: • SQL Server 2014 Standard • SQL Server 2016 Standard • SQL Server 2017 Standard SQL Server 2019 Standard
1	Screen Resolution	1024 x 768	1024 x 768
1	Network Card	100 mbps or 1gb full Duplex	100 mbps or 1gb full Duplex no wireless
1	Printers	Any USB printers	Any USB printers

Hardware components may be purchased from any supplier. You also may substitute other brands as long as they are compatible with the hardware listing as provided by VersiRent. See below for address and telephone number.

SOFTWARE		
QTY	DESCRIPTION	FUNCTION
1	VersiRent RTO Software	Store Point of Sale, PO, Inventory Management, Inventory Depreciation, Accounting, Reporting, Bar-Coding, Time Keeping, and Data Mining.
1	Operating System	Preferred: 1. A dedicated Windows 2019, 2016, 2014, 2012 or 2008 server with Windows 10 or 8.1 workstations Acceptable: 1. Windows 8.1 Professional or Ultimate in a peer-to-peer configuration 2. Windows 7 Professional or Ultimate in a peer-to-peer configuration

The software programs we currently use have been developed by Ideal Software Systems, Inc. ("Ideal") a company located at 3839 Hwy 45 N. Meridian, Mississippi 39301, telephone number (800) 964-3325. VersiRent programs are the proprietary property of Ideal. We have entered into an agreement with Ideal under which they have agreed to license the software to our franchisees at a discounted price. The minimum monthly software license fee is \$216 per month per store. The store software includes sales & marketing, customer database, inventory control, laser forms, rental payments, receipts, collections, automated inventory audits, employee time recording, data transaction audits, security passwords and reports.

You must utilize the services of Ideal to install the VersiRent Point-of-Sale software, and be trained by them in its use. The total cost of hardware, software, installation and training for a new store ranges from \$6,000 to \$12,500. The cost of hardware, software, installation and training for the Home Office Enterprise and General Ledger accounting modules are additional.

Ideal Software Systems, Inc., will enter into a Software License Agreement with you, which among other stipulations, details each party's obligations in the use and upkeep of these software programs. The Software License Agreement must also require VersiRent to give RAC Franchising remote access and a requirement to send us a monthly report of your activity, upon our request. VersiRent maintains a customer service department which provides trouble-shooting assistance to a franchisee, on either a per-call or a no-charge basis depending on the type of assistance required.

We reserve the right to modify the System software required. We also reserve the right to develop proprietary software and designate itself as the sole vendor for this software. In such case, we may charge, and franchisees must pay us, for use of our proprietary software.

Customer Information Security Program

You must implement and comply with our then current customer information security program for the Rental Store, which includes identifying an employee to be in charge of the implementation of the program for your Rental Store, training of all your employees and responsibility over your vendors. You are solely responsible for maintaining security for the information you obtain from your customers, and you must indemnify us if you fail to maintain such security. Your failure to comply with our program is also a default under your Franchise Agreement.

Incentives

Occasionally, at our sole discretion and for a limited time only, we offer incentives, such as cash rewards to existing franchisees that refer a prospect to us which results in the signing of a Franchise Agreement by a new franchisee.

ITEM 12 TERRITORY

As described in Item 1, we also offer franchises under the Rent-A-Center marks. These businesses may be placed in, and solicit and accept orders in, your Protected Territory. Rent-A-Center franchised and company-owned stores offer products that are very similar to those generally offered by ColorTyme businesses.

As also described in Item 1, we offer franchises for RimTyme businesses. These businesses may be placed in, and solicit and accept orders in, your Protected Territory (defined below). RimTyme businesses offer products and services that are different from those generally offered by ColorTyme businesses.

Except as described below, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets (including Rental Stores and other rental stores) and similar businesses

that we or our affiliates own, or from other channels of distribution or competitive brands that we or our affiliates control.

Franchise Agreement

You are granted the right to operate a Rental Store at a single address you select, and we approve (the “**Approved Location**”). You may relocate the Rental Store subject to our approval. Our approval is based on the same standards used to approve new or renewal Rental Store sites, as described in Item 11. During the term of the Franchise Agreement, as described in Item 11 neither we nor any affiliate will establish or operate, or franchise any entity to establish or operate, a Rental Store using the Proprietary Marks and System at any physical location within a certain radius from the Approved Location to be stated in the Franchise Agreement (“**Protected Territory**”). The radius will likely differ among franchisees, and will be determined by the demographics of the area in which the Rental Store is situated. As a general rule, the radius will be a minimum of 1 mile, but may differ in certain instances.

Other than as stated above, the franchise is non-exclusive, and we retain the right, for ourselves or through any affiliate, to: (a) own, acquire, establish and/or operate, and license others to establish and operate, rental stores and other businesses using the Proprietary Marks and/or System outside the Protected Territory (which may serve customers inside the Protected Territory); (b) own, acquire, establish and/or operate, and license others to establish and operate, rental stores and other businesses using other proprietary marks or other systems, whether such businesses are the same, similar, or different from the Rental Store, at any location within or outside the Protected Territory; (c) distribute, at retail or wholesale, directly or indirectly, or license others to distribute, any products which bear any proprietary marks, including the Proprietary Marks, whether within or outside the Protected Territory; (d) own, acquire, establish and/or operate, and license others to establish and operate, businesses or kiosks or mobile storefront units under the Proprietary Marks, which businesses may be similar to the Rental Store. We are not restricted from collecting or accepting orders inside the Protected Territory and provide no compensation to you for doing so. We are not restricted from selling products under any marks, including the Proprietary Marks, via alternative channels of distribution, including but not limited to, the Internet, in your Protected Territory. We will not provide you any compensation for orders we accept or products we sell via alternative channels of distribution such as the Internet.

As stated in Item 1, our parent, Rent-A-Center East, Inc., owns Acima which provides lease-to-own options within certain auto wheel & tire, furniture & mattress, appliance, home electronics and eyewear retailers. Rent-A-Center is not restricted from establishing Acima units within your Protected Territory.

You are not restricted from selling to customers located outside of your Protected Territory, nor are other franchisees or our corporate locations restricted from selling to customers located within your Protected Territory. You may not, however, perform direct advertising and marketing of customers outside your Protected Territory, without our prior consent.

Provided that our technology permits and that you are not in default of your Franchise Agreement or any other agreement with us, we will grant you the right to establish a webpage containing an online store within an optional Sub-website of our Website. You may post products on your Sub-website for customers to view and order online.

Continuation of the Protected Territory is not dependent upon your achievement of a certain sales volume, market penetration, or other contingency. The Franchise Agreement does not provide you with any options, rights of first refusal or similar rights to acquire additional franchises within the Protected Territory or areas contiguous to the Protected Territory.

ITEM 13 TRADEMARKS

The Franchise Agreement licenses you to use the System, which includes the Proprietary Marks. We have taken and will take all steps reasonably necessary to preserve and protect its ownership and the validity of the Proprietary Marks.

As of the issuance date of this Disclosure Document, the following trademarks and service marks currently in use with the System have been registered by Rent-A-Center Franchising International, Inc. on the Principal Register with the United States Patent and Trademark Office ("USPTO") and assigned to us.

MARK	REGISTRATION NUMBER	REGISTRATION DATE
ColorTyme (stylized) (Service Mark)	3,276,638	August 7, 2007
COLORTYME (Service Mark)	1,216,129	November 9, 1982
COLORTYME (Trademark)	1,191,104	March 2, 1982
COLORTYME (Service Mark)	1,872,515	January 10, 1995
COLORTYME (Service Mark)	2,048,813	April 1, 1997
COLORTYME (Service Mark)	4,157,885	June 12, 2012
COLORTYME (Service Mark)	4,405,390	September 24, 2013
COLORTYME & Design (Service Mark) 	2,054,385	April 22, 1997
YOUR HOMETOWN COLORTYME (Service Mark)	3,314,479	October 16, 2007

There are currently no effective determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of this State or any court; and there are no pending infringement, opposition or cancellation, proceedings or pending material litigation involving the principal trademarks. There are also no agreements currently in effect which significantly limit our rights to use or license the use of the trademarks listed above in a manner material to our franchisees. All required affidavits have been filed.

There are no infringing uses of the Proprietary Marks actually known to us that could materially affect your use of the Proprietary Marks in this state or elsewhere. We have the right to control any administrative proceeding or litigation involving the Proprietary Marks, and we will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will pay for your defense, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you will pay for your defense, including the cost of any judgment or settlement. If there is litigation relating to your use of the Proprietary Marks, you must sign any documents and do any acts necessary, in our opinion, to carry out such defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket litigation costs in cooperating with us with respect to the litigation.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating under them if the Proprietary Marks no longer can be used, or if we determine that substitution of different proprietary marks will be beneficial to the System. In these circumstances, the Franchise Agreement will govern the use of the substituted proprietary marks, and we will not compensate you for this substitution. You must implement promptly any substitutions of this kind.

Any use of the Proprietary Marks not authorized by the Franchise Agreement terms will be deemed an infringement. You may not use the Proprietary Marks in your corporate or other legal name.

You have no right to use or to license others to use the Proprietary Marks.

ITEM 14
PATENTS, COPYRIGHTS AND
PROPRIETARY INFORMATION

We do not own any right in or licenses to any patents or copyrights that are material to the franchise. However, we do own all proprietary rights in and to the ColorTyme System.

Confidential Information

You must not, during or after the term of the Franchise Agreement, communicate, divulge or use for the benefit of any other person, any confidential information concerning the methods of operation of our business or a Rental Store which we may communicate to you. Any information or techniques we designate as confidential will be considered confidential for the purposes of the Franchise Agreement. You must divulge confidential information only to your employees who must have access to it in order to fulfill their employment obligations, or that must comply with an order of a court or arbitrator.

Any employees of yours who may have access to any of our confidential information must sign and execute covenants saying that they will maintain the confidentiality of information they receive in connection with their employment. These covenants must be in a form satisfactory to us, including specific identification of us as a third-party beneficiary of the covenants with the independent right to enforce them.

ColorTyme Franchise Operations Manual

You must treat the ColorTyme Franchise Operations Manual, and any other manuals created for or approved for use in the operation of the franchised business, and the information contained in them as confidential, and use all reasonable efforts to maintain the information as secret and confidential. You may not at any time, without our prior written consent, copy, duplicate, record, or otherwise reproduce any part of these materials, nor otherwise make them available to any unauthorized person. The Manuals will at all times remain our sole property. We may occasionally revise the contents of the Manuals, and you must comply with each new or changed standard. You must ensure that your copy of the Manuals is kept current, and if there is a dispute about the contents of the Manuals, the terms of the master copy is maintained by us on our intranet system will be controlling.

Revisions to the Manuals will not unreasonably affect your obligations, including economic requirements, under the Franchise Agreement.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL
OPERATION OF THE FRANCHISED BUSINESS

You (if you are an individual), or one of your owners approved by us (if you are an entity), or a manager employed by you and approved by us, must devote full time, energy, and best efforts to the management and operation of the Rental Store. If you are a legal entity, you must be organized exclusively to operate, and your organizational document must provide that your activities are confined exclusively to operating, the Rental Store.

We do not otherwise require your direct, on-premises supervision, but we do recommend this kind of supervision. We do not require you to inform us of the identity of the manager of the Rental Store, except for training purposes. Your manager may be required to attend and complete our training program, as described in Item 11. If you are a legal entity, we do not require your manager to have any equity interest in your Rental Store. Your manager and other individuals must sign covenants of confidentiality and non-competition, as described in Items 14 and 17.

Unless you are a company with securities registered under the Securities Exchange Act of 1934, we will require each of your present and future shareholders and members to sign the Guarantee, Indemnification and Acknowledgment which is attached to the Franchise Agreement as *Attachment A*. The spouse of any person who signs the Guarantee, Indemnification and Acknowledgment must also sign the Guarantee, Indemnification and Acknowledgment. We may, when business circumstances warrant, relax or waive this requirement in certain limited situations.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are restricted with respect to the products or services offered by the Rental Store for rent. You must offer only the brands, types, and models of products that we have approved in writing and not disapproved afterwards. You must maintain on display at the Rental Store a representative line of approved rental products. You must confine your activities exclusively to operating the Rental Store (unless we have given prior written approval to engage in specified additional activities).

You are not limited in the customers to whom you may provide services. We have the right to change the types of authorized goods and services, and there are no limits on our right to make changes. For a description of restrictions on your purchases, see Item 8 of this Disclosure Document.

You may charge whatever prices you wish to our mutual customers.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	§ 2.1	5 years
b. Renewal or extension of the term	§ 2.2	You have no right to renew your Franchise Agreement.
c. Requirements for you to renew or extend	Not applicable.	Not applicable.
d. Termination by you	Not applicable.	Not applicable.
e. Termination by us without cause	Not applicable.	Not applicable.
f. Termination by us with cause	§ 13	Breach of agreement and other grounds.
g. "Cause" defined – curable defaults	§ 13	Breach of agreement and other grounds.
h. "Cause" defined – non-curable defaults	§ 13	Breach of Franchise Agreement and other grounds.
i. Your obligations on termination or non-renewal	§ 14	Discontinue development or operations; pay amounts due; and others. You must grant us the immediate right to access and service all customer accounts associated with the Store, and we may purchase the accounts and the subject inventory. You must execute a general release.
j. Assignment of contract by us	§ 12	No restriction on our right to transfer.
k. "Transfer" by you – definition	§ 12	Covers transfer of interest in either agreement, the Rental Store, the assets of your business, and others.

Provision	Section in Franchise Agreement	Summary
l. Our approval of transfer by you	§ 12	We have the right to approve transfers.
m. Conditions for our approval of transfer	§ 12	Payment of amounts due; non-default; general release; transferee qualifications; continuing liability; execution of the current form of Franchise Agreement; others.
n. Our right of first refusal to acquire your business	§ 12.4	We can match any offer.
o. Our option to purchase your business	§ 2.3	We may purchase the store upon expiration of Franchise Agreement.
p. Your death or disability	§ 12.5	Agreement must be assigned to approve transferee within 6 months.
q. Non-competition covenants during the term of the franchise	§ 15	Prohibitions on diverting business to competitors or owning any similar business.
r. Non-competition covenants after the franchise is terminated or expires	§ 15	2-year prohibition on various forms of competition after the transfer, expiration, termination of the Franchise Agreement within certain geographic parameters; in the event of a non-renewal, we will waive our rights to enforce this provision under certain circumstances.
s. Modification of the agreement	§ 21.1	Must be in writing and signed by both parties.
t. Integration/ merger clause	§ 21.1	Only the terms of the respective agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document, Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	§ 23	Most disputes will be resolved by arbitration.
v. Choice of forum	§ 23	Texas (subject to state law).
w. Choice of law	§ 23	Texas (subject to state law).

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN AN ADDENDUM.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the

franchisor's management by contacting our Vice President of Franchising, G. Michael Landry, 5501 Headquarters Drive, Plano, TX 75024, 972-409-4905, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR FISCAL YEARS 2020 to 2022**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	30	29	-1
	2021	29	28	-1
	2022	28	18	-10
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	30	29	-1
	2021	29	28	-1
	2022	28	18	-10

**TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR FISCAL YEARS 2020 to 2022**

State	Year	Number of Transfers
Totals	2020	0
	2021	0
	2022	0

**TABLE NO. 3
FRANCHISED OUTLETS STATUS SUMMARY
FOR FISCAL YEARS 2020 to 2022**

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets Operating At Year End
AL	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets Operating At Year End
	2022	1	0	0	1	0	0	0
DE	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
FL	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
HI	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	1	4
ID	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
IL	2020	1	0	0	0	0	0	1
	2021	1	0	0	1	0	0	0
	2022	0	0	0	0	0	0	0
IN	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
KY	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
MA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	1	0	0	0
MS	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
NH	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NY	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NC	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
OH	2020	0	0	0	0	0	0	0

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets Operating At Year End
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
RI	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
TN	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	3	0
VA	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
WA	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	2	2
Totals	2020	30	0	0	0	0	1	29
	2021	29	0	0	1	0	0	28
	2022	28	0	0	2	0	8	18

**TABLE NO. 4
COMPANY-OWNED OUTLETS STATUS SUMMARY
FOR FISCAL YEARS 2020 to 2022**

State	Year	Outlets Operating at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets Operating At End of Year
Totals	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

**TABLE NO. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2022**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Totals	0	0	0

List of Current Franchisees

The names, addresses and telephone numbers of our franchisees as of December 31, 2022, are listed in *Exhibit B*.

There are no franchisees who signed a Franchise Agreement, but whose outlet was not opened as of December 31, 2022.

List of Former Franchisees

The name and last known address and telephone number of every franchisee who has had an agreement transferred, terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our fiscal year ended December 31, 2022, or who has not communicated with us within 10 weeks of the date of this Disclosure Document is listed below.

Company Name	Store Address	City	State	Zip	Reason
AAA Rent-To-Own-Hawaii, Inc.	1279 S. Beretania St	Honolulu	HI	96814	4,5
KGH Rentals, Inc.	407 S. Pioneer Way	Moses Lake	WA	98837	4,5
MHB Rent-To-Own, Inc.	400 E. Wishkah St.	Aberdeen	WA	98520	4,5
East Coast Sales and Leasing	3623 Kirkwood Highway	Wilmington	DE	19808	2
CB Rentals, Inc.	3747 Eastern Blvd.	Montgomery	AL	36116	2
EBG Leasing Inc.	276 S Broadway	Lawrence	MA	01843	1,4
Hogan Nitcher LLC	680 Nashville Pike	Gallatin	TN	37066	2
Hogan Nitcher LLC	1146 Gallatin Pike South	Madison	TN	37115	2
Hogan Coble LLC	291 Sam Ridley Pkwy E #235	Smyrna	TN	37167	2
Rent City, Inc.	2532 Hwy 80 East	Pearl	MS	39208	3

- 1 Sold accounts to Rent-A-Center
- 2 Mutually agreed upon termination
- 3 Expired
- 4 Closed
- 5 Still owns other stores in the System

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

Purchase of a Previously Owned Franchise

If you are purchasing a previously owned franchised Rental Store, we will provide you additional information on the previously owned franchised Rental Store in an addendum to this Disclosure Document.

Confidentiality Clauses

During the last 3 fiscal years, we have not signed any agreements with franchisees that contain confidentiality clauses that would restrict a franchisee's ability to speak openly about their experience.

Trademark-Specific Franchisee Organizations

We are not currently aware of any trademark-specific franchisee organizations associated with the franchise system which we have created, sponsored or endorsed, or any independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

The financial statements and other documents listed below are *Exhibit C* to this Disclosure Document:

The audited financial statements for ColorTyme, Inc. n/k/a Rent-A-Center Franchising International, Inc. for the years ended December 31, 2022, 2021, and 2020, together with the related consolidated statements of earnings, stockholders' equity and cash flows.

We changed our name from ColorTyme, Inc. to Rent-A-Center Franchising International, Inc. on August 8, 2013. All assets and liabilities of ColorTyme, Inc. were transferred to Rent-A-Center Franchising International, Inc.

ITEM 22
CONTRACTS

The following sample contracts are included in this Disclosure Document:

1. Franchise Agreement (*Exhibit D*)
2. Current Sample Form of General Release (*Exhibit H*)
3. Software License Agreement (*Exhibit I*)

ITEM 23
RECEIPTS

Duplicate copies of a Receipt of this Disclosure Document appear as *Exhibit J*. Please sign and return one copy to us and retain the other for your records.

EXHIBIT A

STATE ADDENDA

The following are addenda for the States of California, Illinois, Maryland, Michigan, New York, North Dakota, Rhode Island, Virginia and Washington. If you or your proposed unit location are located in one of these states, please read the addendum for your state, and the amendment to the Franchise Agreement that may apply to your transaction with us.

CALIFORNIA

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.

The following provisions supersede any inconsistent provisions in the Disclosure Document and apply to all franchises offered and sold in the State of California:

1. Neither we nor any person identified in Item 2 of this Disclosure Document are subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a, et seq., suspending or expelling such persons from membership in such association or exchange.
2. California Business and Professions Code Sections 20000 through 200043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
3. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, et seq.).
4. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
5. The Franchise Agreement requires binding arbitration. The arbitration will occur in the county in which we then have our principal place of business (currently, Plano, Texas) with the costs being borne by the unsuccessful party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
6. The Franchise Agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law.
7. Any condition, stipulation or provision in the Franchise Agreement which would result in your waiver of compliance with any provision of California Franchise Relations Act is void to the extent that such provision violates such law.
8. To the extent that Section 23 of the Franchise Agreement would otherwise violate California law, such sections are amended by providing that all litigation by or between you and us, involving a franchised business operating in the State of California, which arises directly or indirectly from the Franchise Agreement will be commenced and maintained in the state courts of California or the United States District Court for California, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.
9. The Franchise Agreement requires a franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporation 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).

10. California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation prior to a solicitation of a proposed material modification of an existing franchise.

11. The URL address of our web site is www.colortyme.com. OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

12. **The Franchise Agreement and Area Development Agreement are amended to state the following: “No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”**

ILLINOIS

The following provisions supersede any inconsistent provisions in the Disclosure Document and apply to all franchises offered and sold in the State of Illinois:

Illinois law governs the Franchise Agreement.

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

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

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

The Franchise Agreement and Area Development Agreement are amended to state the following: “No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

MARYLAND

The following provisions supersede any inconsistent provisions in the Disclosure Document, and apply to all franchises to be located in Maryland, sold to Maryland residents or offered and sold in the State of Maryland:

1. The following language is added to Item 5 of the Disclosure Document:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

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

- a. Any provision which provides for termination upon bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 *et seq.*).
- b. A general release required as a condition of renewal, sale and/or assignment or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- c. A franchisee may file a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- d. Any claims arising under the Maryland Franchise and Disclosure Law must be brought within 3 years after the grant of the franchise.
- e. Any provision which terminates the franchise on the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.

The Franchise Agreement and Area Development Agreement are amended to state the following: "No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

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.

1. A prohibition on the right of a franchisee 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 franchised business are not subject to compensation. This subsection applies only if (a) the term of the franchise is less than 5 years and (b) the franchisee is prohibited by the franchise

or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising of other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of Franchisor's intent not to renew the license.

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 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.

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 a Franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the Franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the Franchise Agreement and has failed to cure the breach in the manner provided in Subdivision (c).

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 service.

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

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 670 LAW BLDG., LANSING, MICHIGAN 48913, (517) 373-7117.

The Franchise Agreement and Area Development Agreement are amended to state the following: "No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

NEW YORK

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THIS DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.

The following provision supersedes any inconsistent provisions in the Disclosure Document and applies to all franchises offered and sold in the State of New York:

1. No release language set forth in the Franchise Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of New York.
2. Item 3 of the Disclosure Document is amended by adding the following language at the end of that item:

Neither we nor any person identified in Item 2 of the Disclosure Document: (a) have an administrative, criminal or civil action pending against that person alleging a felony, a violation of a franchise, anti-trust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations; (b) has any other action pending against that person, other than routine litigation incidental to the business, which is significant in the context of the number of franchisees or franchisees and the size, nature or financial condition of the franchise or franchise system or its business operations; (c) has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging violation of a franchise, anti-fraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations; (d) is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; (e) 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 (f) is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as to a real estate broker or sales agent.

3. Item 4 of the Disclosure Document is amended by substitution of the following for the last paragraph of that item:

Neither we, our affiliates, nor our officers, during the 10 year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after any of our officers held this position in the company or partnership.

4. Item 5 of the Disclosure Document is amended by adding the following language at the end of that item:

Proceeds from initial franchise fees are added to working capital and are, in part, used to pay or defray some of the following expenses and costs incurred by us: (a) screening and approving prospective franchisees; (b) employees' salaries, fringe benefits and expenses with respect to the preparation and registration of the franchise offering; (c) research and development relating to the standards, procedures and techniques for the System; (d) providing you with initial training; (e) providing you with initial and continuing consultation; (f) legal fees, accounting fees and other fees incurred in connection with

compliance with federal, state and other laws with respect to this franchise offering; and (g) administrative expenses.

5. Item 7 of the Disclosure Document is amended by the addition of the following language at the end of the Item:

THERE ARE NO OTHER DIRECT OR INDIRECT PAYMENTS TO US IN CONJUNCTION WITH THE PURCHASE OF THE FRANCHISE.

6. Item 8 of the Disclosure Document is amended by the addition of the following language at the conclusion of the Item:

WE DO NOT IMPOSE ANY FURTHER RESTRICTIONS OR CONDITIONS ON THE PURCHASING, LEASING, OR RENTING OF GOODS OR SERVICES BY YOU.

7. Item 11 of the Disclosure Document is amended by the addition of the following language at the conclusion of the section entitled "Initial Training Program":

The timing and length of the self-paced training program will be at your discretion. The schedule for the classroom training program will be established when you have completed your self-paced training program.

8. Item 17 of the Disclosure Document is amended by deleting "d.," and the following "d." will be substituted in its place:

Provision	Section in Agreements	Summary
d. Termination by you	Not applicable in Franchise Agreement.	Pursuant to New York General Business Law, you may terminate the Agreement upon any grounds available by law.

The Franchise Agreement and Area Development Agreement are amended to state the following: "No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

NORTH DAKOTA

The following provisions supersede any inconsistent provisions in the Disclosure Document and apply to all franchises offered and sold in the State of North Dakota:

1. Covenants not to compete on termination or expiration of the Franchise Agreement are subject to Section 9-08-06, N.D.C.C., and may be generally unenforceable in the State of North Dakota.

2. In the event that either party will make a demand for arbitration, such arbitration will be conducted in a mutually agreed-on site.

3. To the extent that Section 23 of the Franchise Agreement would otherwise violate North Dakota law, such section is amended by providing that all litigation by or between you and us, involving a franchised business operating in the State of North Dakota, will be commenced and maintained, at our election, in the state courts of North Dakota or the United States District Court for North Dakota, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

4. North Dakota law applies to this transaction and supersedes any conflicting provisions of the Franchise Agreement or Texas law.

The Franchise Agreement and Area Development Agreement are amended to state the following: “No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

RHODE ISLAND

The following provision supersedes the Disclosure Document and applies to all franchises offered and sold in the State of Rhode Island:

1. To the extent that Section 23 of the Franchise Agreement would otherwise violate Rhode Island law, such sections are amended by providing that all litigation by or between you and us, involving a Franchised Business operating in the State of Rhode Island, will be commenced and maintained, at our election, in the state courts of Rhode Island or the United States District Court for Rhode Island, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

The Franchise Agreement and Area Development Agreement are amended to state the following: “No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

VIRGINIA

The following provision supersedes the Disclosure Document and applies to all franchises offered and sold in the Commonwealth of Virginia:

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17(h) of this Franchise Disclosure Document for use in the Commonwealth of Virginia will be amended as follows:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

The Franchise Agreement and Area Development Agreement are amended to state the following: “No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

WASHINGTON

The following provisions supersede any inconsistent provisions in the Disclosure Document and apply to all franchises offered and sold in the State of Washington:

1. Any provision in the Franchise Agreement would relieve any person from liability imposed by the Washington Franchise Investment Protection Act will be void to the extent that such provision violates such Act.
2. If any of the provisions in this Disclosure Document, Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the Disclosure Document and the Franchise Agreement with regard to any franchise sold in the State of Washington.
3. In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in Washington or in a place as mutually agreed on at the time of the arbitration, or as determined by the arbitrator.

The Franchise Agreement and Area Development Agreement are amended to state the following: “No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

EXHIBIT B

**List of Franchisees
As of December 31, 2022**

Franchisee (Entity)	Store Address	City	State	Zip	Store Phone #
J & M Leasing, Inc.	265 Barton St	Pawtucket	Rhode Island	02860	(401) 728-7777
L & J Leasing, LLC	825 Front Street	Woonsocket	Rhode Island	02895	(401) 766-5555
RJB Leasing Corporation	661 Atwells Avenue	Providence	Rhode Island	02909	(401) 331-9900
Gavidia Investments, Inc.	2906 NW 13th St.	Gainesville	Florida	32609	(352) 333-3199
AAA Rent-To-Own Hawaii, Inc.	94-910 Moloalo St	Waipahu	Hawaii	96797	(808) 680-9393
AAA Rent-To-Own Hawaii, Inc.	87-2070 Farrington Hwy #E-3	Nanakuli	Hawaii	96792	(808) 668-7070
AAA Rent-To-Own Hawaii, Inc.	2312 Kam Hwy #A1	Honolulu	Hawaii	96819	(808) 848-1010
AAA Rent-To-Own Hawaii, Inc.	45 N Kamehameha Hwy	Wahiawa	Hawaii	96786	(808) 622-5151
AAA Rent-To-Own of Idaho, Inc.	733 Yellowstone Ave.	Pocatello	Idaho	83201	(208) 233-3300
AAA Rent-To-Own of Idaho, Inc.	228 Blue Lakes Blvd North #1	Twin Falls	Idaho	83301	(208) 733-3600
AAA Rent-To-Own of Idaho, Inc.	270 E. Jackson St.	Mt. Home	Idaho	83647	(208) 580-0101
CMG Rentals, LLC	1440 Main Street	Lewiston	Idaho	83501	(208) 413-7677
Rental Systems of Bloomington, Inc.	4683 W. Richland Plaza	Bloomington	Indiana	47404	(812) 333-9966
TMK Enterprises of New York, Inc.	801 Wager St.	Utica	New York	13502	(315) 736-1200
C & O Leasing, LLC	338 Lincoln St	Manchester	New Hampshire	03103	(603) 644-8295
TWT Leasing, Inc.	2323 Memorial Ave., Suite 4	Lynchburg	Virginia	24501	(434) 528-9470
TWT Leasing, Inc.	657 W. Main St.	Danville	Virginia	24541	(434) 792-0074
KGH Rentals, Inc.	2403 W. Court Street	Pasco	Washington	99301	(509) 547-5959

EXHIBIT C

**RENT-A-CENTER FRANCHISING INTERNATIONAL, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

December 31, 2022, 2021 and 2020

(With Independent Auditors' Report Thereon)



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAAconnect.com



INDEPENDENT AUDITORS' REPORT

Board of Directors
Rent-A-Center Franchising International, Inc.
Plano, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Rent-A-Center Franchising International, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022, 2021 and 2020, and the related consolidated statements of earnings, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rent-A-Center Franchising International, Inc. and Subsidiaries as of December 31, 2022, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rent-A-Center Franchising International, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rent-A-Center Franchising International, Inc. and Subsidiaries' ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements. In performing an audit in accordance with GAAS, we:

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

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



CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
April 27, 2023

**RENT-A-CENTER FRANCHISING INTERNATIONAL, INC.
AND SUBSIDIARIES**

Consolidated Balance Sheets

December 31, 2022, 2021 and 2020

	2022	2021	2020
ASSETS			
Current assets:			
Cash and cash equivalents	\$ —	\$ —	\$ —
Trade accounts receivable, net	17,942,760	14,315,599	13,175,497
Prepaid expenses and other assets	15,308	285,903	32,467
Notes receivable, net	114,481	312,245	1,115,009
Total current assets	18,072,549	14,913,747	14,322,973
Non-current assets:			
Property assets, net	669,648	498,764	179,595
Long term notes receivable	—	15,397	75,505
Deferred tax assets	845,547	1,118,273	1,315,244
Total assets	\$ 19,587,744	\$ 16,546,181	\$ 15,893,317
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current liabilities:			
Bank overdraft	\$ —	\$ —	26,303
Accounts payable	199,792	93,270	42,629
Accrued liabilities	3,627,867	4,274,627	5,536,705
Total current liabilities	3,827,659	4,367,897	5,605,637
Commitments and contingencies			
Stockholder's equity:			
Common stock, \$0.01 par value; 1,000 shares authorized, issued and outstanding	10	10	10
Additional paid-in capital	14,458,893	14,458,893	14,458,893
Retained earnings	79,025,579	67,835,736	58,328,938
	93,484,482	82,294,639	72,787,841
Receivable from parent company	(77,724,397)	(70,116,355)	(62,500,161)
Total stockholder's equity	15,760,085	12,178,284	10,287,680
Total liabilities and stockholder's equity	\$ 19,587,744	\$ 16,546,181	\$ 15,893,317

See accompanying notes to consolidated financial statements

**RENT-A-CENTER FRANCHISING INTERNATIONAL, INC.
AND SUBSIDIARIES**

Consolidated Statements of Earnings

Years ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Revenues:			
Sales	\$ 91,454,491	\$ 126,896,058	\$ 80,032,531
Royalties	20,324,519	21,857,331	15,719,565
National advertising fees	5,237,294	4,940,369	3,612,089
Franchise fees	642,250	726,458	674,313
Service fees	2,980,150	2,066,817	778,080
	<u>120,638,704</u>	<u>156,487,033</u>	<u>100,816,578</u>
Costs and expenses:			
Cost of merchandise sold	91,714,328	126,602,597	80,134,264
Parent Company royalty fee	9,479,025	9,814,424	8,702,204
General and administrative expenses	9,502,425	9,175,991	8,103,401
	<u>110,695,778</u>	<u>145,593,012</u>	<u>96,939,869</u>
Operating income	9,942,926	10,894,021	3,876,709
Interest and other income	4,655,295	1,659,733	1,815,830
Earnings before income tax expense	14,598,221	12,553,754	5,692,539
Income tax expense	3,408,378	3,046,956	1,313,643
Net earnings	<u>\$ 11,189,843</u>	<u>\$ 9,506,798</u>	<u>\$ 4,378,896</u>

See accompanying notes to consolidated financial statements

**RENT-A-CENTER FRANCHISING INTERNATIONAL, INC.
AND SUBSIDIARIES**

Consolidated Statements of Stockholders' Equity

Years ended December 31, 2022, 2021 and 2020

	Common Stock	Additional paid-in capital	Retained earnings	Receivable from parent company	Total
Balance at January 1, 2020	10	14,458,893	53,950,042	(61,807,670)	6,601,275
Net advances to Parent Company	—	—	—	(692,491)	(692,491)
Net Earnings	—	—	4,378,896	—	4,378,896
Balance at December 31, 2020	10	14,458,893	58,328,938	(62,500,161)	10,287,680
Net advances to Parent Company	—	—	—	(7,616,194)	(7,616,194)
Net earnings	—	—	9,506,798	—	9,506,798
Balance at December 31, 2021	\$ 10	14,458,893	67,835,736	(70,116,355)	12,178,284
Net advances to Parent Company	—	—	—	(7,608,042)	(7,608,042)
Net earnings	—	—	11,189,843	—	11,189,843
Balance at December 31, 2022	\$ 10	14,458,893	79,025,579	(77,724,397)	15,760,085

See accompanying notes to consolidated financial statements

**RENT-A-CENTER FRANCHISING INTERNATIONAL, INC.
AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

Years ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Cash flows provided by operating activities:			
Net earnings	\$ 11,189,843	\$ 9,506,798	\$ 4,378,896
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	145,676	93,481	39,519
Bad debt expense	(226,407)	42,586	(545,458)
Deferred income tax	272,726	196,971	195,785
Loss (gain) on asset disposal	—	3,785	(12,535)
Changes in operating assets and liabilities:			
Trade accounts receivable	(3,398,004)	(1,175,993)	(2,484,631)
Accrued interest	(4,655,295)	(1,659,733)	(1,809,588)
Notes receivable	210,411	856,177	(493,392)
Prepaid expenses and other assets	270,595	(253,436)	127,911
Accounts payable	106,522	50,641	(176,917)
Accrued liabilities	(646,760)	(1,262,078)	(50,689)
Net cash provided by operating activities	3,269,307	6,399,199	(831,099)
Cash flows used in investing activity:			
Purchase of property assets	(316,560)	(416,435)	(197,074)
Net cash used in investing activities	(316,560)	(416,435)	(197,074)
Cash flows used in financing activities:			
Receivable from parent company	(2,952,747)	(5,956,461)	1,117,096
Bank overdraft	—	(26,303)	(88,923)
Net cash used in financing activities	(2,952,747)	(5,982,764)	1,028,173
Net change in cash and cash equivalents	—	—	—
Cash and cash equivalents at beginning of year	—	—	—
Cash and cash equivalents at end of year	\$ —	\$ —	\$ —
Cash paid during the year for income taxes	\$ 292,596	\$ 307,285	\$ 511,754

See accompanying notes to consolidated financial statements

**RENT-A-CENTER FRANCHISING INTERNATIONAL, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2022, 2021 and 2020

(1) Nature of Operations and Summary of Accounting Policies

A description of the nature of operations, together with a summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows.

(a) Nature of Operations

Rent-A-Center Franchising International, Inc. and Subsidiaries (the "Company") is a nationwide Franchisor of lease-to-own stores which offer household durable goods and other products for lease to customers and is a wholly-owned subsidiary of Rent-A-Center East, Inc., whose ultimate parent is Upbound Group, Inc. ("Upbound Group" or "Parent Company"). The Company's other subsidiaries are currently dormant and have no operations. The Company's primary source of revenue is the sale of rental merchandise to its franchisees, who in turn offer the merchandise to the general public for lease or purchase under a rental-purchase program. The balance of the Company's revenue is generated from royalties based on the franchisee's gross revenues and from franchise fees, which consist of fees earned from the sale of franchises. At December 31, 2022, there were 392 Rent-A-Center, 18 ColorTyme and 37 RimTyme franchised rent-to-own stores operating in 31 states.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of Rent-A-Center Franchising International, Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions are eliminated in consolidation.

(c) Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The bank overdraft represents disbursements that have not been presented to the bank for payment as of year-end.

(d) Accounts and Notes Receivable and Allowance for Doubtful Accounts

The majority of the Company's accounts receivable are due from franchisees. Credit is extended based on evaluation of a franchisee's financial condition, and collateral is not required. Accounts receivable are due within 30 days. Notes receivable are due in accordance with the schedule in the note. Accounts and notes receivable are stated at amounts due from franchisees net of an allowance for doubtful accounts. Accounts receivable outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance for doubtful accounts receivable by considering a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the franchisee's current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable that are determined to be uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

(e) Revenue Recognition

Sales. Revenue from the sale of rental merchandise is recognized upon shipment of the merchandise to the franchisee.

Royalties. Royalties represent sales-based royalties calculated as a percentage of gross rental payments and sales. Royalty fees are stipulated by the franchise agreement ranging from 2.0% to 6.0% and are paid monthly by franchisees.

**RENT-A-CENTER FRANCHISING INTERNATIONAL, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2022, 2021 and 2020

Franchise Fees. Franchise fee revenue is recognized on a straight-line basis over the term of the franchise agreement. At December 31, 2022, 2021 and 2020, the Company had approximately \$3,278,000, \$3,920,000 and \$4,501,000 in unearned franchise fees included in accrued liabilities.

Contract assets represent amounts related to the contractual right to consideration for completed performance obligations. There were no contract assets as of December 31, 2022, 2021 and 2020. Contract liabilities are included in accrued liabilities and consist of unearned franchise and development fees resulting in part from the initial franchise fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement. The balance of contract liabilities as of December 31, 2022, 2021, 2020 and January 1, 2020 was \$3,430,146, \$4,077,396, \$4,738,931 and \$4,475,667 respectively.

(f) Property Assets and Related Depreciation

Property assets are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the respective assets (generally three to seven years) on the straight-line method. Leasehold improvements are amortized over the useful life of the asset or the initial term of the applicable leases by the straight-line method, whichever is shorter. Depreciation expense for the years ended December 31, 2022, 2021 and 2020 was \$145,676, \$93,481 and \$39,519, respectively.

(g) Concentrations

In the ordinary course of business, the Company sells merchandise to its franchisees which it procures from various suppliers. For the years ended December 31, 2022, 2021 and 2020, one supplier (Upbound Group, Related Party) accounted for approximately 99% of the Company's total purchasing activity. Product that is purchased through the Parent Company is across a large supplier base.

(h) Long-Lived Assets

The Company evaluates all long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Impairment is recognized when the carrying amounts of such assets cannot be recovered by the undiscounted net cash flows they will generate. No impairment was recognized in 2022, 2021 and 2020.

(i) Income Taxes

The Company records deferred taxes for temporary differences between the tax and financial reporting bases of assets and liabilities at the enacted tax rate expected to be in effect when taxes become payable. When it is determined the recovery of all or a portion of a deferred tax asset is not likely, a valuation allowance is established to reduce the deferred tax assets to the amount expected to be realized. Upbound Group files a consolidated Federal tax return which includes the Company. Upbound Group allocates Federal income tax expense as though the Company filed a separate tax return.

Management has evaluated the Company's tax positions and concluded that for the years ended December 31, 2022, 2021 and 2020, the Company had no unrecognized tax benefits or related interest and penalties expenses. The Company classifies interest accrued related to unrecognized tax benefits as interest expense.

**RENT-A-CENTER FRANCHISING INTERNATIONAL, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2022, 2021 and 2020

(j) Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent losses and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. In applying accounting principles, management must often make individual estimates and assumptions regarding expected outcomes or uncertainties. These estimates, judgments and assumptions are continually evaluated based on available information and experience. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates.

(k) Advertising Costs

Advertising costs are expensed as incurred. For the years ended December 31, 2022, 2021 and 2020, advertising costs were approximately \$2,000, \$1,000 and \$42,000, respectively.

(l) National Advertising Fund

The Company manages advertising funds for the Rent-A-Center, ColorTyme and RimTyme franchise rent-to-own stores. The National Advertising Funds for these franchises (collectively, the Funds) are associations between the Company and the Company's franchisees and have no separate legal status or existence. The Funds were developed to provide advertising at a national level for the benefit of all franchise stores. The Funds are generated from monthly advertising fees charged to each franchise store and represent sales-based royalties calculated as a percentage of gross rental payments and sales or a fixed fee per store. The Company collects the advertising fees from the franchisees and directly deposits them to the Funds. The Company pays the administrative expenses of the Funds and then is reimbursed by the Funds. Franchise advertising fees and expenditures are presented on a gross basis, as revenue and expense, respectively, in the consolidated statement of earnings.

(l) Reclassifications

Certain reclassifications may be made to the reported amounts for prior periods to conform to the current period presentation. These reclassifications have no impact on net earnings in any period.

(2) Related Party Transactions

The receivable from Parent Company is unsecured and bears interest at LIBOR plus 2.25%. For the years ended December 31, 2022, 2021 and 2020, the Company recorded interest income on the note of approximately \$4.7 million, \$1.7 million and \$1.8 million respectively, which is included in interest and other income. The receivable is presented in the consolidated balance sheets as a reduction of stockholder's equity at December 31, 2022, 2021 and 2020.

The Company is party to an agreement with Parent Company for use of the Rent-A-Center trademark for its franchise operations. The Company pays a royalty fee to the Parent Company, which in 2022, 2021 and 2020, the calculation was \$500,000 + 1% of total revenue of its Rent-A-Center branded franchised rent-to-own stores. The Company received no services from its Parent Company in exchange for this royalty. For the years ended December 31, 2022, 2021 and 2020, the Company incurred Parent Company royalty fees of \$9,479,025, \$9,814,424 and \$8,702,204, respectively.

**RENT-A-CENTER FRANCHISING INTERNATIONAL, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2022, 2021 and 2020

(3) Trade Accounts Receivable

Receivables consist of the following at December 31,:

	2022	2021	2020	1/1/2020 (Restated)
Trade accounts receivable:				
Sales to franchisees	\$ 11,017,904	\$ 7,537,866	\$ 9,369,441	\$ 8,621,991
Royalties from franchisees	3,174,684	3,435,893	1,652,335	1,207,150
Other	4,216,740	3,579,250	2,427,023	1,135,027
Total	18,409,328	14,553,009	13,448,799	10,964,167
Less allowance for doubtful accounts	(466,568)	(237,410)	(273,302)	(334,226)
Net trade accounts receivable	\$ 17,942,760	\$ 14,315,599	\$ 13,175,497	\$ 10,629,942

Changes in the Company's allowance for doubtful accounts are as follows during the years ended December 31,:

	2022	2021	2020
Beginning balance	\$ 237,410	\$ 273,302	\$ 334,226
Bad debt provision	229,158	(35,892)	(49,074)
Transfer to notes receivable	—	—	(11,850)
Ending balance	\$ 466,568	\$ 237,410	\$ 273,302

(4) Notes Receivable

Notes receivable consist of the following at December 31,:

	2022	2021	2020
Unsecured noninterest bearing notes with franchisees(due on demand)	\$ 321,870	\$ 477,517	\$ 1,283,028
Unsecured interest bearing notes with franchisees (bearing interest rate of 3.9% with monthly installments of \$10,001) maturing at various dates from March 2023 to February 2029	515,226	575,490	635,351
Total notes receivable	837,096	1,053,007	1,918,379
Less allowance for notes receivable	(722,615)	(725,365)	(727,865)
Less current portion of notes receivable	(114,481)	(312,245)	(1,115,009)
Long term notes receivable	\$ —	\$ 15,397	\$ 75,505

**RENT-A-CENTER FRANCHISING INTERNATIONAL, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2022, 2021 and 2020

Changes in the Company's allowance for doubtful notes are as follows during the years ended December 31,:

	2022	2021	2020
Beginning Balance	\$ 725,365	\$ 727,865	\$ 1,212,399
Bad debt provision	(2,750)	(2,500)	(74,434)
Transfer from trade accounts receivable	—	—	11,850
Accounts written off	—	—	(421,950)
Ending balance	\$ 722,615	\$ 725,365	\$ 727,865

(5) Property Assets

Property assets consist of the following at December 31,:

	2022	2021	2020
Signage	\$ —	\$ —	\$ 828,404
Furniture and equipment	1,079,512	974,445	878,979
Leasehold improvements	—	56,461	56,461
Construction in progress	221,514	10,022	—
Total	1,301,026	1,040,928	1,763,844
Less accumulated depreciation	(631,378)	(542,164)	(1,584,249)
Property assets, net	\$ 669,648	\$ 498,764	\$ 179,595

(6) Accrued Liabilities

Accrued liabilities consist of the following at December 31,:

	2022	2021	2020
Accrued liabilities:			
Unearned franchise & development fees	\$ 3,430,146	\$ 4,077,396	\$ 4,738,931
Payroll	67,727	180,896	779,469
Payable to RimTyme, Inc. National Advertising Fund	—	—	246,981
Payable to National Advertising Fund	—	—	14,129
Other	129,994	16,335	(242,805)
Total accrued liabilities	\$ 3,627,867	\$ 4,274,627	\$ 5,536,705

**RENT-A-CENTER FRANCHISING INTERNATIONAL, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2022, 2021 and 2020

(7) Income Taxes

The components of the income tax provision are as follows at December 31,:

	2022	2021	2020
Current:			
Federal	\$ 3,032,233	\$ 2,350,338	\$ 983,519
State	103,422	499,647	134,338
Total current	3,135,655	2,849,985	1,117,857
Deferred expense (benefit)			
Federal	195,271	256,112	186,555
State	77,452	(59,141)	9,230
Total deferred	272,723	196,971	195,785
Total	\$ 3,408,378	\$ 3,046,956	\$ 1,313,642

The income tax provision reconciled to the tax computed at the statutory federal rate is as follows at December 31,:

	2022	2021	2020
Tax at statutory rate	21.0 %	21.0 %	21.0 %
State income tax, net of federal benefit	2.4	3.3	2.0
Tax Cuts and Jobs Act of 2018	—	—	—
Other, net	—	—	0.1
Effective income tax rate	23.4 %	24.3 %	23.1 %

The net deferred tax assets (liabilities) consist of the following at December 31:

	2022	2021	2020
Deferred tax assets:			
Allowance for bad debt	\$ 286,271	\$ 240,260	\$ 232,953
Accrued liabilities	679,510	1,012,785	1,137,687
Total deferred tax assets	965,781	1,253,045	1,370,640
Deferred tax liabilities			
Furniture and equipment	(120,234)	(134,772)	(55,397)
Total deferred tax liabilities	(120,234)	(134,772)	(55,397)
Net deferred taxes	\$ 845,547	\$ 1,118,273	\$ 1,315,243

(8) Commitments and Contingencies

The Company is involved in various litigation and administrative proceedings in the normal course of business. In the opinion of management, any losses that may result from these matters will not, individually or in the aggregate, have a material adverse effect on the Company's financial position, results of operations, or cash flows.

**RENT-A-CENTER FRANCHISING INTERNATIONAL, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2022, 2021 and 2020

As of December 31, 2022, 2021 and 2020, the Company was one of the guarantors of approximately \$949.7 million, \$1,158.4 million and \$197.5 million, respectively, of Upbound Group's outstanding indebtedness.

(9) Subsequent Events

The Company evaluated its December 31, 2022 consolidated financial statements for subsequent events through April 26, 2023, the date the financial statements were available to be issued. The Company is not aware of any events that would require recognition or disclosure in the consolidated financial statements.

EXHIBIT D



COLORTYME RENTAL STORE FRANCHISE AGREEMENT

Franchisee

Address

COLORTYME RENTAL STORE

FRANCHISE AGREEMENT

TABLE OF CONTENTS

	Page #
Recitals.....	1
1. GRANT.....	1
2. TERM AND RENEWAL.....	2
3. FEES.....	3
4. DUTIES OF COMPANY.....	4
5. DUTIES OF FRANCHISEE.....	5
6. PROPRIETARY MARKS.....	7
7. CONFIDENTIAL OPERATING MANUALS.....	9
8. CONFIDENTIAL INFORMATION.....	9
9. ADVERTISING.....	10
10. ACCOUNTING AND RECORDS.....	11
11. INSURANCE.....	12
12. TRANSFERABILITY OF INTEREST.....	12
13. DEFAULT AND TERMINATION.....	15
14. OBLIGATIONS UPON TERMINATION.....	16
15. COVENANTS.....	18
16. CORPORATE OR PARTNERSHIP FRANCHISEE.....	19
17. TAXES.....	20
18. INDEPENDENT CONTRACTOR AND INDEMNIFICATION; DISCLAIMER.....	20
19. APPROVALS AND WAIVERS.....	21
20. NOTICES.....	22
21. ENTIRE AGREEMENT.....	22
22. SEVERABILITY AND CONSTRUCTION.....	22
23. APPLICABLE LAW.....	23
24. ACKNOWLEDGMENTS.....	25

Attachments

ATTACHMENT A	Guarantee, Indemnification and Acknowledgment
ATTACHMENT B	Rent-A-Center Franchising International, Inc. Rental Store Covenant Not to Compete
ATTACHMENT C	Addendum Relating to Rent-A-Center Franchising International, Inc. Franchise Agreement (SBA Loans)

STATE AMENDMENTS

COLORTYME RENTAL STORE FRANCHISE AGREEMENT

THIS AGREEMENT, effective this _____ day of _____, 2023, by and between Rent-A-Center Franchising International, Inc., a Texas corporation ("**Franchisor**") and _____ ("**Franchisee**").

RECITALS

A. Franchisor, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique system (hereinafter "**System**") relating to the operation of home entertainment and appliance rental stores offering televisions, stereos, household appliances, furniture, jewelry, computers, and related products and services; the distinguishing characteristics of the System include, without limitation, a specialized inventory of rental products; interior and exterior building design, decor and layout; marketing, operational and advertising techniques, materials, programs and methods; and training and supervision in the operation of a ColorTyme Rental Store, all of which may be changed, improved, and further developed by Franchisor from time to time.

B. Franchisor is the owner of the entire right, title, and interest in certain trademarks, service marks, logos, emblems, and indicia of origin (hereinafter "**Proprietary Marks**"), including but not limited to the mark "COLORTYME" and such other trade names, service marks, and trademarks as may be designated now or hereafter by Franchisor (in the ColorTyme Franchise Operations Manual or otherwise in writing) for use in connection with the System.

C. Franchisee desires to enter into the business of operating a ColorTyme Rental Store in accordance with Franchisor's System and wishes to obtain a franchise from Franchisor for that purpose, as well as to receive the training and other assistance provided by Franchisor in connection therewith.

D. Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality and service and the necessity of operating the ColorTyme Rental Store in conformity with Franchisor's standards and specifications.

The parties agree as follows:

1. GRANT

1.1 Franchise Grant: Franchisor hereby grants to Franchisee the right, and Franchisee accepts the

obligation, to use the Proprietary Marks and the System, solely in connection with the operation of a ColorTyme Rental Store from an approved physical location (hereinafter the "**Rental Store**" or "**Store**").

1.2 Location of Store: The Store shall be located at _____ (the "**Approved Location**"). If at the time of execution of this Agreement, a location for the Store has not been obtained by Franchisee and approved by Franchisor, Franchisee shall purchase or lease a site subject to Franchisor's prior written approval; upon such approval, the address of the location shall be inserted above, and become the Approved Location. Franchisee shall not relocate the Store without Franchisor's prior written consent.

1.3 Territorial Protection: During the term of this Agreement and except as otherwise provided in Section 1.4, Franchisor shall not establish or operate, or franchise any entity to establish or operate, a ColorTyme Rental Store using the Proprietary Marks and System at any physical location within a radius of _____ mile(s) from the Approved Location ("**Protected Territory**").

1.4 Exclusions from Territorial Protection: Franchisee expressly acknowledges and agrees that, except as provided in Section 1.3, the franchise is nonexclusive. Franchisor, or any affiliate of Franchisor, retains the right, among others, in any manner and on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein:

(a) to own, acquire, establish and/or operate, and license others to establish and operate, ColorTyme Rental Stores using the Proprietary Marks and/or System outside the Protected Territory (which ColorTyme Rental Stores may serve customers inside the Protected Territory);

(b) to own, acquire, establish and/or operate, and license others to establish and operate, businesses and/or rental stores using the System at any location within or outside the Protected Territory;

(c) to own, acquire, establish and/or operate, and license others to establish and operate, businesses and/or rental stores under other proprietary marks or other systems, whether such businesses are the same, similar, or different from the Store, at any location within or outside the Protected Territory;

(d) to sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, any products or services which bear any proprietary marks, including the Proprietary Marks, whether within or outside the Protected Territory; and

(e) to own, acquire, establish and/or operate, and license others to establish and operate, businesses or kiosks or mobile storefront units under the Proprietary Marks, which businesses may bear similarities to the Store.

1.5 Modifications to System: Franchisee acknowledges that the System and the products offered by the Store may be modified, (such as, but not limited to, the addition, deletion and modification of operating procedures, products and services) from time to time by Franchisor; and Franchisee agrees to comply with all such modifications, such as remodeling, redecoration and modifications to existing improvements, including structural changes.

2. TERM AND RENEWAL

2.1 Term of Franchise: Except as otherwise provided herein, the term of this Agreement shall be for five (5) years from the date of this Agreement.

2.2 Renewal Term of Franchise: You have a one-year option to renew for five (5) years from the expiration of this Agreement.

2.3 Option to Purchase Upon Expiration of Franchise: At the expiration of this Franchise Agreement, Franchisor or its designee shall have the option to purchase, at fair market value, all of the assets of the Store including, without limitation, all inventory, furnishings, fixtures, equipment, and customer contracts and receivables. Franchisor shall exercise its option by furnishing written notice thereof to Franchisee at least three (3) months prior to the expiration of the initial term of this Agreement. The notice also shall set forth the name and address of the independent appraiser who will determine fair market value. Franchisee shall have the right to appoint its own independent appraiser to jointly work with Franchisor's appraiser, provided that such appointment is made within fourteen (14) days after receipt of Franchisor's notice.

The appraisal shall be completed at least two (2) months prior to the expiration of the initial term; if there are two (2) appraisers and they have not agreed on fair market value within such time, then the

appraisers shall jointly select a third independent appraiser and furnish the third appraiser with their individual appraisals. The third appraiser shall, within two (2) weeks after selection, make the final determination of fair market value, and such determination shall be final. Each party shall be responsible for its appraiser's costs, and shall share the costs of any third appraiser. Franchisor or its designee shall purchase the assets of the Store within fifteen (15) days after fair market value has been established, and the initial term of the Franchise Agreement shall expire at the time of the asset purchase.

2.4 Covenants Upon Expiration: If Franchisor does not exercise its option as set forth in Section 2.3, then, in such event, Franchisee shall have the option to extinguish the post-term non-competition obligations set forth in Sections 15.3 and 15.7 of this Agreement, provided that Franchisee complies with all of the following prerequisites:

2.4.1 Franchisee shall furnish written notice to Franchisor of the exercise of its option at least two (2) months prior to the expiration date of the initial term;

2.4.2 Franchisee shall pay Franchisor an amount equal to the aggregate amount of royalties due from the Store during the twelve (12) months immediately preceding the month in which the notice is furnished. The amount shall be payable at twenty-five percent (25%) at the time the notice is furnished, and seventy-five percent (75%) on the expiration date of the initial term.

2.4.3 Franchisee shall at all times during the one-year period after the expiration of the term of this Agreement be in full compliance with the provisions of Section 14 hereof, other than those provisions relating to post-term non-competition obligations;

2.4.4 Franchisor and Franchisee recognize that Franchisee or an affiliate of Franchisee, or an individual having an ownership interest in or management responsibility with respect to Franchisee, also may have an ownership interest in or management responsibility with respect to other ColorTyme franchises ("**Other Franchises**"). Accordingly, Franchisor and Franchisee agree that because Franchisee's operation of the Store subsequent to the expiration of the initial term of this Agreement would result in a violation of the in-term non-compete provisions of the franchise agreement(s) for Franchisee's Other Franchises,

such franchise agreement(s) shall be terminated as of the date of expiration of this Agreement. For each franchise agreement terminated pursuant to this Section 2.4.4, Franchisee shall pay Franchisor an amount computed in accordance with Section 2.4.2. Franchisee shall cause the franchisee of each franchise agreement terminated pursuant to this Section 2.4.4 to execute all documents and do such acts as may be required to effectuate the foregoing. Franchisee shall indemnify Franchisor for all costs and expenses, including reasonable attorney's fees, incurred by Franchisor in enforcing the provisions of this Section 2.4.4 against any and all franchisees operating other Franchises.

3. FEES

3.1 Franchise Fee: Franchisor acknowledges receipt from Franchisee of an initial franchise fee of Thirty-Five Thousand Dollars (\$35,000). The initial franchise fee shall be deemed fully earned and non-refundable when paid, in consideration of administrative and other expenses Franchisor incurred in entering into this Agreement, and for Franchisor's lost or deferred opportunity to enter into this Agreement with others.

3.2 Royalty Fee: During the term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly royalty fee in an amount not to exceed six percent (6%) of the gross rental payments and sales of the Store, as defined in Section 3.5 below. Franchisee may benefit from reductions in the royalty fee for high sales and store count. Your effective monthly royalty fee may vary based on sales across all your Stores from the previous month according to the following formula:

<u>Monthly Gross Rental Payments and Sales</u>	<u>Royalty %</u>
Less than \$ 400,000	6.0
\$ 400,000 - \$ 549,999	5.9
\$ 550,000 - \$ 699,999	5.8
\$ 700,000 - \$ 849,999	5.7
\$ 850,000 - \$ 999,999	5.6
\$ 1,000,000 - \$ 1,149,999	5.5
\$ 1,150,000 - \$ 1,299,999	5.4
\$ 1,300,000 - \$ 1,449,999	5.3
\$ 1,450,000 - \$ 1,599,999	5.2
\$ 1,600,000 - \$ 1,749,999	5.1
More than \$ 1,749,999	5.0

In calculating the appropriate percentage, Franchisee shall have the right to include the gross rental payments and sales of other Rental Stores operated pursuant to other franchise agreements between

Franchisor and Franchisee (or its principal) in circumstances where Franchisee (or its principal) is either the sole proprietor, or the majority shareholder of such other Stores.

For each full calendar month in which you operate other Rental Stores (determined as described above in this Section 3.2), the royalty fee will be further reduced in accordance with the following formula:

<u>Store Count</u>	<u>Royalty % Deduction</u>
0-2	-0.0%
3-5	-0.1%
6-8	-0.2%
9-11	-0.3%
12-14	-0.4%
15-17	-0.5%
18-20	-0.6%
21-23	-0.7%
24-26	-0.8%
27-29	-0.9%
30 and up	-1.0%

The lowest effective rate achievable based on the schedule above is four percent (4%). Franchisee must own at least a fifty one percent (51%) interest in any store which may be considered for the above royalty reduction.

3.3 Advertising Fee: Franchisor has established the Advertising Fund, to be paid by Franchisee to Franchisor on a monthly basis, at an amount not to exceed three percent (3%) of Franchisee's gross rental payments and sales from the Store. The required Advertising Fund Contribution may be a monthly flat fee or based on percentage of Gross Rental Payments. The Advertising Fund is maintained and administered by Franchisor, as provided under Section 9 hereof. At all times, during the Term of this Agreement, you will be required to maintain a minimum of three percent (3%) of monthly Gross Rental Payments and Sales to include the Advertising Fund Contribution, as further defined in Section 9.1 hereof.

3.4 Late Fees: You will be subject to the following late fees.

3.4.1 Delinquent Fees. You must pay a late fee of five percent (5%) for any fee owed which is not received on or before the 20th day of the month.

3.4.2 Financial Statements. A late fee of \$500 per incident will be assessed against you for all required financial statements which are not submitted within 30 days after the end of each fiscal month.

3.4.3 Application of Payments. Franchisor reserves the right to apply any payments received to any outstanding amounts before applying to most recent amounts due.

Entitlement to any such late charge shall be in addition to any other remedies Franchisor may have. Franchisor shall have the right to require Franchisee to transmit royalty payments and/or advertising fees by means of electronic payments (including electronic fund transfers) in accordance with the procedures established in the Manuals (as that term is defined in Section 4.6) or otherwise in writing, and Franchisee agrees to promptly comply with Franchisor's policies and procedures relating to electronic payments.

3.5 Definition: "Gross Rental Payments and Sales" as used herein shall mean the amount of all revenue received by Franchisee from the rental or sale of all products and services, and all income of every kind and nature related to the Store, whether for cash or credit; provided, however, Gross Rental Payments and Sales shall not include any sales taxes or other taxes collected by Franchisee for transmittal to the appropriate taxing authority. Notwithstanding the foregoing, if Franchisor has approved of Franchisee's service as a sales agent for products and services not traditionally offered by a Rental Store, then as to any revenue Franchisee receives as a result of such services (including agent fees), only Franchisee's agent fees will be included in "gross rental payments and sales."

3.6 Technology Fee: Franchisor reserves the right to modify the technology utilized by Franchisee, including the right to change approved vendors and provide services directly to Franchisee. Franchisee must pay Franchisor its costs for providing this service or product.

3.7 Supply Services Fee: Franchisor may provide assistance to you relating to the purchase of approved product purchases, including assistance with ordering, billing and accounting services ("**Supply Services**"). Franchisor may designate itself as the sole supplier of a particular product and require Franchisee to pay a supply services fee up to 5% of Franchisee's product purchases from Franchisor (the "**Supply Services Fee**").

4. DUTIES OF FRANCHISOR

4.1 Furnishing Standard Plans: Franchisor shall make available standard plans and/or specifications for exterior and interior layout for the Store, which

Franchisee shall adapt with Franchisor approval, at Franchisee's expense, to Franchisee's location.

4.2 Training: Franchisor shall provide an initial training program for Franchisee and Franchisee's Manager; provided, however, if Franchisee currently operates one or more Stores in addition to the Store franchised hereunder, or if Franchisee has prior experience with rental store operations, Franchisor may elect not to require such initial training to Franchisee and Franchisee's Manager if, in Franchisor's judgment, such training is not required. Franchisor shall make available such other training programs or seminars as Franchisor deems appropriate. All training provided by Franchisor shall be subject to the terms and conditions set forth in Section 5.3. of this Agreement.

4.3 Opening Assistance: If deemed necessary by Franchisor, Franchisor shall provide to Franchisee at Franchisor's expense on-site opening assistance and supervision at such time as may be mutually convenient to Franchisee and Franchisor.

4.4 Providing Materials for Opening Promotion: Franchisor shall provide materials for an opening promotion and initial advertising of the Store, which promotion and advertising shall be conducted at Franchisee's expense.

4.5 Loan of ColorTyme Franchise Operations Manual: Franchisor shall provide on loan to Franchisee for the term of this Agreement one copy of the ColorTyme Franchise Operations Manual or any other approved document (collectively, the "**Manuals**") to be delivered after execution of this Agreement, as more fully described in Section 7 hereof.

4.6 Maintain Standards: Franchisor shall continue its efforts to maintain high standards of quality, appearance, professionalism, and service of the System, and to that end shall:

4.6.1 Conduct, as it deems advisable, inspections of Franchisee's Store and evaluations of the products and services offered by Franchisee;

4.6.2 Disseminate Franchisor's approved list of products to Franchisee; and

4.6.3 Review samples of all advertising and promotional plans and materials submitted to Franchisor by Franchisee for use in accordance with the procedures described in Section 9 of this Agreement.

4.7 Continuing Consultation and Advisory Assistance: Franchisor shall provide pre-opening and continuing consultation and advisory assistance on such terms as Franchisor deems appropriate.

4.8 No Liability for Approvals: Franchisor shall not, by virtue of any approvals, advice, or services provided to Franchisee, assume responsibility or liability to Franchisee or any third parties to which Franchisor would not otherwise be subject.

5. DUTIES OF FRANCHISEE

5.1 Importance of Compliance with System Standards: Franchisee understands and acknowledges that every detail of the System and the Store is important to Franchisee, Franchisor, and other franchisees in order to (a) develop and maintain high and uniform operating standards, (b) increase the demand for the products and services marketed by all franchisees, and (c) protect Franchisor's reputation and goodwill. Franchisee shall maintain Franchisor's high standards with respect to facilities, services, products, and operations.

5.2 Opening the Store: Franchisee shall open the Store and commence business within one-hundred and eighty (180) days after execution of this Agreement. Time is of the essence. Prior to opening, Franchisee shall complete all exterior and interior improvements to the Store, including installation of fixtures, furnishings, and signs, pursuant to Franchisor-approved plans and specifications.

5.3 Franchisee Training: If deemed necessary by Franchisor, Franchisee and Franchisee's Manager shall, prior to the opening of the Store, attend and complete to Franchisor's satisfaction the initial training program prescribed by Franchisor. Franchisor shall provide for instructors, facilities and training materials. All other expenses incurred in the training of Franchisee and Franchisee's Manager including, without limitation, the cost of travel, meals, lodging and any wages, shall be borne by Franchisee. Any Manager subsequently employed by Franchisee must also satisfactorily complete the initial training program if deemed necessary by Franchisor. Franchisee shall pay to Franchisor all reasonable expenses incurred by Franchisor, as may be specified in the Manuals, for the initial training of any Manager subsequently employed by Franchisee. Such expenses shall be in addition to any other training costs to be borne by Franchisee as provided herein. Franchisee and Franchisee's Manager shall attend and complete to Franchisor's satisfaction all

other training programs that Franchisor designates as mandatory. Expenses incurred in the additional training of Franchisee and Franchisee's Manager including, without limitation, the cost of travel, meals, lodging and any wages, shall be borne by Franchisee. Franchisee shall conduct such initial training and periodic retraining of its other employees as Franchisee deems necessary.

5.4 Conformance to System Standards: Franchisee shall operate the Store in conformity with such standards, techniques, and procedures as Franchisor may from time to time prescribe in the Manuals or otherwise in writing, and shall refrain from deviating from system standards without Franchisor's prior written consent.

5.4.1 Franchisee shall offer only such brands, types and models of products as shall have been approved in writing by Franchisor and not thereafter disapproved. These products shall be provided only by vendors that have been approved in writing and not later disapproved. If Franchisee desires to offer any unapproved products, Franchisee shall submit to Franchisor a written request for such approval, in accordance with Franchisor's procedures for securing such approvals. Franchisor shall approve products which in Franchisor's reasonable judgment are consistent with the System's image and marketing objectives, and provided the product meets the Franchisor's standards of quality and reliability.

5.4.2 Franchisee shall maintain an adequate mix and inventory of approved products for rent as Franchisor may prescribe in the Manuals. Franchisee shall also maintain a sufficient quantity of any promotional products in conjunction with any advertising campaign established by Franchisor, and Franchisor reserves the right to establish or modify, from time to time, minimum purchases for promotional products.

5.4.3 Franchisee is obligated to make all payments required under this Agreement as and when due, whether owed to Franchisor and/or Franchisor's approved vendors (as required by Section 5.4.1).

5.4.4 Electronic Mail Address: With the exception of the abbreviation "CT", you may not include our Marks in the naming convention of the email domain. For example, John.Doe@ColorTyme.net is not permitted but John.Doe@CT.net is permitted.

5.5 Access to Store: Franchisee shall permit Franchisor and its agents to enter all areas of the Store's premises at any time to conduct inspections; shall cooperate fully with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be necessary immediately to correct any deficiencies detected during such inspections. If Franchisee, for any reason, fails immediately to correct such deficiencies, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to correct such deficiencies and to charge Franchisee a reasonable fee for Franchisor's expenses in so acting, payable by Franchisee immediately upon notice from Franchisor.

5.6 Use of Proprietary Marks: Franchisee shall display the Proprietary Marks and Franchisee's business address and phone number for the location approved by Franchisor on all promotional, sales, and advertising materials, including, without limitation, all printed advertising of every kind and nature, business stationery and cards, signs and decals for delivery and service vehicles, and decals and stickers for products. All such uses require prior Franchisor approval.

5.7 Maintenance of Store Premises: Franchisee shall maintain at the Store, at Franchisee's expense, all fixtures, furnishings, and signs as Franchisor may reasonably direct from time to time in the Manuals, and shall refrain from installing or permitting to be installed on or about the Store any fixtures or signs not previously approved by Franchisor. Franchisee shall maintain the Store in a clean, attractive condition, and in good repair; and shall keep the Store open and in normal operation for such minimum hours and/or days as Franchisor may from time to time prescribe in the Manuals or otherwise in writing. Franchisee shall not use the Store for any other purpose or activity without the prior consent of Franchisor.

5.8 Refurbishing the Store: At Franchisor's request, which shall not be more often than once every five (5) years, and within a reasonable time after such request, Franchisee shall refurbish the Store at its expense, to conform to the decor, color schemes, and presentation of trademarks and service marks consistent with Franchisor's then-current image, including, without limitation, such remodeling, redecoration and such modifications to existing improvements as may be necessary.

5.9 Directory and Web Listings: Franchisee shall obtain and maintain, at its expense and as directed by Franchisor print, web based and such other types of business listings as Franchisor directs from time to time. Franchisee is solely responsible for the accuracy of all such listing, and will notify Franchisor of material changes to your listings. Franchisee is also solely responsible for tracking and promptly responding to negative online comments by Store customers on social media outlets such as Facebook, Instagram, Twitter, etc. and online directories such as Yelp, or Google, but to the extent Franchisor implements guidelines for such social media or online usage and/or addressing of complaints then Franchisee will implement and comply with such guidelines.

5.10 Franchisee Lease Provisions: Franchisee shall comply with all the terms of its lease or sublease, and shall refrain from any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease or sublease for, the Store premises. Franchisee shall, prior to the execution of any lease or sublease, submit it to Franchisor for its written approval, which approval shall be contingent on the inclusion of the following two (2) provisions:

5.10.1 That the use of the leased premises be restricted solely to the operation of the Store in accordance with the System; and

5.10.2 That, in the event of a default, expiration, or termination of the Agreement or a default under the lease or sublease, Franchisor (or Franchisor's designee) has the option, upon notice to the lessor or sublessor, to assume all of Franchisee's rights under the lease or sublease, including the right to assign or sublease.

5.11 Compliance with Laws and Regulations: Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain, and shall keep in force as required throughout the term of this Agreement, any and all permits, leases, certificates, or licenses necessary for the full and proper conduct of the Store, including, without limitation, any building and other required construction permits, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

5.12 Notification of Legal Proceedings: Franchisee shall notify Franchisor in writing within 5 business days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court,

agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Store.

5.13 Intranet System: As Franchisor develops and refines its intranet system, Franchisor will grant Franchisee access to such system, so long as Franchisee is not in default under this Agreement or any other agreement with Franchisor. Franchisor may perform some of its obligations under this Agreement by use of this intranet system. If Franchisor requires, Franchisee shall use this intranet system for the purposes and in the manner specified by Franchisor, pursuant to Franchisor's standards. The intranet fee shall in no event exceed \$320 per year per Store.

5.14 Internet: Franchisor has established and plans to maintain a website to provide information about the Franchisor and the products and services that ColorTyme Rental Stores offer ("**Website**"). Franchisor shall have control over the Website's design and contents, including with respect to any online ordering and/or sales. Franchisor shall have no obligation to maintain the Website indefinitely, and may dismantle it (and if dismantled may reinstate it) at any time without liability to Franchisee. The Website includes a series of interior pages that identify participating ColorTyme Rental Stores. Franchisor shall, technology permitting, grant Franchisee the right to establish a webpage containing an online store within an optional sub-website in the interior pages of the Website (the "**Sub-website**"), so long as Franchisee is not in default under this Agreement or any other agreement with Franchisor. Franchisee may propose the content of Franchisee's Sub-website, but must use the Franchisor's most current website template and administration tools. Franchisee shall update Sub-website content at least twice annually, including posting such minimum number of products in each such category as Franchisor may require, which products are available for customers to view and order online. All content is subject to Franchisor approval prior to posting as to form, content and programming quality. Franchisor may restrict Franchisee's capability to modify the Sub-website except in coordination with Franchisor's webmaster and in compliance with Franchisor's standards. Franchisee shall have no right, license or authority to advertise the Sub-website or use any of the Proprietary Marks on or in connection with the Internet, except as stated in and permitted by this Section 5.14.

5.15 Customer Information Security Program.

(a) Franchisee must implement and comply with Franchisor's then current customer information security program for the Rental Store. Franchisee is solely responsible for maintaining security for the information it obtains from Rental Store customers, including all Personally Identifiable Information ("PII"), and Franchisee must indemnify Franchisor related to any failure to maintain such security. Failure to comply with Franchisor's then current customer information security program is a default under this Agreement.

(b) Franchisee must implement and comply with Franchisor's then current policy regarding electronic monitoring technology including but not limited to complying with any decision and order issued by the Federal Trade Commission ("FTC") as well as any subsequent authority and guidance issued by the FTC or any applicable federal, state, or local governing bodies. Franchisor does not condone the unauthorized use of any geophysical location tracking technology or monitoring technology that has the capability of invading the privacy of customers. If Franchisee uses or offers any technology which has the ability to permit Franchisee to monitor remotely the customer, Franchisee must ensure that any option to monitor the customer without the customer's permission or that might invade the customer's privacy in any way is disabled. Franchisee is solely responsible for its use of electronic monitoring technology and Franchisee must indemnify Franchisor related to any failure to protect customers' privacy. Any practice or use by Franchisee that results in the invasion of a customers' privacy is a default under this Agreement.

5.16 Volume Discounts and Rebates From Franchisee Purchases. Franchisor also reserves the right to receive payments, discounts or other incentives, including payment term discounts, volume discounts, cash rebates, concessions, advertising allowances, or discount bonuses (collectively "Discounts"), whether by way of cash, kind or credit, from any manufacturer or supplier designated by Franchisor, whether or not on account of purchases made (i) by Franchisor for its own account or for Franchisee's account, or franchisees generally, or (ii) by Franchisee directly for its own account. Franchisor is entitled to retain the whole of the amount or any part of such Discounts at it deems appropriate from time to time.

6. PROPRIETARY MARKS

6.1 Franchisor Representation Concerning Proprietary Marks: Franchisor represents with respect to the Proprietary Marks that:

6.1.1 Franchisor owns all right, title, and interest in and to the Proprietary Marks.

6.1.2 Franchisor has taken and will take all steps reasonably necessary to preserve and protect its ownership and the validity of the Proprietary Marks.

6.1.3 Franchisor will use and permit Franchisee and other franchisees to use the Proprietary Marks only in accordance with the System and the standards and specifications attendant thereto which underlie the goodwill associated with and symbolized by the Proprietary Marks.

6.2 Franchisee Use of Proprietary Marks: With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee agrees that:

6.2.1 Franchisee shall use only the Proprietary Marks designated by Franchisor and shall use them only in the manner authorized and permitted by Franchisor.

6.2.2 Franchisee shall operate the Store under the name of "COLORTYME RENTAL STORE," without prefix or suffix, and Franchisee shall advertise the Store under the name of "COLORTYME", without prefix or suffix.

6.2.3 Franchisee shall use the Proprietary Marks only for the operation of the Store and only at the location authorized hereunder, or in advertising for the business conducted at or from that location.

6.2.4 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

6.2.5 Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name.

6.2.6 Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

6.2.7 Franchisee shall promptly notify Franchisor of any suspected unauthorized use of, or any

challenge to the validity or use of, the Proprietary Marks. Franchisee acknowledges that Franchisor (or its affiliate) shall have the sole right to determine whether any action should be taken, and, if any action is taken, to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor shall have the right, but not the obligation, to act against uses by others that may constitute infringement of the Proprietary Marks. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation results from Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket litigation costs in cooperating with Franchisor in the litigation.

6.3 Franchisee Representation Concerning Proprietary Marks: Franchisee expressly understands and acknowledges that:

6.3.1 Franchisor has the exclusive right and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.

6.3.2 The Proprietary Marks are valid and serve to identify the System and those who are franchised under the System.

6.3.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity or the ownership of the Proprietary Marks, nor take any action which may tend to derogate or jeopardize Franchisor's interest therein, or Franchisor's right to use and to license others to use, the Proprietary Marks.

6.3.4 Franchisee's use of the Proprietary Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks, other than the nonexclusive license granted by this Agreement.

6.3.5 Any and all goodwill arising from Franchisee's use of the proprietary Marks during the term of this Agreement shall inure solely and exclusively to Franchisor's benefit; and, upon expiration or termination of this Agreement, no monetary amount shall be assigned or attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks.

6.4 Franchisor's Use of Proprietary Marks: Except as specified in Section 1.3 hereof, Franchisor and its affiliates shall have and retain the rights, among others; (a) to use the Proprietary Marks themselves in connection with selling products and services; (b) to grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchises; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Franchisee.

6.5 Substitution of Proprietary Marks: Franchisor reserves the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder if the Proprietary Marks no longer can be used or if Franchisor, in its sole discretion, determines that substitution of different proprietary marks will be beneficial to the System. In such circumstances, the use of the substituted proprietary marks shall be governed by the terms of this Agreement, and Franchisor shall not compensate Franchisee for such substitution. Franchisee shall implement promptly any such substitution.

7. CONFIDENTIAL OPERATING MANUALS

7.1 Compliance with Manuals: In order to protect the reputation and goodwill of Franchisor and to maintain uniform operating standards under the Proprietary Marks, Franchisee shall conduct the business of the Store in accordance with Franchisor's Manuals, one copy of which Franchisee acknowledges having received on loan from Franchisor for the term of this Agreement. The Manuals are designed to protect the ColorTyme System and goodwill of the Proprietary Marks associated with the System and foster a uniform quality of operations through the System. The

Manuals are not meant to control the day-to-day operations of the Store. Franchisee shall at all times remain responsible for the operation of the Store, and all activities occurring at the Store. Franchisee must hire, train, discipline and otherwise be solely responsible for the store's employees. The Franchisor is not responsible for and does not direct or control the conduct of any Store employee.

7.2 Keeping Manuals Confidential: Franchisee shall at all times treat the Manuals, any other manuals created for or approved for use in the operation of the Store, and the information contained therein as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.3 Ownership of Manuals: The Manuals shall at all times remain the sole property of Franchisor.

7.4 Revisions to Manuals: Franchisor reserves the right to modify the System standards, specifications, technology, and all other operating procedures from time to time and Franchisee is required to promptly comply with those changes.

7.5 Keeping Manuals Current: Franchisee shall at all times ensure that its copy of the Manuals is kept current. In event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor on its intranet system shall control.

8. CONFIDENTIAL INFORMATION

8.1 Protection of Confidential Information: Franchisee shall not, during or after the term of this Agreement, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, business or corporation any confidential information, knowledge, or know-how concerning the methods of operation of Franchisor's business or the Store which may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of its association with Franchisor.

8.2 Divulging Confidential Information: Franchisee shall divulge such confidential information only to those employees who must have access to it in order to perform their employment responsibilities, or as may be required to comply with an order of the court or arbitrator. Any and all information,

knowledge, know-how, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes hereof.

8.3 Franchisor's Remedies: Franchisee acknowledges that any failure to comply with the requirements of this Section 8 will result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee agrees that Franchisor may seek, and agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without posting bond, an *ex parte* or other order for injunctive or other legal or equitable relief with respect to the requirements of the Section 8.

8.4 Employee Covenants: Any employee who may have access to any confidential information of Franchisor shall execute covenants that they will maintain the confidentiality of information they receive in connection with their association with Franchisee. Such covenants shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

9. ADVERTISING

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

9.1 Expenditures for Advertising: The advertising requirement is three percent (3%) of monthly Gross Rental Payments and Sales, which includes the amount Franchisee contributes to the Fund pursuant to Section 9.3 (the "**Advertising Requirement**"). Franchisee must provide documentation of local advertising expenditures upon Franchisor request. You may not use your own advertising and promotional materials without our prior written approval. You must submit to us samples of all advertising and promotional plans and materials before you use them. All plans not approved in writing ten (10) business days after we receive them shall be deemed disapproved. We also have the right at any time after you begin using approved material to prohibit further use, effective immediately on your receipt of written notice.

9.2 Advertising Fund: Franchisee agrees that Franchisor shall have the right, in its sole discretion, to establish an Advertising Fund (sometimes referred

to herein as the "**Fund**") for the System. Franchisee agrees to make contributions to the Fund as required under Section 3.3 hereof. The Fund shall be maintained and administered by Franchisor or its designee, as follows:

9.2.1 Franchisor shall direct all advertising and promotional programs with sole discretion over the materials and media used in such programs, and the placement and allocation thereof. Franchisee agrees and acknowledges that the Fund is intended to maximize general public recognition and acceptance of the Proprietary Marks for the benefit of the System and that Franchisor, and its designee are not obligated in administering the Fund to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising or promotion.

9.2.2 All Advertising Fund contributions will be accounted for separately from other monies of Franchisor, and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable administrative costs and overhead, if any, as Franchisor may incur in activities reasonably related to the administration, or direction of the Fund and advertising programs.

9.2.3 Franchisor shall prepare an unaudited statement of monies collected and costs incurred related to the Fund and make such statement available to Franchisee for review annually on its intranet. No independent audit of the National Fund is conducted.

9.2.4 Although the Fund is intended to be of perpetual duration, Franchisor retains the right to terminate the Advertising Fund at any time. The Advertising Fund may not be terminated, however, until all money on the Fund has been spent for the stated purposes of the Advertising Fund or returned to the contributors still under Franchise Agreements with the Franchisor at the cessation of the Fund.

9.3 Franchisor Approval of Advertising: Franchisee may not use its own advertising and promotional materials without Franchisor's prior written approval. Franchisee must submit to us samples of all advertising and promotional plans and materials prior to any external use. All advertising and promotion by Franchisee shall be in such media and of such type and format as Franchisor may approve, shall be conducted in a dignified manner, and shall conform to such standards as Franchisor shall

establish in the Manuals or otherwise in writing. Franchisee shall submit to Franchisor for its approval (in the manner prescribed in Section 20) samples of all advertising and promotional plans and materials prior to their use. If Franchisee has not received written notice of disapproval within ten (10) business days after Franchisor's receipt of the materials, Franchisee may use the plans or materials. Franchisor also shall have the right at any time after Franchisee begins using such material to prohibit further use, effective immediately upon receipt of written notice by Franchisee.

10. ACCOUNTING AND RECORDS

10.1 Computer System: At Franchisor's request, Franchisee, at its expense, shall purchase or lease, and thereafter maintain, such computer hardware and software, required dedicated telephone and power lines, modem(s), printer(s), and other computer-related accessories or peripheral equipment as Franchisor specifies, for the purpose of, among other functions, recording sales and other record keeping and central functions. Franchisee shall provide such assistance as may be required to connect its computer system with Franchisor's computer system. Franchisor shall thereafter have the right from time to time and at any time to retrieve such data and information from Franchisee's computer system as Franchisor, in its sole and exclusive discretion, deems necessary or desirable, with the telephonic retrieval of such cost to be borne by Franchisor. In view of the contemplated interconnection of computer systems and the necessity that such systems be compatible with each other, Franchisee expressly agrees that it will strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's computer system.

10.2 Maintenance of Computer System: To ensure full operational efficiency and optimum communication capability between and among computer systems installed by Franchisee, Franchisor, and other franchisees, Franchisee agrees, at its expense, to keep its computer system in good maintenance and repair, and, at its expense, following Franchisor's delivery of written notice, promptly install such additions, changes, modifications, substitutions and/or replacements to Franchisee's computer hardware, software, telephone and power lines, and other computer-related facilities, as Franchisor directs.

10.3 Maintenance of Records: Franchisee shall prepare and preserve, for at least five (5) years from the dates of their preparation, full, complete, and

accurate books, records, and accounts for the Store in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing.

10.4 Submission of Monthly Statements: Franchisee shall submit to Franchisor, no later than the 10th day of each month during the term of this Agreement, a monthly statement from the Store's point of sale system or on forms otherwise prescribed by Franchisor, accurately reporting all rental payments, revenue from loans, and sales and business activity during the preceding month and such other data or information regarding operation of the Store as Franchisor may require.

10.5 Submission of Financial Statements: Franchisee shall, at Franchisee's expense, submit to Franchisor an unaudited quarterly profit and loss statement (in a form prescribed by Franchisor and showing the sources of all income and the amount expended each month during the quarter on local advertising) and a balance sheet within thirty (30) days after the end of each fiscal quarter during the term hereof. Each statement shall be signed by Franchisee attesting that it is true and correct. See Section 3.4 regarding late fees.

10.6 Submission of Additional Reports: Franchisee also shall submit to Franchisor, for review or auditing, such other forms, reports, inventory records, cash register tapes, and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, upon Franchisor's request and as specified from time to time in the Manuals or otherwise in writing. Franchisee must also submit to Franchisor within thirty (30) days of receipt a complete copy of any Occupational Safety and Health Administration or Department of Labor violation, documents provided by a state's attorney general's office, or other documents related to an alleged violation of federal, state, or local law. Franchisor also reserves the right in the event of Franchisee's default under this Section 10.6 to require Franchisee to submit certified financial statements.

10.7 Right to Audit Fee Records: Franchisor or its designated agents shall have the right at all reasonable times to examine, at Franchisor's expense, the books, records, and tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee in addition to any other audits required by this Section 10. If any inspection or audit

reveals that payments due Franchisor under this Agreement have been understated in any report to Franchisor, Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the lesser of twenty percent (20% or the maximum rate of interest permitted by applicable law. If any inspection or audit discloses an understatement in any report of two percent (2%) or more, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection or audit (including, without limitation, reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

10.8 Maintenance of Confidential Financial Information: Franchisor shall not disclose or communicate to others, including to other of its franchisees, any confidential financial information it obtains from Franchisee except as may be required in defense or prosecution of litigation, by order of court or government agency or otherwise by law. However, Franchisor may prepare and disseminate publicly consolidated statements or reports regarding the financial performance or operations of its franchisees so long as such reports do not disclose specific identifying information or data with respect to individual franchisees. Franchisor may prepare and disseminate financial reports containing non-aggregated information and data regarding the Store so long as such reports do not disclose specific identifying information about Franchisee.

11. INSURANCE

11.1 Franchisee's Insurance Obligation: Franchisee shall procure, prior to opening the Store, and shall maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee, Franchisor and its affiliates, and their respective shareholders, directors, agents, and employees, against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with Franchisee's performance under this Agreement. Such policy or policies shall: (a) be written by insurer(s) acceptable to Franchisor; (b) name Franchisor and its affiliates, and their respective shareholders, directors, agents, and employees, as additional insureds; (c) comply with the requirements prescribed by Franchisor in the Manuals or otherwise in writing at the time such policies are obtained or renewed; (d) provide at least the types and minimum

amounts of coverage specified in the Manuals; and (e) contain a waiver by Franchisee and its insurers of their rights of subrogation against Franchisor and its affiliates, and their respective shareholders, directors, employees, and agents. At least ten (10) days prior to the time any insurance is first required to be carried by Franchisee, and thereafter at least thirty (30) days before the expiration of any policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no fewer than thirty (30) days' prior written notice shall be given to Franchisor in the event of material alteration to, or cancellation or non-renewal of the coverages evidenced by such Certificates.

11.2 Required Insurance Provisions: All public liability and property damage policies shall contain a provision that Franchisor, although named as an additional insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its affiliates and their respective shareholders, directors, agents, or employees, by reason of their negligence.

11.3 No Limitation by Insurance/Indemnity: Franchisee's obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 18.4 of this Agreement.

11.4 Franchisor's Right to Procure: Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as revised from time to time by Franchisor in the Manuals or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice.

12. TRANSFERABILITY OF INTEREST

12.1 Transfer by Franchisee:

12.1.1 Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on franchisee's (or, if Franchisee is a corporation or partnership, its principles') business skill, financial capacity, and personal character. Accordingly,

neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation, Limited Liability Franchisor, or other legal entity which directly or indirectly owns any interest in Franchisee or in the Store shall sell, assign, transfer, convey, pledge, encumber, merge, or give away (collectively, the "**Transfer**"), any direct or indirect interest in this Agreement, in Franchisee, or in all or a substantial portion of the assets of the Store without the prior written consent of Franchisor. Any purported transfer, by operation of law or otherwise, not having the written consent of Franchisor shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may then terminate without opportunity to cure pursuant to Section 13.2 of this Agreement.

12.1.2 Franchisor shall not unreasonably withhold its consent to a transfer of any interest in this Agreement, in Franchisee or in all or a substantial portion of the assets of the Store, subject (except for transfers pursuant to Section 12.8 hereof) to the conditions set forth below. Franchisee, and in the event of Franchisee's bankruptcy, Franchisee's trustee in bankruptcy, acknowledges and agrees that each condition which must be met by the transferee franchisee is necessary for such transferee's full performance of the obligations hereunder. The conditions which must be met prior to the time of transfer include, without limitation, the following:

12.1.2.1 All of Franchisee's accrued monetary obligations to Franchisor and all other outstanding obligations to Franchisor and its affiliates shall have been satisfied;

12.1.2.2 Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates;

12.1.2.3 The transferor's right to receive compensation, pursuant to any agreement or agreements for the purchase of any interest in Franchisee or this franchise, shall be subordinated and secondary to Franchisor's rights to receive any outstanding monetary obligations or other outstanding obligations due from transferor or Franchisee pursuant to this Agreement, and whether arising before or after the transfer;

12.1.2.4 The transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its officers, directors, shareholders and employees;

12.1.2.5 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the Franchisee as Franchisor may request) shall demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the Store (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the Store;

12.1.2.6 At Franchisor's option, the transferee (and, if transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) shall execute: (a) for a term ending on the expiration date of this Agreement, the standard form franchise agreement then being offered to System franchisees and such other ancillary agreements as Franchisor may require for the Store, which agreements shall supersede this Agreement in all respects, provided, however, that the transferee shall not be required to pay any initial franchise fee; or (b) a written assignment and individual Guarantee, Indemnification and Acknowledgment, in a form prescribed by Franchisor, assuming and agreeing to discharge all of the transferor's obligations under this Agreement. Transferee shall not receive a term of Franchise Agreement which exceeds the term remaining under this Franchise Agreement.

12.1.2.7 At transferee's expense and upon such other terms and conditions as Franchisor may reasonably require, transferee and transferee's Manager shall complete the initial training then required by Franchisor for new franchisees.

12.1.2.8 Unless the transferee is a current Franchisee of Franchisor, Franchisee shall pay to Franchisor a transfer fee of Two Thousand Five Hundred Dollars (\$2,500) for each Store affected by the transfer.

12.1.2.9 The transferee, at its expense, shall refurbish the Store to conform to Franchisor's then-current standards and specifications.

12.2 Transfer to Franchisee's Corporation: If the proposed transfer is to a corporation formed for the convenience of ownership, Franchisor's consent to such transfers may be conditioned upon the requirement that Franchisee shall be the owner of all the voting stock of the corporation; and, if Franchisee is more than one individual, each individual shall have

the same proportionate ownership interest in the corporation as he or she held in Franchisee prior to the transfer.

12.3 Offerings by Franchisee: Securities or partnership interests in Franchisee may be sold, by private offering or otherwise, only with the prior written consent of Franchisor (whether or not Franchisor's consent is required under Section 12.1 hereof), which consent shall not be unreasonably withheld. All materials required for such offering by federal or state law must be submitted to Franchisor for review prior to the filing with any government agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for review prior to their use. No offering shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating as an underwriter, issuer, or offeror of Franchisee's or Franchisor's securities; and Franchisor's review of any offering shall be limited solely to the subject of the relationship between Franchisee and Franchisor. Franchisee and the other participants in the offering must fully indemnify Franchisor in connection with the offering. For each proposed offering, Franchisee shall reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering including, without limitation, legal and accounting fees. Franchisee shall give Franchisor written notice at least sixty (60) days prior to the commencement of any offering, or other transaction covered by this Section 12.3.

12.4 Franchisor's Right of First Refusal:

12.4.1 Any party holding any direct or indirect interest in Franchisee, in this Agreement, or in all or a substantial portion of the assets of the Store and who desires to accept any *bona fide* offer from a proposed transferee who desires to purchase such interest or assets to operate a ColorTyme Rental Store, shall notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor, or its designee, shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor or its designee elects to purchase the seller's interest, closing on such purchase must occur within forty-five (45) days from the date of notice to the seller of the election to purchase by Franchisor or its designee. If Franchisor declines to purchase the seller's interest, the seller will have seventy-five (75) days from the date of its written notice to Franchisor of its purchase offer to sell

its interest on the same terms and conditions and to the same transferee as described to Franchisor pursuant to Franchisor's right of first refusal. Any material change thereafter in the terms of the offer from a third party shall constitute a new offer again subject to Franchisor's right of first refusal. Failure of Franchisor to exercise the option afforded by this Section 12.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of the Section 12, with respect to a proposed transfer. If the consideration, terms, or conditions offered by a third party are such that Franchisor or its designee may not reasonably be required to furnish the same consideration, terms, or conditions, then Franchisor or its designee may purchase the interest in the Store or assets proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, or conditions offered by the third party, then each party shall select an independent appraiser. The two (2) appraisers shall have up to fifteen (15) business days to agree on a reasonable equivalent in cash. If they cannot agree then they shall jointly select a third independent appraiser, whose decision shall be final and binding.

12.5 Transfer Upon Death or Mental Incompetency:

12.5.1 Upon the death or mental incompetency of any person with an interest in this Agreement, or in Franchisee, the executor, administrator, personal representative, or trustee of such person or entity shall transfer his or its interest to a third party approved by Franchisor within six (6) months of such death or mental incompetency. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 12, the executor, administrator, or personal representative of the decedent shall have a reasonable time to dispose of the decedents' interest in the franchise, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement, pursuant to Section 13.2.6 hereof.

12.5.2 Immediately following the death or mental incompetency of Franchisee or any person with an interest in the franchise granted herein or in Franchisee, and during any period in which the Store

is operated by any executor, administrator, personal representative or trustee of such person or entity, the day-to-day operation of the business shall be conducted under the supervision of an individual satisfactory to Franchisor.

12.6 Non-Waiver of Claims: Franchisor's consent to a transfer of any interest in the franchise granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

12.7 Transfer by Franchisor: Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may sell its assets, its Proprietary Marks, or its Systems; may sell its securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leverage buy-out, or other economic or financial restructuring.

12.8 Franchisor Consent to Intra-Franchisee Transfers: Franchisor shall consent to a transfer between and among shareholders of a corporate franchisee or partners of a partnership franchisee unless, in Franchisor's good faith judgment, as a result of the transfer Franchisee no longer meets the standards set forth in Section 12.1.2.5 of this Agreement. Franchisor reserves the right to require that each partner or individual holding a beneficial interest in the franchise sign a general release as a condition of approval of such intra-franchise transfer.

12.9 Franchisor will not consent to Franchisee entering into an agreement, or a series of interdependent agreements, through which Franchisee agrees to close or sell one or more of its stores and sell the corresponding customer accounts to a competitor in exchange for the competitor's agreement to close or sell one or more of its stores and sell the corresponding customer accounts to Franchisee.

13. DEFAULT AND TERMINATION

13.1 Termination Upon Bankruptcy or Insolvency: Franchisee shall be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and consented to by Franchisee; if Franchisee is adjudicated a bankrupt; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); if execution is levied against Franchisee's Store or property; if an action to foreclose any lien or mortgage against the premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of Franchisee's Store is sold after levy thereupon by any sheriff, marshal, or constable.

13.2 Termination with Notice and Without Right to Cure: Upon the occurrence of any of the following events, Franchisee shall be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee:

13.2.1 If Franchisee ceases to operate or otherwise abandons the business franchised hereunder for a period of four (4) consecutive days, or otherwise forfeits the right to do or transact business in the jurisdiction where the Store is located; provided, however, that if through no fault of Franchisee, the premises are damaged or destroyed, then Franchisee shall have thirty (30) days within which to apply for Franchisor's approval to relocate or reconstruct the premises, which approval shall not be unreasonably withheld.

13.2.2 If Franchisee or any officer, director, or partner of Franchisee is convicted of a felony or a crime involving moral turpitude, or commits any other crime or offense, or engages in any unethical business conduct which, in the sole opinion of

Franchisor, is reasonably likely to adversely affect the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein.

13.2.3 If Franchisee or any partner or shareholder of Franchisee purports to transfer any rights or obligations under this Agreement or any interest in Franchisee or in the assets of the Stores to any third party without Franchisor's prior written consent, contrary to the terms of Section 12 of this Agreement or fails to reimburse Franchisor for any amount rendered on behalf of the Franchisee to any such third party within five (5) business days of demand by Franchisor for payment.

13.2.4 If Franchisee fails to comply with the in-term covenants in Section 15.2 hereof or fails to deliver to Franchisor executed covenants required under Section 15.7 hereof.

13.2.5 If Franchisee or any principal discloses or divulges the contents of the Manuals or other trade secret, or confidential information provided Franchisee by Franchisor contrary to Sections 7 and 8 hereof.

13.2.6 If an approved transfer is not effected within a reasonable time following Franchisee's death or mental incompetency as required by Section 12.5 hereof.

13.2.7 If Franchisee fails to commence operation of the Store as required in Section 5.2 hereof.

13.2.8 If Franchisee commits two (2) defaults within twelve (12) months whether or not cured after notice.

13.2.9 If Franchisee made or makes any material misrepresentation to Franchisor in any information or report provided prior to or during the term of this Agreement.

13.2.10 If any other Franchise Agreement or any other agreement between Franchisee and Franchisor or its affiliates is terminated due to a breach or default by Franchisee.

13.2.11 If Franchisee fails to obtain or maintain required insurance coverage.

13.2.12 If Franchisee and/or Franchisee's Manager fails to successfully complete the initial training program required by Section 4.3 herein.

13.2.13 If Franchisee defaults under any agreement with a third party related to the Rental Store, including, but not limited to, any loan agreement, promissory note or similar financing agreement.

13.2.14 If Franchisee defaults on any payment due pursuant to this Agreement, whether owed to Franchisor and/or Franchisor's approved vendors, and Franchisee fails to cure this default upon fifteen (15) days' notice.

13.2.15 If Franchisee fails to comply with Franchisor's then current customer information security program or engages in any practice or use by Franchisee that results in the invasion of a customers' privacy as required by Section 5.15 herein.

13.3 Termination with Notice and Opportunity to Cure: Except as provided in Sections 13.1 and 13.2 of this Agreement, Franchisee shall have thirty (30) days after its receipt from Franchisor of a written notice of termination within which to remedy any default hereunder and provide evidence thereof to Franchisor. If any such default is not cured within that time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the 30-day period or such longer period as applicable law may require. Franchisee shall be in default hereunder for any failure substantially to comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Manuals, or to carry out the terms of this Agreement in good faith.

13.4 Extension of Cure Period by Operation of Law: Notwithstanding the termination provisions set forth above, in the event that any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights of termination hereunder or shall require longer notice or cure periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice or cure periods or restrictions upon termination required by such laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability, or application of such laws or regulations in any action, proceeding, hearing, or dispute relating to this Agreement or the termination thereof.

14. OBLIGATIONS UPON TERMINATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall terminate, and:

14.1 Cessation of Store Operations: Franchisee shall immediately cease to operate the Store, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

14.2 Cessation of Use of Confidential Information and Proprietary Marks: Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System, the Proprietary Marks, and all other proprietary marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms, and any other articles which display the Proprietary Marks associated with the System.

14.3 Cancellation of Assumed Name Registration: Franchisee shall take such action as may be necessary to cancel or assign to Franchisor or Franchisor's designee any assumed name or equivalent registration which contains the name "COLORTYME" or any other Proprietary Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement. If Franchisee fails or refuses to do so, Franchisor may, in Franchisee's name, on Franchisee's behalf, and at Franchisee's expense, execute any and all necessary documents, and Franchisor is hereby irrevocably appointed by Franchisee as Franchisee's attorney-in-fact to effectuate the foregoing obligation.

14.4 Assignment of Lease: Franchisee shall, at Franchisor's request, immediately assign to Franchisor effective on the date specified by Franchisor, any interest which Franchisee has in any lease for the Store premises and thereafter vacate the premises, rendering all necessary assistance to Franchisor to enable it to take prompt possession thereof. If Franchisor does not request an assignment, Franchisee shall make such modifications or alterations to the premises (including, at Franchisor's option, the assignment of the Store's telephone number(s) to Franchisor) immediately upon termination or expiration hereof as may be necessary to distinguish the appearance of such premises from that of other Stores, and shall

make such specific additional changes thereto as Franchisor may reasonably request for that purpose.

14.5 Modification of Store to Avoid Public Confusion: Franchisee agrees, if it ceases to operate a ColorTyme Store or continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit copy, or colorable imitation of the Proprietary Marks either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception or which is likely to dilute Franchisor's exclusive rights in and to the Proprietary Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition. Franchisee shall make such modifications or alterations to the premises operated hereunder immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business thereon subsequently operated by Franchisee or others, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 14, Franchisor shall have the right to enter upon the premises where Franchisee's Store was conducted to make or cause to be made such changes as may be required at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

14.6 Franchisee Payment of Debts: Franchisee shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the Store premises at the time of default. Franchisee shall also pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of this Section 14.

14.7 Franchisee Return of Manuals and Other Materials: Franchisee shall immediately turn over to Franchisor all manuals, including the Manuals, instructions, brochures, agreements (other than

existing rental contracts), disclosure statements, advertising materials, and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Store (all of which are acknowledged to be Franchisor's property).

14.8 Franchisor Right to Purchase Franchisee Assets: Franchisee shall return to Franchisor all signs and other items loaned by Franchisor to Franchisee. Franchisor or its designee shall have the right (but not the obligation), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration of this Agreement, to acquire all customer accounts and/or other accounts receivable associated with any products, supplies and inventory associated with the Store, as well as the inventory which is subject to such accounts, at a price equal to five (5) times the average monthly "Adjusted Revenue" applicable to such accounts/accounts receivable and received in the prior three (3) completed months as evidenced by reports generated from Franchisee's point-of-sale system. "Adjusted Revenue" shall mean gross revenue less revenue received from cash sales, the exercise of early purchase options, miscellaneous non-recurring revenue, and sales tax collected during the period. If Franchisor or its designee elect to exercise any option to purchase herein provided, closing shall take place within 45 days after the Franchisor's notice of intent to purchase has been furnished to Franchisee. Franchisor shall have the right to set off all amounts due from Franchisee under this Agreement against any payment thereof.

14.9 Franchisor Right to Service Customer Accounts: Immediately upon termination of this Agreement, Franchisor, or its designee, shall have the right to access and service all customer accounts associated with the Store. Franchisee shall take any and all steps Franchisor deems necessary to provide Franchisor with immediate and complete access to customer accounts, including but not limited to providing Franchisor or its designated representatives with access to Franchisee's computer system(s), book and records.

14.10 Franchisee Compliance with Covenants: Franchisee shall strictly comply with the covenants contained in Section 15 of this Agreement.

14.11 General Release. Franchisee shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its officers, directors, shareholders and employees.

15. COVENANTS

15.1 Franchisee to Devote Full Time and Best Efforts to Store: Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (if Franchisee is an individual), a shareholder (if Franchisee is a corporation) approved by Franchisor, a general partner of Franchisee (if Franchisee is a partnership) approved by Franchisor, or a member (if Franchisee is a Limited Liability Franchisor) approved by Franchisor shall devote full time, energy, and best efforts to the management and operation of the Store.

15.2 Non-Competition During Term of Agreement: Franchisee acknowledges that it shall receive valuable specialized training in, and/or access to, confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, Franchisee shall not, either directly or indirectly, for himself, or through, on behalf of, or in conjunction with any person, persons, partnership, or legal entity:

15.2.1 Divert or attempt to divert any business or customer of the Store to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System.

15.2.2 Own, maintain, engage in, or have any interest in any business which is the same or similar to that franchised hereunder which is located within the greater of: (a) the Approved Location; (b) the Designated Market Area ("**DMA**") as defined by Nielson in which the Store is conducted; or (c) the DMA in which any other franchised or Franchisor-owned Store is located.

15.3 Franchisor Non-Competition After Expiration or Termination of Agreement: For a period of 2 years after the expiration, nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither you nor your owners, officers, directors, principals, Manager, nor any member of your immediate family or the immediate family of your owners, officers, directors, principals, and Manager who work at the business may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

15.3.1 Enter into any business competing in whole or in part with the Franchisor by granting franchises or licenses for businesses which are the same or similar to the Store;

15.3.2 Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business or entity which operates or licenses others to operate a business which is the same or similar to the Store: (i) at the Approved Location; (ii) within the DMA in which the Store was located; or (iii) within a 5-mile radius of (a) the DMA being granted hereunder, (b) the DMA of any Franchisor-owned Store, or (c) any other DMA licensed by the Franchisor as of the date of expiration or termination of this Agreement;

15.3.3 Solicit the Store's customers or contact any of the Franchisor's suppliers or vendors for any competitive business purpose; or

15.4 Covenants Not Applicable in Limited Circumstances: Subsections 15.2 and 15.3 of this Section 15 shall not apply to any operation by Franchisee of any Other Franchise granted by Franchisor to Franchisee or to any ownership by Franchisee of securities in Franchisor or less than ten percent 10% beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

15.5 Construction of Covenants: The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 15 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an appealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 15.

15.6 Franchisor Right to Reduce Scope of Covenants: Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Section 15 of this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply with any covenant as so modified, which

shall be fully enforceable notwithstanding the provisions of Section 21 hereof.

15.7 Covenants from Individuals: Upon execution of this Agreement and thereafter upon a transfer in accordance with Section 12 of this Agreement and otherwise at Franchisor's request, Franchisee shall obtain execution of covenants similar to those set forth in this Section 15 (including covenants applicable upon the termination of a person's relationship with Franchisee) on the form of Covenant Not to Compete attached hereto as *Attachment B* from any or all of the following persons: (a) all officers, directors, members, and holders of a beneficial interest of ten percent (10%) or more of the securities of Franchisee and of any company directly or indirectly controlling Franchisee if Franchisee is a corporation or Limited Liability Franchisor; and/or (b) the general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of ten percent (10%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner) if Franchisee is a partnership.

15.8 Franchisor's Remedies for Violation of Covenants: Franchisee acknowledges that Franchisee's violation of the terms of this Section 15 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining any injunctive or other equitable or legal relief with respect to such conduct or action.

16. CORPORATE OR PARTNERSHIP FRANCHISEE

16.1 Corporate Franchisee: Except as otherwise approved in writing by Franchisor, if Franchisee is a corporation, it shall: (a) confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Store; (b) maintain stop transfer instructions on its records (unless Franchisee is publicly held) against the transfer of any equity securities and shall only issue securities upon the face of which a legend, in a form satisfactory to Franchisor, appears which references the transfer restrictions imposed by this agreement; (c) not issue any voting securities or securities convertible into voting securities; and (d) maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Franchisee and furnish the list to Franchisor upon request.

16.2 Partnership Franchisee: If Franchisee is a partnership, it shall: (a) furnish Franchisor with its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto; and (b) furnish to Franchisor, upon request, a current list of all general and limited partners in Franchisee.

16.3 Limited Liability Franchisor Franchisee: If Franchisee is a limited liability company, it shall: (a) furnish Franchisor with its articles of organization and operating agreement, as well as such other documents as Franchisor may reasonably request, and any amendments thereto; (b) furnish to Franchisor, upon request, a current list of all members and managers in Franchisee; and (c) maintain stop transfer instructions on its records against the transfer of any equity securities and shall only issue securities which bear a legend, in a form satisfactory to Franchisor, which references the transfer restrictions by this Agreement.

16.4 Franchisee Shareholders and Members to Execute Personal Guarantees: Unless Franchisee is a company with securities registered under the Securities Exchange Act of 1934, each present and future shareholder and member of Franchisee shall jointly and severally guarantee Franchisee's performance of each and every provision of this Agreement, by executing a Guarantee in the form annexed hereto as *Attachment A*.

17. TAXES

17.1 Payment of Taxes: Franchisee shall promptly pay to Franchisor an amount equal to all taxes levied or assessed, including, but not limited to, unemployment taxes, sale taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, taxes on royalties, any similar taxes or levies, imposed upon or required to be collected or paid by Franchisor by reason of the furnishing of products, intangible property (including trademarks and trade names) or services by Franchisor to Franchisee through the sale, license or lease of property or property rights provided by this Agreement.

17.2 Challenging Tax Assessment: In the event of any *bona fide* dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law.

18. INDEPENDENT CONTRACTOR AND INDEMNIFICATION; DISCLAIMER

18.1 No Fiduciary Relationship: It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, and that nothing in the Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever.

18.2 Public Notice of Independent Status: Franchisee shall conspicuously identify itself in connection with the use of the Proprietary Marks the operation of the Store, and in all dealings with its customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place a notice to such effect in its Store and on all forms, business cards, stationery, advertising, signs, and other materials, and in such fashion, as Franchisor may specify from time to time in the Manuals or otherwise in writing.

18.3 Independent Contractor: Franchisee acknowledges and agrees that it is not authorized to make any contract, agreement, warranty, or representation on Franchisor's behalf, or incur any debt or other obligation in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Store, or any claim or judgment arising therefrom against Franchisor. At no time shall Franchisor have any responsibility over the management, direction, and/or guidance of a person employed or a third-party contracted by Franchisee. Franchisor is not responsible for any individual or entity employed by Franchisee. See Manuals for more information.

18.4 Indemnification: Franchisee shall indemnify and hold harmless to the fullest extent permitted by law, Franchisor, its affiliates and their respective directors, employees, shareholders, and agents (collectively, the "**Indemnities**") from all losses and expenses (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as result of, or in connection with Franchisee's operation of the Store or Franchisee's purchase, use and/or

sale of furnishings, fixtures, equipment and/or inventory for the Stores (whether through arrangements established by Franchisor or otherwise) or from joint employer claims (each and collectively an “Event”), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnities, provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of the Indemnities (except to the extent that joint liability is involved in which event the indemnification provided herein shall extend to any finding of comparative negligence or contributory negligence attributable to Franchisee). For the purpose of the Section 18.4, the term “**losses and expenses**” shall be deemed to include compensatory, exemplary or punitive damages; fines; and penalties; attorneys’ fees; experts fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Franchisor’s reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. Franchisee shall give Franchisor prompt notice of any event for which indemnification is required, and, at the expense and risk of Franchisee, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor will seek the advice and counsel of Franchisee. Any assumption of Franchisor shall not modify Franchisee’s indemnification obligation. Franchisor may, in its sole judgment, take such actions as it deems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in Franchisor’s sole judgment, necessary for the protection on the indemnities or the System.

18.5 Warranty Disclaimer. The only warranties applicable to any products or services sold in Stores, regardless of whether Franchisor provides any assistance or makes any purchasing, financing or other arrangement for Franchisee, are those warranties issued by the applicable manufacturer to Franchisee or consumers. Franchisor makes no warranty or promise and has no obligation with respect to any product or services. Franchisor disclaims any and all warranties, promises or obligations that any product or service will be merchantable, fit for any purpose or any particular purpose, or suitable to any use, regardless of whether such use or purpose is known or made known to Franchisor. There are no warranties to Franchisee outside of this Agreement, and all products and services, to the extent arranged for or provided by Franchisor, are arranged for, provided and/or sold on

an “as-is” basis. Franchisor hereby disclaims all warranties, promises or obligations, express, implied or statutory, including any warranties, promises or obligations arising from a course of dealing or usage of trade.

18.6 Limitation of Liability. Neither party shall be liable to the other for exemplary, special, incidental, consequential or punitive damages, which arise directly or indirectly out of the obligations of the parties established by this agreement whether such damages are based upon contract, tort, intentional conduct, equity or pursuant to some other theory, including, without limitation, breach of warranty, negligence or strict liability, whether the possibility of such damages was made known to or was foreseeable by the parties and whether such damages are asserted by the parties hereto or some other party. The parties further acknowledge and agree that each party’s maximum aggregate liability to the other party under any legal theory (including its own negligence) for damages arising directly or indirectly out of the purchase, sale and/or use of the products and/or services to be provided by supplier pursuant to this agreement will not in any event exceed the actual damages suffered. Accordingly, each party agrees to assume the responsibility for insuring against or otherwise bearing the risk of greater damages. Any action, claim or proceeding relating to this agreement or the transactions contemplated by this agreement, must be brought within twelve (12) months following the action or event giving rise to such action, claim or proceeding.

19. APPROVALS AND WAIVERS

19.1 Franchisor’s Approval: Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent shall be obtained in writing, and shall not be unreasonably withheld by Franchisor.

19.2 No Warranties: Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

19.3 No Waiver: No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee, or by any other franchisee, of any of the terms, provisions, or covenants thereof, and no custom or practice by the parties at variance

with the terms hereof, shall constitute a waiver by Franchisor to enforce any such right, opinion, or power as against Franchisee or as to a subsequent breach or default by Franchisee. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

20. NOTICES

20.1 Notices: Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by facsimile, mailed by certified mail, return receipt requested, or dispatched by overnight delivery envelope, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party.

Notice to Franchisor:
Rent-A-Center Franchising International, Inc.
5501 Headquarters Drive
Plano, Texas 75024
Email: franchise@racfranchising.com

Notice to Franchisee:

Email: _____

Notices shall be deemed to have been received as follows: by personal delivery or facsimile at the time of delivery; by overnight delivery service on the next business day following the date on which the Notice was given to the overnight delivery service; and certified mail three (3) days after the date of mailing.

21. ENTIRE AGREEMENT

21.1 Entire Agreement: This Agreement, any attachments hereto, and any ancillary agreements between Franchisee and Franchisor or affiliate of Franchisor, executed contemporaneously with this Agreement, constitute the entire and complete Agreement between Franchisor and/or its affiliate and Franchisee concerning the subject matter thereof, and supersede all prior agreements, provided that nothing contained in this Agreement shall be deemed a waiver of Franchisee's reliance on any representations made by Franchisor in the Disclosure Document provided to Franchisee pursuant to the Federal Trade Commission Franchise Rule, 16 C.F.R. Part 436. Franchisee acknowledges that it is

entering into this Agreement, and any ancillary agreement executed contemporaneously herewith, as a result of its own independent investigation of the business franchised hereby and not as a result of any representations made by Franchisor or persons associated with Franchisor, or other franchisees, which are contrary to the terms herein set forth or which are contrary to the terms of any disclosure document, or other similar document required or permitted to be given to Franchisee pursuant to applicable law. Except for those permitted hereunder to be made unilaterally by Franchisor, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

21.2 State Addenda: The laws of certain states may supersede some of the provisions of this Agreement, and certain states require Franchisor to supplement or modify the provisions of this Agreement. If applicable, these supplements and modifications are contained in the State Addenda attached hereto. When Franchisee signs this Agreement, Franchisee will also properly execute the addenda if appropriate. If multiple state addenda are made part of this Agreement, these state addenda will be construed and applied as narrowly as possible, consistent with applicable state law, in order to avoid potential conflicts between them.

22. SEVERABILITY AND CONSTRUCTION

22.1 Severability: Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined by a court or agency having valid jurisdiction to be invalid and contrary to, or in conflict with, any applicable law or regulation, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

22.2 Agreement Does Not Confer Rights In Others: Anything to the contrary herein notwithstanding, nothing in the Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated by Section 12

hereof, any rights or remedies under or by reason of this Agreement.

22.3 Survival of Modified Covenants: Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

22.4 Captions: All captions in the Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provisions hereof.

22.5 References: All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, where applicable, and all acknowledgments, promises, covenants, agreements, and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all the parties hereto on behalf of Franchisee.

22.6 Survival of Obligations After Expiration of Termination of Agreement: Any provision or covenant of this Agreement by its terms or by reasonable implication are to be performed in whole or in part, after the expiration or termination of this Agreement shall survive such expiration or termination.

23. APPLICABLE LAW

23.1 Choice of Law: This Agreement takes effect upon its acceptance and execution by Franchisor in Texas, and shall be interpreted and construed under the laws thereof, which laws shall prevail in the event of any conflict of law; provided, however, that if any of the provisions of this Agreement would not be enforceable under the laws of Texas, then such provisions shall be interpreted and construed under the laws of the state in which the Store is located. Nothing in this Section 23.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Texas to which it would not otherwise be subject.

23.2 Venue: Any action brought by Franchisee against Franchisor in any court, whether federal or state, shall be brought, and any action brought by

Franchisor against Franchisee may be brought, within the judicial district in which Franchisor has its principal place of business. The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

23.3 Nonexclusivity of Remedy: No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

23.4 Limitation of Adjudicative Proceedings: **COMPANY AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.** Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of its business, brought by any party hereto against the other, shall be commenced within two years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred. Franchisor and Franchisee hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.

23.5 Arbitration: Franchisor and Franchisee agree to negotiate in good faith regarding any claim, controversy, or dispute arising out of or relating to this Agreement (and attachments), including any amendments thereto, or the relationship of the parties, prior to bringing such claim, controversy, or dispute in a court or before any other tribunal, including but not limited to arbitration. Failure or refusal by one party to conduct such negotiations shall immediately enable the other party to bring the claim, controversy, or dispute before a court or tribunal in the manner set forth herein. Such negotiation shall be between senior officers of Franchisor and Franchisee. Franchisor and Franchisee agree that any claim, controversy, or dispute arising out of or relating to this Agreement (and any amendments thereto) or the relationship between the parties including, but not limited to, any claim concerning the entry into, the performance under, or the termination of this Agreement or any

other agreement between Franchisor and Franchisee, or its affiliates, that cannot be amicably settled among the parties shall, except as specifically set forth herein and in Section 23.7, be referred to arbitration. The arbitration shall take place in the city in which Franchisor has its principal place of business and shall be administered by the American Arbitration Association in accordance with the American Arbitration Association's Commercial Arbitration Rules, as amended. If such rules are in any way contrary to or in conflict with this Agreement, the terms of this Agreement shall control. Only claims, controversies, or disputes involving Franchisee, or its affiliates may be brought hereunder. No claim for or on behalf of any other Franchisee, or class, representative or association thereof, may be brought by Franchisee or its affiliates. The parties agree that any actions related to a dispute shall be conducted on an individual basis, and not as part of a common, consolidated or class action.

Arbitration shall be conducted before a single arbitrator. If the parties are unable to agree to a single arbitrator within thirty (30) days of the demand for arbitration, the arbitrator shall be selected in accordance with the Commercial Arbitration Rules of the American Arbitration Association. A demand for arbitration will not operate to stay, postpone or rescind the effectiveness of any termination of this Agreement. The arbitration will take place at Franchisor's corporate offices or at another mutually agreed location. Depositions shall be limited to a maximum of three per party. Additional depositions may be scheduled only with the permission of the arbitrator, and only for good cause shown. Except with permission of the arbitrator with good cause shown, each deposition shall be limited to a maximum of seven hours' duration, to take place over a single day. All objections are reserved for the arbitration hearing except for objections based upon any applicable privilege, the work product doctrine, and proprietary or confidential information. In all cases, discovery will be conducted and concluded not less than one-hundred and eighty (180) days after the selection of the arbitrator. The final arbitration hearing will begin no later than sixty (60) days after discovery concludes, and will itself conclude not later than thirty (30) days thereafter. The arbitrator will render a decision within ten (10) days after the conclusion of the final arbitration hearing and will issue a written, reasoned opinion explaining the decision within thirty (30) days after the conclusion of the final arbitration hearing. The parties will use due diligence to meet the foregoing time schedule, and the arbitrator will have the right to impose appropriate sanctions against any party who fails to comply with the agreed-upon time

schedule. The arbitrator will use his or her best efforts to comply with the foregoing time schedule, but may unilaterally modify it, if in his or her opinion such modification is necessary for a fair and proper resolution of the dispute. The parties may modify the agreed-upon time schedule by written agreement. The arbitrator will have authority to assess damages sustained by reason of any breach or wrongful termination of this Agreement, but will have no authority to amend or modify the terms of this Agreement. The parties each will bear all of their own costs of arbitration; provided that the arbitration award shall provide that the substantially prevailing party shall recover from the other party its actual costs and expenses (including attorneys' and arbitrator's fees and expenses) incurred in connection with the arbitration. The award of the arbitrator shall be final. Judgment upon the award rendered may be entered and enforced in any court having jurisdiction thereof. After the arbitrator has been selected, the arbitrator will hold a preliminary hearing within thirty (30) days thereafter.

23.6 Right to Injunctive Relief: Notwithstanding the above, if Franchisor shall desire to seek specific performance or other extraordinary relief include, but not limited to, injunctive relief under this Agreement, and any amendments thereto, then any such action shall not be subject to arbitration.

23.7 Cost of Enforcement or Defense: In addition to any provision for the payment of attorneys' fees and other costs and expenses to Franchisor hereunder in connection with the enforcement of this Agreement, in the event Franchisor is required to employ legal counsel or to incur other expenses to enforce any obligation of Franchisee hereunder (or any of Franchisee's guarantors, if applicable), or to defend against any claim, demand, action, or proceeding by reason of the Franchisee's failure to perform any obligation imposed on Franchisee by this Agreement, then Franchisor shall be entitled to recover from Franchisee the amount of all reasonable attorney's fees of such counsel as it shall employ and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding.

23.8 Integration of Dispute Resolution Provisions into other Development Agreements and Franchise Agreements: Notwithstanding anything to the contrary in any other Development Agreement or Franchise Agreement that Franchisee has previously executed with Franchisor, to the fullest extent permitted by law, Franchisee acknowledges and agrees that the dispute resolution provisions of this

Section 23 of this Agreement will control over the dispute resolution provisions of any other earlier Development Agreement or Franchise Agreement executed between the parties in the event of a conflict between the dispute resolution provisions of such earlier agreements and this Agreement to the extent the underlying dispute between the parties encompasses issues arising multiple Rental Stores and multiple Development Agreements and/or Franchise Agreements between Franchisor and Franchisee.

24. ACKNOWLEDGMENTS

24.1 Recognition of Business Risks: Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee as an independent businessperson.

24.2 Receipt of Franchise Offering Materials: Franchisee acknowledges that it received a completed copy of this Agreement, the Attachments hereto, if any, and agreements relating thereto, if any, at least seven (7) calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission, entitled "Disclosure Requirements and Prohibitions Concerning Franchising," and a copy of the agreements and attachments referenced therein at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

24.3 Review of Franchise Offering Materials: Franchisee acknowledges that it has received, read and understood this Agreement, the Attachments hereto, if any; and that Franchisor has fully and adequately explained the provisions of each to Franchisee's satisfaction; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first above written.

FRANCHISEE:

By: _____
Name:
Title:

FRANCHISOR:

Rent-A-Center Franchising International, Inc.,
a Texas corporation

By: _____
Name: G. Michael Landry
Title: Vice President - Franchising

COLORTYME FRANCHISE AGREEMENT**GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGEMENT
TO RENT-A-CENTER FRANCHISING INTERNATIONAL, INC.**

As an inducement to Rent-A-Center Franchising International, Inc. ("Franchisor") to execute the Franchise Agreement with _____ ("Franchisee") dated _____, 2023 and in consideration of Franchisor executing the Franchise Agreement, the receipt of which is hereby acknowledged, Guarantors jointly and severally agree as follows:

1. Guarantors shall pay or cause to be paid to Franchisor all monies payable by Franchisee under the Franchise Agreement on the date and in the manner required for payment.

2. Guarantors unconditionally guarantee full performance and discharge by Franchisee of all the obligations of Franchisee under the Franchise Agreement on the date and times and in the manner required.

3. Guarantors shall indemnify and save harmless Franchisor and its affiliates, and their respective shareholders, directors, employees, and agents, against and from all losses, damages, costs, and expenses which Franchisor and its affiliates may sustain, incur, or become liable for by reason of:

a. Franchisee's failure to pay the monies payable pursuant to the Franchise Agreement or payable to Franchisor for any amounts the Franchisor pays to any third-party supplier on behalf of Franchisee or to do and perform any other act, matter, or thing required by the Franchise Agreement; or

b. any action by Franchisor to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4. Franchisor shall not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligation of the Guarantors herein set out, and the enforcement of such obligations may take place before, after, or contemporaneously with, enforcement of any debt or obligation of Franchisee under the Franchise Agreement.

5. Without affecting the Guarantors' obligations under this Guarantee, Franchisor without notice to the Guarantors, may extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. Guarantors waive notice of amendment of the Franchise Agreement and notice of demand of payment for performance by Franchisee.

6. This Guarantee shall terminate upon the termination or expiration of the Franchise Agreement, except that all obligations and liabilities of the Guarantors which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the Franchisee or the Guarantors, and all covenants which by their terms continue in force after the expiration or termination of the Franchise Agreement shall remain in force according to their terms. Upon the death of an individual Guarantor, the estate of such Guarantor shall be bound by this Guarantee, but only for defaults and obligation hereunder existing at the time of death; and the obligations of any other Guarantors will continue in full force and effect.

7. The provisions of Section 23 of the Franchise Agreement shall apply as to any interpretation or enforcement of this Guarantee, and the provisions of Section 20 of the Franchise Agreement shall apply to any notice to either party, except that notice to Guarantors shall be provided as follows:

Guarantor

Guarantor

Street Address

Street Address

City, State Zip

City, State Zip

IN WITNESS WHEREOF, each of the undersigned had signed this Guarantee as of the date of the Franchise Agreement.
GUARANTOR(S):

Name: _____, individually

Name: _____, individually

COUNTERSIGNED:

FRANCHISEE:

By: _____
Name:
Title:

ACKNOWLEDGED:

FRANCHISOR:

Rent-A-Center Franchising International, Inc.,
a Texas corporation

By: _____
Name: G. Michael Landry
Title: Vice President – Franchising

COVENANT NOT TO COMPETE

THIS COVENANT NOT TO COMPETE (the "**Covenant**") is made effective as of the _____ day of _____, 2023 (the "**Effective Date**"), by and between Rent-A-Center Franchising International, Inc., a Texas corporation ("**Franchisor**"), _____ ("**Franchisee**") and _____ ("**Covenantor**" or "**you**").

RECITALS

A. Pursuant to the terms of the Franchise Agreement, dated of even date herewith, Franchisor hereby grants Franchisee the right to develop and operate a home entertainment and appliance rental store, offering televisions, stereos, household appliances, furniture, computers, tires and related products and services ("**ColorTyme Rental Store**") using Franchisor's unique system ("**System**") and certain trademarks, service marks, logos, emblems and indicia of origin (the "**Proprietary Marks**").

B. You are: (a) an officer, director, member or holder of a beneficial interest of 10% or more of the securities of Franchisee or of any company directly or indirectly controlling Franchisee if Franchisee is a corporation or limited liability company; or (b) the general partner or a limited partner of Franchisee if Franchisee is a partnership (including, if applicable, a corporation or an officer, director, or holder of a beneficial interest of 10% or more of the securities of a corporation that controls, directly or indirectly, any general or limited partner of Franchisee).

C. In connection with the parties' performance of the Franchise Agreement, you may receive certain proprietary and confidential information relating to the System and the development and operation of rental stores, including the use and/or knowledge of Franchisor's: (a) information systems and software programs; (b) identity of and standards for suppliers; (c) methods of performing services, pricing and presentation of services and other products; (d) methods of inventory control, storage, product handling, training and management; (e) confidential System manuals; (f) sales, marketing and advertising programs and techniques; (g) operating results and financial performance of Rent-A-Center Rental Stores; (h) employee recruiting, interviewing, orientation, training and evaluation policies and procedures; (i) trade dress and plans and specifications for ColorTyme Rental Stores; (j) information (including earnings information) regarding Franchisor's personnel and customers and those of other franchisees and licensees of Franchisor; (k) franchisee recruiting methods and procedures and selection criteria; (l) business performance measurement systems; and (m) all other information that Franchisor provides Franchisee

and designates as proprietary or confidential from time to time (the "**Confidential Information**").

D. Franchisor's Confidential Information developed and used in connection with the System provides economic advantages to Franchisor and Franchisor has taken and intends to take all steps to maintain confidentiality of the Confidential Information.

E. It will be necessary for certain partners and interest holders of Franchisee to have access to and to use some or all of the Confidential Information in the management and operation of Franchisee's Store using the System;

F. Franchisee has agreed to obtain from such of Franchisee's partners and interest holders, as listed in Recital B. herein, written Agreements protecting the System against unfair competition; and

G. You will have access to the Confidential Information; and

H. You acknowledge that receipt of and the right to use the Confidential Information constitutes independent, valuable consideration for the representations, promises and covenants made by you herein.

The parties agree as follows:

1. COVENANT NOT TO COMPETE

1.1 During the term of your ownership of Franchisee, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, partnership or legal entity:

1.1.1 Divert or attempt to divert any business or customer of the Store to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System.

1.1.2 Own, maintain, advise, operate, engage in, make loans to, or have any interest in any business which is the same or similar to a ColorTyme Rental Store which is located within the greater of: (a) the Approved Location; (b) the Designated Market Area ("**DMA**") as defined by Nielson in which the Store is conducted; or (c) the DMA in which any other franchised or company owned ColorTyme or Rent-A-Center franchised or company owned business operated by any of our affiliates is located.

1.2 You will not, without Franchisor's prior written consent, for a continuous, uninterrupted one-year period commencing upon the date of: (a) any assignment,

transfer, conveyance, pledge, encumbrance or merger of Franchisee, the Franchise Agreement or all or a substantial portion of the assets of the Store; (b) expiration of the Franchise Agreement; (c) termination of the Franchise Agreement (regardless of the cause for termination); (d) you sell your rights and interest in Franchisee; or (e) a final decision of an arbitrator or a court of competent jurisdiction (after all appeals have been taken) with respect to the enforcement of this Section 1.2; either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity;

1.2.1 Own, maintain, advise, operate, engage in, make loans to, or have any interest in or relationship or association with a business which is the same or similar to a ColorTyme Rental Store, and which is located at or within any of the following areas: (i) the Approved Location; or (ii) the DMA in which the Store was located; or (iii) the DMA in which any other ColorTyme Rental Store or Rent-A-Center franchised or company owned store operated by any of our affiliates is located.

1.2.2 Divert or attempt to divert any business or customer of the Store to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System.

2. CONSTRUCTION OF COVENANTS.

2.1 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Covenant. If all or any portion of a covenant contained in Section 1 of this Covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an appealed final decision to which Franchisor is a party, you expressly agree to be bound by any lesser covenant subsumed within the term of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Covenant.

2.2 You understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Section 1 of this Covenant, or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you will comply with any covenant as so modified, which will be fully enforceable.

2.3 Covenantor and Franchisee acknowledge that Franchisee does not have the right to waive or modify any covenant contained in this Covenant, and that Franchisor shall have the sole right, in its sole discretion, to waive or modify the provisions contained in this Covenant and the independent right to enforce this Covenant.

3. INJUNCTIVE RELIEF; ATTORNEY'S FEES.

3.1 Nothing herein contained shall bar Franchisor's right to obtain injunctive relief, without first submitting the dispute to arbitration, from any court having jurisdiction against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

3.2 You acknowledge that your violation of the terms of this Agreement would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and you agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining any injunctive or other equitable or legal relief with respect to such conduct or action.

4. APPLICABLE LAW AND VENUE.

4.1 This Covenant takes effect upon its acceptance and execution by Franchisor in Texas, and shall be interpreted and construed under the laws thereof, which laws shall prevail in the event of any conflict of laws; provided, however, that if any of the provisions of this Covenant would not be enforceable under the laws of Texas, then such provisions shall be interpreted and construed under the laws of the state in which the Store is located.

4.2 Any action brought by Covenantor against Franchisor in any court, whether federal or state, shall be brought, and any action brought by Franchisor against Covenantor may be brought, within the judicial district in which Franchisor has its principal place of business. The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

5. JURY TRIAL WAIVER.

5.1 FRANCHISOR, FRANCHISEE AND COVENANTOR IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

Franchisor's Initials

Franchisee's Initials

Covenantor's Initials

6. NOTICES.

6.1 Any and all notices required or permitted under this Covenant shall be in writing and shall be personally delivered, sent by facsimile, mailed by certified mail, return receipt requested, or dispatched by overnight delivery envelope, to the respective parties at the

following addresses unless and until a different address has been designated by written notice to the other party.

Notice to Franchisor:

Rent-A-Center Franchising International, Inc.
5501 Headquarters Drive
Plano, Texas 75024
Email: franchise@racfranchising.com

Notice to Franchisee:

Email: _____

Notice to Covenantor:

Email: _____

Notices shall be deemed to have been received as follows: by personal delivery or facsimile at the time of delivery; by overnight delivery service on the next business day following the date on which the Notice was given to the overnight delivery service; and certified mail three (3) days after the date of mailing.

7. ASSIGNMENT.

7.1 The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and will inure to the benefit of its respective affiliates, successors and assigns. Your obligations hereunder may not be assigned by you or by Franchisee, without the prior written consent of Franchisor. Any assignment or attempted assignment lacking Franchisor's prior written consent will be ineffective against Franchisor.

8. NO WAIVER.

8.1 Any failure by Franchisor to object or take action with respect to any breach of any provision of this Agreement by you will not operate or be construed as a waiver of or consent to that breach or any subsequent breach by you.

9. ENTIRE AGREEMENT.

9.1 This Covenant constitutes the entire agreement between Franchisor and Covenantor concerning the subject matter hereof. This Covenant may be modified only by a duly authorized writing executed by all parties.

10. COUNTERPARTS.

10.1 This Covenant may be executed in multiple counterparts and electronic copies shall be deemed original copies of this Agreement.

IN WITNESS WHEREOF, the undersigned have entered into this Covenant as witness by their signatures below:

FRANCHISEE:

By: _____
Name: _____
Title: _____

COVENANTOR:

Name: _____, individually

FRANCHISOR:

Rent-A-Center Franchising International, Inc.,
a Texas corporation

By: _____
Name: G. Michael Landry
Title: Vice President – Franchising

[APPLICABLE ONLY TO SBA LOANS]

**ADDENDUM RELATING TO RENT-A-CENTER FRANCHISING INTERNATIONAL, INC.
FRANCHISE AGREEMENT**

THIS ADDENDUM (Addendum) is made and entered into on _____, 20____, by RENT-A-CENTER FRANCHISING INTERNATIONAL, INC., located at 5501 Headquarters Drive, Plano, Texas (Franchisor), and _____, located at _____ (Franchisee).

Recitals. Franchisor and Franchisee entered into a Franchise (or License) Agreement on _____, 20____, (Franchise Agreement). The Franchisee agreed among other things to operate and maintain a franchise located at _____ designated by Franchisor as Unit #_____ (Unit). Franchisee has obtained from a lender a loan (Loan) in which funding is provided with the assistance of the United States Small Business Administration (SBA). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.
- The following is added to the end of Section 12.4 of the Franchise Agreement:
However, the Franchisor may not exercise a right of first refusal:
 - (a) If a proposed Transfer is between or among individuals (including members of their immediate families and their respective spouses) who, at the time of the proposed Transfer, have an ownership interest in the Franchisee or the Franchise, and who have guaranteed the Franchisee's obligations under a then outstanding indebtedness which is guaranteed by the United States Small Business Administration ("SBA") (Owner/Guarantors); or
 - (b) If a proposed Transfer involves a Person other than an Owner/Guarantor and the proposed Transfer involves a noncontrolling ownership interest in the Franchisee or the Franchise, unless such noncontrolling interest: (1) represents less than a 20% ownership interest in the Franchisee or in the Franchise, or (2) the Franchisor (in combination with the Franchisee) qualifies as a small business and the exercise of the right does not affect the eligibility of the borrower to qualify for the SBA loan guarantee program.

The Franchisor's right to approve or to disapprove a proposed Transfer or transferee, or to exercise its right of first refusal with respect to a Transfer of a controlling interest in Franchisee or the Franchise, shall not be affected by any of the foregoing provisions. If the Franchisor does not qualify as a small business under SBA regulations, the parties acknowledge and understand that the Franchisor's exercise of its right of first refusal may result in an SBA guaranteed loan becoming immediately due and payable.

- This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

SIGNATURES APPEAR ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

FRANCHISEE:

FRANCHISOR:

Rent-A-Center Franchising International, Inc.,
a Texas corporation

By: _____
Name:
Title:

By: _____
Name: G. Michael Landry
Title: Vice President – Franchising

COLORTYPE FRANCHISE AGREEMENT

State Amendments

Following this page are amendments to the Agreement for the following states:

1. California
2. Illinois
3. Maryland
4. New York
5. North Dakota
6. Rhode Island
7. Washington

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

CALIFORNIA

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

1. Any condition, stipulation or provision in the Agreement which would result in Franchisee's waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such contractual provision violates such act.

2. To the extent that Section 23 of the Agreement would otherwise violate California law, such section is amended by providing that all litigation by or between Franchisee and Franchisor, involving a Rental Store in the State of California, which arises directly or indirectly from the Agreement shall be commenced and maintained in the state courts of California or the United States District Court for California, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

The Franchise Agreement and Area Development Agreement are amended to state the following: "No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

ILLINOIS

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Illinois:

1. Illinois law governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However,

a franchise agreement may provide for arbitration to take place outside of Illinois.

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

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

The Franchise Agreement and Area Development Agreement are amended to state the following: "No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

MARYLAND

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Maryland:

1. Sections 2.2.7 and 12.1.2.4 (requiring a transferor to execute a general release of any and all claims) are hereby amended by the addition of the following statement: "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."

2. Any provision in the Agreement which operates to waive Franchisee's right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland is void to the extent that such provision violates such law. Subject to Section 14.6, claims arising under the Maryland Franchise Registration and Disclosure Law may be brought in any court of competent jurisdiction in Maryland.

3. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release,

estoppel or waiver of liability as a condition of purchasing a franchise. This Agreement requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law. 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 resulting from the offer or sale of the franchise.

4. All representations in the Franchise Agreement requiring a Franchisee to assent to a release, estoppel or waiver of liability are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. Section 24 of the Agreement is deleted in its entirety.

6. Section 23.5 of the Agreement is amended by the addition of the following sentence before the last sentence of that section: "Notwithstanding the previous sentence, any and all claims and actions arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within 3 years from the grant of the franchise, or such claim or action shall be barred."

7. The Franchise Agreement is amended to state that based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, the Development Agreement is amended to state that all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

The Franchise Agreement and Area Development Agreement are amended to state the following: "No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision

supersedes any other term of any document executed in connection with the franchise."

NEW YORK

Notwithstanding anything to the contrary set forth in the Agreement, the following provision shall supersede and apply to all franchises offered and sold in the State of New York:

1. No release language set forth in the Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of New York.

2. Section 7.4 is amended by the addition of the following language at the end of that section:

"Revisions to the Manuals shall not unreasonably affect Franchisee's obligations, including economic requirements, under this Agreement."

3. Section 12.7 is amended by the addition of the following sentence immediately after the first sentence of that section:

"However, no such assignment will be made by Franchisor except to an assignee who, in Franchisor's good faith judgment, is willing and able to assume Franchisor's obligations under this Agreement (to the extent assigned)."

The Franchise Agreement and Area Development Agreement are amended to state the following: "No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

NORTH DAKOTA

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Covenants not to compete upon termination or expiration of the Agreement are subject to Section 9-

08-06, N.D.C.C., and may be generally unenforceable in the State of North Dakota.

2. To the extent that Section 23 of the Agreement would otherwise violate North Dakota law, such section is amended by providing that all litigation by or between Franchisor and Franchisee, involving a franchised business operating in the State of North Dakota, shall be commenced and maintained, at Franchisor's election, in the state courts of North Dakota or the United States District Court for North Dakota, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

3. North Dakota law applies to this transaction and supersedes any conflicting provisions of the Agreement or Texas law.

The Franchise Agreement and Area Development Agreement are amended to state the following: "No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

RHODE ISLAND

Notwithstanding anything to the contrary set forth in the Agreement, the following provision shall supersede and apply to all franchises offered and sold in the State of Rhode Island:

1. To the extent that Section 23 of the Agreement would otherwise violate Rhode Island law, such section is amended by providing that all litigation by or between Franchisee and Franchisor, involving a Rental Store operating in the State of Rhode Island, shall be commenced and maintained, at Franchisor's election, in the state courts of Rhode Island or the United States District Court for Rhode Island, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements.

The Franchise Agreement and Area Development Agreement are amended to state the following: "No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any

claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

WASHINGTON

Notwithstanding anything to the contrary set forth in the Agreement, the following provisions shall supersede and apply to all franchises offered and sold in the State of Washington.

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an

employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The Franchise Agreement and Area Development Agreement are amended to state the following: "No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise."

The undersigned does hereby acknowledge receipt of this addendum.

ATTEST:

FRANCHISEE:

By: _____
Name:
Title:

ATTEST:

FRANCHISOR:

Rent-A-Center Franchising International, Inc.,
a Texas corporation

By: _____
Name: G. Michael Landry
Title: Vice President – Franchising

EXHIBIT E

STATE ADMINISTRATORS

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration and oversight of franchises in that state:

CALIFORNIA

Department of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, California 95834
(916) 445-7205 or Toll Free (866) 275-2677

HAWAII

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

ILLINOIS

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

INDIANA

Indiana Secretary of State
Franchise Section
302 West Washington, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

NORTH DAKOTA

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor
Bismarck, North Dakota 58505
(701) 328-2910

RHODE ISLAND

Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920
(401) 277-3048

SOUTH DAKOTA

Director of Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4013

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN

Department of the Attorney General
Consumer Protection Division, Franchise Section
G. Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48913
(517) 373-7117

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

Investor Protection Bureau
NYS Department of Law
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

VIRGINIA

Director, Securities and Retail Franchising Division
State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

Department of Financial Institutions
General Administration Building
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98503
(360) 902-8760

WISCONSIN

Division of Securities
Department of Financial Institutions
345 W. Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-8559

EXHIBIT F

AGENTS FOR SERVICE OF PROCESS

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states:

CALIFORNIA

Department of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, California 95834
(916) 445-7205 or Toll Free (866) 275-2677

MARYLAND

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-7044

HAWAII

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

MICHIGAN

Department of Labor and Economic Growth
Commercial Services and Corporations Bureau
611 W. Ottawa Street
Lansing, Michigan 48909
(517) 373-7117

ILLINOIS

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

MINNESOTA

The Commissioner of Commerce of Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

INDIANA

Indiana Secretary of State
201 State House
Indianapolis, Indiana 46204
(317) 232-6681

NEW YORK

Secretary of State of the State of New York
41 State Street
Albany, New York 11231

NORTH DAKOTA

The Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol– 5th Floor
Bismarck, North Dakota 58505
(701) 328-2910

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

RHODE ISLAND

Director of Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920
(401) 277-3048

WASHINGTON

Director of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98503
(360) 902-8760

SOUTH DAKOTA

Director of Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4013

WISCONSIN

Commissioner of Securities
345 W. Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-8559

EXHIBIT G



FRANCHISE OPERATIONS MANUAL



INTRODUCTION

This manual defines recommended policies and operational procedures for ColorTyme franchisees to help you operate your franchise store.

The policies and procedures are a result of “best practices” executed over many years and as a franchisee you will have the benefit of the experience gained. This manual contains a lot of information concerning the day to day operation of a rent to own store. You should utilize this manual as a useful reference tool.

This manual cannot and does not describe all the circumstances and situations you might find yourself, nor does it describe all policies and procedures that might affect the operation of your franchise. Although this manual does contain references to certain regulatory requirements that may affect your ColorTyme franchise, be advised that this is not a comprehensive overview of all federal, state or local tax or regulatory requirements, which vary from state to state. Rent-A-Center Franchising, International, Inc. (RACFI) recommends that you consult with a lawyer and accountant to ensure that you are operating your franchise in accordance with all applicable federal, state and local regulations, including but not limited to employment, health, OSHA and tax regulations.

The instructions in this manual summarize the practices and policies in effect at the time of publication and supersede all previously issued materials. RACFI reserves the right to revise, delete and/or add to the provisions of these guidelines.

CONFIDENTIALITY

This manual contains confidential and proprietary information belonging to RACFI and is the sole property of RACFI. No part of this manual may be reproduced in any form by any electronic or mechanical means, including information storage and retrieval systems, without permission in writing from RACFI. This manual is provided exclusively for the use of ColorTyme franchisees. Keep this manual in a secure location when not in use. Theft or misuse of this material may result in a material breach of contract with RACFI and result in the termination or penalty of your franchise.

HOW TO USE THIS MANUAL

It is recommended that this manual be used as a training and coaching aid, a reference document, or an internal quality control system. You should establish a program for monitoring all areas of business performance by referring to the standards recommended in this manual.

This manual will be updated periodically and changes may be made. The most current edition of this manual will be posted on the ColorTyme FranConnect site.

It is important that everyone who works at ColorTyme understands the value of operating according to the established policies and procedures. Sharing our experience will help guide you to establish a successful operation quickly and efficiently.

If the specific question you have is not covered in this manual, it is likely to have been covered in the ColorTyme exCEL training courses, in which case refer to your specific training course or study guide. Failing that, please contact the franchisee support team at RACFI.

We have included some icons throughout the manual that will alert you to key information and resources.



BEST PRACTICE

This icon notes a Best Practice recommendation developed from years of RTO experience



exCEL TRAINING

This icon is a reminder to refer back to your exCEL online training courses



FranConnect

This icon notes a resource or document that can be found on FranConnect

Table of Contents

SECTION 1: FACILITY MANAGEMENT	9
Store Plan-o-Grams	9
Customer Traffic Pattern	9
Store Appearance.....	14
Exterior Appearance	14
Interior Appearance.....	14
Merchandising	15
Creating Displays	16
Showroom Readiness	17
SECTION 2: THE RENTAL PROCESS.....	19
Rental Order Form	19
Rental Order Form Requirements.....	19
Completing the Rental Order Form	20
Verifying the Rental Order Form.....	21
Verify Residency.....	22
Verify Employment.....	22
Verify References.....	22
Co-worker and Manager Signature.....	24
Rental Agreement	25
Acquiring Ownership	26
Reinstatement Rights.....	26
Payment Protection Plan	26
Point of Sale (POS) System / High Touch	27
Referrals	27
SECTION 3: ACCOUNT MANAGEMENT	25
Prohibited Communication	25
Third Party Communication.....	26
Harassment	27
Field Conduct.....	27
Fair Debt Collections Practices Act	28
The ACT:.....	28

State Specific FDCPA's.....	28
Bankruptcy	29
SECTION 4: CUSTOMER SERVICE	31
Building Relationships.....	31
Delivery Procedures.....	31
Customer Carry-out Deliveries.....	32
In-Home Deliveries	32
Scheduling the Delivery	32
Service Calls	34
Troubleshooting	35
Conducting the Service call.....	36
After Service is Complete	37
Loaner Program	38
Loaner Agreement	38
Merchandise Returns (Pick-Ups)	39
Scheduling the Return	39
Adverse Situations.....	41
Steps to defuse the adverse situation.....	41
Liability Damage Waiver (LDW)	41
Club Program.....	43
Customer Satisfaction Feedback	43
SECTION 5: ADMINISTRATION AND FILING.....	45
Required Federal and EEO Posters.....	45
Coworkers: Scheduling of Staff	46
Daily Paperwork Organization and Retention	47
Report Organization.....	48
Daily Recap.....	49
Customer File Retention	49
Customer Filing	49
Inactive files	49
Customer File Organization	50
Financial Management / Cash Control	51
Daily Cash Handling.....	51
Cash Security.....	51

Fraudulent Activity	52
Cash	52
Checks.....	52
ATM/Debit/Credit Cards.....	53
Common Fraudulent Behaviors.....	54
Cash Drawer & Safe	54
Recommended Morning Cash Drawer Guidelines	54
Recommended Closing Cash Drawer Guidelines.....	54
SECTION 6: INVENTORY MANAGEMENT.....	56
Product Orders	56
Placing a product order:.....	56
Physically Receiving Merchandise.....	57
Electronic Signatures	57
Damaged Merchandise	58
Obvious Freight Damage.....	59
Concealed Freight Damage	59
Damaged/Short Product Credit Procedure.....	60
Product Preparation: New Merchandise.....	61
Accessory Organization System	61
Price Tags	62
Price Tag Information Indicates:	62
Product Preparation: Previously Rented Merchandise.....	63
Product Refurbishment.....	63
Product Service and Repair	64
Terming Matrix	65
Electronics and Appliances:.....	66
Furniture:.....	66
Inventory Reconciliation	67
Monitoring Loaner Agreements.....	68
Idle Inventory Guidelines	69
SECTION 7: MARKETING AND ADVERTISING	71
Approved ColorTyme Logos.....	71
Local Store Marketing Approval Process	71
Local Store Marketing.....	72

National Advertised Promotions	73
Social Media	73
ColorTyme Consumer Website.....	74
Website Customer Relationship Management (CRM).....	75
SwiftReach-Customer Call Routing	76
Lifecycle Program.....	76
Public and Community Relations	77
SECTION 8: STORE VEHICLES	79
Vehicle Safety and Operation	79
Vehicle Orientation.....	81
New Hire.....	81
Vehicle Daily Operations.....	82
Vehicle Preparation	82
Vehicle Loading and Transport.....	82
Vehicle Cleanliness.....	83
Keeping the Vehicle Clean.....	83
Vehicle Maintenance.....	84
Vehicle Inspections- Daily	84
Before Vehicle Operation.....	84
Weekly Vehicle Inspections.....	84
Preventative Maintenance	85
At Every Oil Change.....	85
Recommended Service Intervals	85
SECTION 9: TRAINING	89
ColorTyme exCEL Training	89
Rent-to-Own University	90
SECTION 10: OPERATIONS AND ADMINISTRATION.....	93
The Store Planner	93
Key Performance Indicators	94
Store Performance Reviews.....	95
SECTION 11: COMMUNICATIONS	97
GLOSSARY	101

EXHIBIT H

GENERAL RELEASE

This General Release ("General Release") is entered into effective as of _____ 20____, ("Effective Date") between Rent-A-Center Franchising International, Inc. with its principal place of business at 5501 Headquarters Drive, Plano Texas 75024 ("Franchisor") and ____ ("Franchisee"), with its principal place of business at _____ ("Franchisee's Principal Owner"). Defined terms not otherwise defined herein will have the meaning in the Development Agreement and/or Franchise Agreements in effect between Franchisor and Franchisee and their respective affiliates at any time up to and including the date of this General Release (collectively, the "Agreements").

1. Recitals: Franchisee and Principal Owner wish to [exercise a right granted to it by Franchisor in its current franchise agreement to renew its franchise for an additional term] OR [exercise a right granted to it by Franchisor in its development agreement to execute a new franchise agreement for a new Rental Store] OR [exercise a right granted to it by Franchisor in its current franchise agreement to transfer its franchise to a third party] OR [open an additional rental store whereby Franchisor co-guarantees the financing]; and a pre-condition to the exercise of such right is the execution of this General Release.

2. Release of Franchisor and Related Parties. Franchisee and Franchisee's Principal Owners, for themselves and on behalf of their current and former officers, directors, shareholders, partners, members, managers, affiliates, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Franchisee Releasing Parties"), absolutely and unconditionally waive, release and forever discharge Franchisor, and Franchisor's current and former officers, directors, shareholders, partners, members, managers, affiliates, parent company, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Franchisor Released Parties"), from all claims, demands, obligations, liabilities, actions, and causes of actions whatsoever, in law or equity, that any Franchisee Releasing Party has, ever had or may in the future have arising under or related to the Franchise, the Agreements, the Rental Stores or any other related or unrelated agreements, matters, dealings or relationships between the Franchisor Released Parties and the Franchisee Releasing Parties, whether known or unknown, that occurred on or before the Effective Date. Franchisee and Franchisee's Principal Owner agree and stipulate that it is their intent for this General Release to be construed by any court or arbitrator as broad as the law will allow.

3. Covenant Not to Sue. The Franchisee Releasing Parties agree not to commence any proceeding of any nature against the Franchisor Released Parties based on any claim, demand, agreement, obligation, liability or cause of action whatsoever, in law or equity, that has been released pursuant to Section 2 above. The Franchisee Releasing Parties represent and warrant that they have not assigned to anyone any claim related to the claims described in Section 2 that may now or subsequently be asserted against the Franchisor Released Parties.

4. Independent Counsel/Voluntary Action. Franchisee and Franchisee's Principal Owners represent and warrant to Franchisor that each of them has consulted with independent legal counsel and other professional advisors of their choice with respect to this Release and has concluded on its or his own behalf that the provision of this General Release serves its or his own best interests. Franchisee and Franchisee's Principal Owners confirm that it or he or she voluntarily entered into this Release of its or his or her own free will and without undue pressure from any source or reliance on any representation or statement of any kind that is not set forth or expressly referred to in this Release.

5. Counterparts. This General Release may be executed in multiple counterparts, all of which shall together be deemed to constitute one final agreement, and each such counterpart shall be deemed to be an original, binding the party who subscribed it. A signature transmitted by fax shall be deemed an original signature that is effective and binding for all purposes.

6. Severability. The provisions of this General Release are severable, and, in the event that any of them is held void an unenforceable as a matter of law, the remainder shall continue in full force and effect.

7. Governing Law; Jurisdiction and Venue. This General Release will be governed by and interpreted and enforced in accordance with the laws of the State of Texas, disregarding its conflicts of laws principles. The parties mutually agree that jurisdiction and venue to adjudicate any dispute that arises under or with respect to this Release will lie exclusively with and in the state and federal courts sitting in Collin County, Texas; provided that to the extent the underlying dispute includes matters relating to the Agreements, the dispute will be subject to arbitration in accordance with the terms and conditions of the Agreements and the exclusive venue for any such arbitration will be in Collin County, Texas to the exclusion of all other locations.

EXECUTED AND DELIVERED as of the Effective Date.

FRANCHISEE:

By: _____
Name:
Title:

FRANCHISEE'S PRINCIPAL OWNER:

Name: _____, individually

Name: _____, individually

ACKNOWLEDGED AND ACCEPTED BY FRANCHISOR:

FRANCHISOR:

Rent-A-Center Franchising International, Inc.,
a Texas corporation

By: _____
Name: G. Michael Landry
Title: Vice President – Franchising

EXHIBIT I

SOFTWARE LICENSE AGREEMENT

This **SOFTWARE LICENSE AGREEMENT** ("Agreement") is entered into and effective this ____ day of _____, 20__, by and between High Touch, Inc., a Kansas Corporation ("High Touch"), and the party signing this Agreement indicated below as ("Client").

WHEREAS, High Touch has developed and owns that certain software platform commonly known as Cynergi Suite™ store management system which consists of cloud-based data processing programs designed to be used on a network wide basis in operating retail or rental stores and kiosks, and principally used for purchase and rental transactions processing, inventory control, employee monitoring, rental agreement document management, accounting, collections, and customer database management; and

WHEREAS, Client is a franchisee of Rent-A-Center Franchising International, Inc. ("RACFI"), a Texas corporation, and is required to utilize RACFI approved products and services in its day-to-day operations; and

WHEREAS, the purpose of this Agreement is to provide the terms for granting a limited license to Client to use certain RACFI-approved Cynergi Suite™ software applications, provide for maintenance and support of those software applications, and to provide for various other services, all for Client's use in the day-to-day operation of its retail business ("Business Purpose").

The parties agree to the following:

1. DEFINITIONS

Certain capitalized terms shall be defined as follows in order to facilitate and govern the interpretation of this Agreement:

a. Affiliate. Any entity or persons Controlling, Controlled by or under common Control with, such party; or any entity that directly or indirectly through one or more intermediaries Controls, is Controlled by, or is under common Control with a party.

b. Control or Controlled. The legal ability to exert influence, order, direct, instruct or compel an entity or individual's decision-making or actions through ownership (direct or indirect) or contract. With regard to an Affiliate, the ownership of more than fifty percent (50%) of the outstanding voting securities of the relevant entity shall presumptively evidence the existence of Control.

c. Cynergi Application(s). One or more data processing software programs (either owned by High Touch or licensed from third parties) constituting Cynergi Suite™ store management system software (including both networked, remote access and mobile software applications) for which a license is granted pursuant to this Agreement, each program consisting of a series of instructions or statements, including all updates, upgrades and modifications of the original software (plus all license program materials, including but not limited to, operator and instruction manuals, Program Specifications, and training materials developed by High Touch). It is understood that Cynergi Application(s) are designed to automate on-site, networked, remote access and mobile level computing functions utilized for Client's retail business, including accounting and report preparation from the transactions performed at the retail level and utilizing the software on one or more shared servers processing data in conjunction with multiple client computers communicating remotely via a web portal. It is further understood that this term also refers to the Cynergi Application(s) as it currently exists and as the software may be modified or supplemented in the future by any Cynergi Application Update, Cynergi Application Upgrade or at High Touch's discretion by the addition or discontinuance of various product or service offerings. For purposes of the rights granted to Client under this Agreement, Cynergi Application(s) consist of object code (i.e., compiled source code) only.

d. Cynergi Application Update. Any update of an existing release of a Cynergi Application to address one or more Software Program Errors or reduce the effects thereof, that High Touch either creates or has made (in its sole discretion) and that upon its release is designated by High Touch as a Cynergi Application Update. A Cynergi Application Update may or may not have enhanced, improved or modified functionality (as determined in High Touch's sole discretion). The provision of any Cynergi Application Update to Client shall be conditioned upon, and subject to, timely payment by Client of all fees and charges due under section 10.

e. Cynergi Application Upgrade. Any enhanced, improved or modified version of any of the Cynergi Application(s) classified by High Touch as a "Cynergi Application(s) Upgrade" that is intended to replace a then existing version of such Cynergi Application(s). Client agrees that the provision of any Cynergi Application Upgrade shall be conditioned upon, and subject to, timely payment by Client of the fees and charges due under section 10.

f. Defect. Any Software Program Error (as defined in subsection 6(a)) that significantly impacts Client's ability to utilize any Cynergi Applications, including any adverse impact on Client's connectivity or routine operation of its network, the inability to remotely access the Cynergi Applications in the ordinary course of business or that reasonably could impact, or does have a significant financial or direct impact on, Customer's business. Defects do not include errors, bugs and glitches that are de minimis in nature or in the aggregate.

g. Documentation. Any end-user installation /or user guide, manual and other end-user technical information, whether in printed or electronic form, that is normally provided by High Touch to a licensee or an end-user of the Cynergi Application(s). Documentation specifically excludes design documentation and any documentation related to the source code of the Cynergi Application(s).

h. Program Specifications. The operating instructions, technical standards, specifications, the identity of program languages or software tools, hardware requirements, connectivity requirements, capacities, tolerances, file formats, and other technical operational and functional information set forth in any High Touch-provided documents (whether in tangible and electronic formats) delivered or made available to Client regarding the applicable Cynergi Application(s), including available enhancements, Cynergi Application Updates, and modifications.

i. Proposal. Any nonbinding document prepared by High Touch and presented to Client for acquiring a license to use the Cynergi Application(s).

j. Regulated Industry. Any industry, such as the rent-to-own, healthcare, or any manner of retail that is subject to regulation regarding the confidentiality or misuse of personal information, the manner or means by which consumer transactions are conducted; or the terms and conditions of providing credit to buyers are disclosed to the prospective buyer.

k. Sales Order. Any formal document submitted by Client to High Touch for the purchase of a License to use the Cynergi Application(s), Support Services or equipment, such Sales Order to be in a form of document designated by High Touch from time to time.

l. Software Program Error. The term "Software Program Error" is defined in subsection 6(a).

2. CONTRACT DOCUMENTS

This Agreement consists of this document, as well as any Proposal or Sales Order executed by the parties that specifically reference this Agreement, and the Program Specifications accompanying the applicable Cynergi Application(s), which are provided in conjunction with this Agreement. The Program Specifications are subject to modification at the discretion of High Touch. Such modifications shall become effective five (5) business days after High Touch provides notice by publication upon High Touch's website (<http://www.cynergisuite.com>) or written notice. It is understood that each Sales Order

will specify the current charges and costs for specific services, equipment, hardware and software to be provided by High Touch under this Agreement.

3. CYNERGI APPLICATION(S)

The following limited rights are granted to Client with regard to the Cynergi Application(s):

a. Subject to Client's timely performance of all of its obligations under this Agreement, including the prompt payment of all fees and charges due to High Touch, High Touch grants to Client a limited, personal, non-exclusive, nontransferable, non-assignable internal license ("License") to install and use any Cynergi Application(s) ordered pursuant to any Sales Order accepted by High Touch, subject to the provisions of this Agreement and solely for the Business Purpose. As part of this License, Client shall also be licensed to use all Cynergi Application Updates, patches and fixes as provided for under section 6; provided that Client has continuously paid all fees and costs specified under section 10. This License shall remain in effect until such time as it is terminated pursuant to the terms of section 15.

b. This License permits Client to download each Cynergi Application on a designated server(s) located at one (1) designated physical location and to permit Client's employees and agents to access the server(s) for the purpose of utilizing the Cynergi Application(s) for Client's internal business purposes only. The central processing unit shall be designated by the type of equipment, serial number(s) for computer equipment, IP address to which the equipment is attached, and the applicable physical business address. Client shall promptly notify High Touch from time to time of any changes in the foregoing information.

c. Client represents and warrants that it has no intention of ever marketing any computer applications programs to the rent-to-own industry in which Client operates its day-to-day business which would perform functions similar to those offered by any High Touch Cynergi Application(s). In consideration of this representation and warranty, Client is provided with Program Specifications, and this Agreement contains provisions for Client to obtain the conditional use of the source code and the Documentation for the Licensed Cynergi Application(s). It is, therefore, agreed that Client will never market any computer application programs to such industry anywhere, without first obtaining the prior written consent of High Touch. It is understood that High Touch would not enter into this Agreement without these limitations on Client's business activities, and it is agreed that these are reasonable limitations in view of Client's representation and in view of the nature of the information that is or may be disclosed to Client under this Agreement. If it is ever held that the foregoing limitations are unreasonable, then the parties nevertheless agree that these limitations shall be applied to the extent that they are determined to be enforceable by a court of law.

d. Subject to Client's ongoing compliance with subsection 3(c), Client shall be permitted to make a reasonable number of backup copies of the Licensed Cynergi Application(s) to be used solely to facilitate standard testing, backup, disaster recovery and archival processes. Each such backup copy must retain all of High Touch's proprietary copyright notices and legends.

e. Except as expressly provided otherwise in this Agreement, Client and any Affiliate may not use, copy, have copied, modify, have modified, prepare derivative works, license, sublicense, distribute, rent, sell, decompile, disassemble, reverse engineer or otherwise attempt to derive source code of the Cynergi Application(s), the Documentation or any portion thereof. All right, title and ownership of Cynergi Application(s), Program Specifications, Documentation and all copies thereof, shall remain at all times the exclusive property of High Touch or its licensors, suppliers or vendors. Client agrees to employ commercially reasonable efforts to prevent any unauthorized copying or distribution of the Cynergi Application(s), Program Specifications, and Documentation by Client or its agents. Client shall not remove any copyright notice imprinted in or on Cynergi Application(s), Specifications, or Documentation. If ownership of any of the Cynergi Application(s) does not result as provided herein by operation of law, then Client and each Affiliate assigns, and shall cause its respective employees, agents, and contractors to assign, without further consideration, ownership thereof, including all associated

intellectual property rights, as necessary to give effect to the ownership terms regarding the Cynergi Application(s) to High Touch or its third party licensors.

f. Except as expressly provided herein, High Touch grants no rights or licenses, expressly or by implication, estoppel or otherwise, to any Confidential Information or intellectual property including, without limitation, any patents, copyrights, trade secrets, trademarks, or trade names. Client expressly acknowledges that the License does not include any license to design, develop or assist in designing or developing any product either for itself or for any third party.

4. TRANSFERABILITY

Client's rights and obligations under this Agreement are not transferable by Client without the prior written consent of High Touch. Any such attempt to assign this Agreement in violation of this restriction shall be null and void. In the event of a change of ownership of Client or any of Client's stores, the right to use the Cynergi Application(s) and the applicable License fee rates shall be determined in High Touch's sole discretion based upon its analysis of the circumstances of the new ownership as they relate to the provisions of this Agreement. It shall be the responsibility of Client to notify High Touch of any changes in Client ownership, or any of the stores accessing or otherwise using the Cynergi Application(s). Client acknowledges and agrees that RACFI has the right to access and retrieve data and information from Client's computer systems as RACFI, in its sole and exclusive discretion, deems necessary and desirable. To the extent that Client's data will be transferred to another user of the Cynergi Application(s) or to Franchisor, High Touch will not charge a fee for transferring the data. Further, to the extent that such data or information is in the possession or control of High Touch, Client hereby authorizes High Touch, without providing prior notice to Client, to transfer any data received, stored, or processed by the Cynergi Application(s) to RACFI upon RACFI's request, and Client acknowledges and agrees that such information will be immediately transferred to RACFI upon the closure or change of ownership of any Client store location. Further, Client acknowledges and agrees that (a) in no event shall High Touch have any liability, and Client shall hold High Touch harmless, for honoring any such request from RACFI, and (b) High Touch has no duty to evaluate the propriety or lawfulness of any such request by RACFI (or by any agent or Affiliate of RACFI) or to notify Client of such request or transfer.

5. ESCROW OF SOFTWARE AND TECHNICAL DOCUMENTATION

Any rights that Client might have to the utilization of, or access to, High Touch's source code shall be limited to the terms and conditions set forth in that certain Three Party Master Depositor Escrow Services Agreement entered into among High Touch, RACFI and a third party escrow services provider as the same may exist from time to time.

6. SOFTWARE SUPPORT AND MAINTENANCE

Subject to the other terms and conditions of this Agreement, High Touch shall provide Client with a limited License to use the applicable Cynergi Application(s), and will also provide certain services ("Support Services") related to the maintenance of the Cynergi Application(s), as follows:

a. High Touch shall, at no additional charge to Client, verify Client detected Software Program Errors; provided that such program errors can be recreated with a test file using the appropriate release of the Cynergi Application(s). A "Software Program Error" is defined as a malfunction of the Licensed Cynergi Application(s) software that causes that software to fail to perform according to the Program Specifications, which is reproducible and if Client's data files are not corrupted. If a Software Program Error is verified by High Touch, High Touch shall correct the Software Program Error so that the program will comply with the Program Specification. However, if the problem is determined by High Touch to be an error caused by improper data entry, hardware malfunction, failure by the Client to use the Cynergi Application(s) properly, or any other events beyond High Touch's control, High Touch shall consider the entire session of verifying, diagnosing, and remedying (if applicable) the problem as hotline support billable to Client as specified in subsection 8(c).

b. If Client operates in a Regulated Industry, High Touch may, at Client's request and with Client's assistance, develop, within the limits of technological feasibility, all modifications of the Cynergi Application(s) reasonably necessary to comply with all state and federal laws applicable to the Regulated Industry (it being understood that High Touch shall only be responsible for how the Cynergi Application(s) processes and records customer data consistent with the functionality requirements of the Documentation, and High Touch shall have no responsibility for the manner in which Client conducts its business operations). The timing for such modifications will be at High Touch's discretion and will be subject to High Touch's availability, any technological difficulties, and the plans for the next release of Cynergi Application Upgrades. Client understands that the Licensed Cynergi Application(s), including any enhancements or derivatives is and shall be the sole property of High Touch regardless of whether created by High Touch, Client or any other party. Client hereby assigns to High Touch all present and future rights, title and interest in and to any and all modifications or custom programming directly or indirectly related to any Licensed Cynergi Application(s) under this Agreement, including without limitation, all United States and worldwide proprietary rights of any kind, which will take effect automatically on the earliest date allowed by law without further act by either party.

c. Although High Touch shall use commercially reasonable efforts to provide modifications for Client's use that respond to new legal developments in Client's Regulated Industry, it is understood and agreed that High Touch does not give, and is not obligated to provide, any legal or accounting advice and does not represent or warrant that use by Client of its Cynergi Application(s) in the conduct of Client's business will comply with all applicable federal or state laws. Client acknowledges that it will be relying upon its own legal counsel and accountants for advice on compliance with applicable laws and accounting requirements. It is Client's obligation to inform High Touch of any legal requirements applicable to the Cynergi Application(s) and to assess the Cynergi Application(s) to ensure that such legal requirements are satisfied. Client will defend, indemnify and hold harmless High Touch, Inc., its Affiliates, subsidiaries, employees, and authorized contractors for any losses suffered by High Touch as a result of High Touch relying on any information provided by Client regarding the legality of the manner in which Client conducts its business.

7. INSTALLATION

a. In consideration of the fees specified in subsection 10(c), and subject to the terms of the applicable Proposal or Sales Order, High Touch may be obligated to provide for installation of the Cynergi Application(s). Client acknowledges that High Touch is not obligated to provide these services on site, but may do so remotely. The scope of installation services may include installing components of the Cynergi Application(s) onto Client's network or devices, training Client's personnel in the use of both hardware and the Cynergi Application(s), coordinating and conversion of existing records to machine records, and assisting Client's personnel with the initial "live" days of operation, depending upon and, subject to, the terms, conditions and limitations of the applicable Proposal or Sales Order.

b. To the extent that installation services are performed on site, Client shall provide access to its premises during normal business hours and shall provide, without charge, office space and equipment, local telephone and internet service, network access and programming facilities for use by High Touch's employees or independent contractors. Client agrees to provide a suitable training and conversion area for High Touch or its independent contractor. Client agrees to provide sufficient manpower during any installation or conversion process to enable High Touch to timely and efficiently perform its obligations. If any installation is delayed or terminated for any reason prior to completion of any installation or conversion, unless due solely to High Touch's material breach of an express obligation under this Agreement, Client shall nevertheless pay all fees specified in subsection 10(c) for services rendered by High Touch and its independent contractor through the date of delay or termination.

c. Client may, at its option, perform any installation related to the Cynergi Application(s) through its own personnel or any independent contractor hired by Client, subject to High Touch's prior consent. Client agrees that such an installation is an event "beyond the control" of High Touch. As such,

High Touch assumes no responsibility for any problems attributable to or arising directly or indirectly out of such installation and provides no warranty or assurance with regard to such services.

8. SUPPORT

During the term of this Agreement, High Touch shall provide Client with access to hotline support as follows:

a. Hotline support services will be provided during the hours and subject to the conditions and limitation as otherwise set forth on Exhibit A, which is attached hereto and incorporated herein.

b. The scope of High Touch's hotline support service will be as set forth on Exhibit A, which is attached hereto and incorporated herein, it being expressly understood that Hotline support does not include advice about Client's management decisions, or issues related to third party software or hardware not purchased from High Touch.

c. Each hotline session will be deemed to begin when a support request is initiated by Client's personnel, but High Touch may only charge Client for billable time, if applicable, for which its personnel are actively engaged in performing services for Client. Client acknowledges that during a session, there may be several electronic communications made between High Touch and Client's personnel; High Touch personnel may spend time while addressing Client's request in addition to such communications. High Touch personnel may log onto Client's system as a remote user as part of a session or electronically chat. The end of a hotline session shall be determined by High Touch and, if billable under a Proposal or Sales Order, and subject to any caps that High Touch may have agreed upon with RACFI from time to time, Client will be charged according to High Touch's then current published rates.

d. In order for Client to receive Support Services, Client must be using the current version or a prior version of the Cynergi Application(s) that is then still being supported by High Touch. During the term of this Agreement High Touch's then currently supported versions will be specified at <http://www.cynergisuite.com>. It is Client's sole responsibility to assure that each Cynergi Application Update and each Cynergi Application Upgrade is properly and promptly installed, absent High Touch expressly assuming such responsibility as evidenced by a written document in which High Touch expressly agrees to assume such responsibility.

9. COMPUTER EQUIPMENT

In addition to the License granted to use the Cynergi Application(s) under this Agreement, Client may purchase certain computer equipment either from (i) High Touch at mutually agreeable terms to be specified on separate purchase orders, or (ii) a third party to the extent such computer equipment purchased from the third party matches High Touch's Program Specifications as modified from time to time. While not obligated to do so, if Client chooses to purchase equipment or hardware from High Touch, the terms of such purchase shall be as specified in a separate Proposal. Client shall be responsible for and pay all applicable state sales tax arising from Client's purchase of computer equipment or hardware from High Touch. Provided, Client shall consult with High Touch prior to any purchase of computer equipment from an outside vendor in an attempt to ensure that the purchased equipment will properly operate the applicable Cynergi Application(s). Such consultation shall be billable as hotline support to Client as specified subsection 10(c). Client agrees that the purchase of any computer equipment from an outside vendor is an event beyond the control of High Touch as provided under section 20. As such, High Touch assumes no responsibility for problems attributable to hardware purchased from an unapproved outside vendor. In preparing Proposals and while negotiating this Agreement, High Touch may make certain recommendations to Client concerning the equipment requirements that may be needed in order for Client to use the Cynergi Application(s) to meet Client's Business Purpose. It is understood and agreed that High Touch's recommendations shall only be considered preliminary recommendations and shall not be binding upon High Touch since the actual equipment requirements of Client may be determined to be different following the actual installation, and

also due to potential changes in Client's needs and requirements from time to time. Client acknowledges that absent express language to the contrary set forth in the applicable Proposal, all equipment and hardware is being sold "As-Is" and HIGH TOUCH SPECIFICALLY DISCLAIMS THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS OF PARTICULAR PURPOSE with regard to the same. To the extent High Touch may lawfully do so, High Touch hereby assigns to Client all warranties, express or implied, which High Touch would otherwise be entitled to enjoy or assert against the third party manufacturer, vendor or seller of such hardware, equipment or mobile devices.

10. CHARGES, FEES AND EXPENSES

a. Except as noted, all charges, fees and proposed expenses shall be set forth in a schedule attached to the applicable Sales Order. Client shall timely pay High Touch on-going fees on a per store basis or an enterprise basis based upon the terms included in the applicable Sales Order. For purposes of calculating Client's recurring fees, Client shall include in its store count each store which directly or indirectly utilizes or uses any Cynergi Application(s) during the applicable period.

b. High Touch reserves the unilateral right during the term of this Agreement to make fee increases from time to time as it deems appropriate and commercially reasonable but not to exceed 5%. Client acknowledges that any and all fees described in this Agreement are subject to this provision. High Touch may not increase fees more than one time during any consecutive twelve (12) month period. High Touch shall provide Client with a modified schedule of fees at least thirty (30) days before any change in fees shall become effective.

c. The installation fees specified in any Proposal or Sales Order shall be billed to Client upon completion of each installation. Client agrees to pay all freight charges arising from any materials sent to Client for the purpose of facilitating the installation and for all magnetic media retained by Client after installation.

d. Fees for software license/maintenance will be specified in the Proposal or Sales Order. Ongoing fees shall be billed to Client on a periodic basis as set forth in the applicable Sales Order. Applicable state sales tax shall be promptly remitted by Client and collected by High Touch as required in High Touch's sole discretion. Client shall not contest any such determination that sales tax may be owed.

e. For purposes of calculating certain on-going fees, the store count used to determine a particular month's monthly fee shall be determined by using the total number of retail stores using any Cynergi Application(s) on the last calendar day of that month. In the event Client acquires another store which is included at the time of acquisition in the store count of any other client of High Touch, then Client agrees that the fees applicable for such stores shall be calculated according to the new store count of stores owned by Client for the next calendar month.

f. Client shall reimburse High Touch for all reasonable costs incurred by High Touch for materials (including shipping) made necessary by any requested modifications, training, or any other instructions of Client not otherwise expressly set forth in a Sales Order upon being invoiced.

g. Client also agrees to pay any and all reasonable travel expenses, out-of-pocket expenses, and all other expenses for professional services incurred by High Touch on behalf of Client in fulfilling its obligations under subsection 6(b), but only to the extent that Client agrees to such expenses in advance.

h. Fees for custom software development (special projects) and other services not included in this Agreement shall be negotiated on a case-by-case basis. Client acknowledges and agrees that any such custom software development must be approved in advance by RACFI.

i. Unless otherwise specifically provided, all invoices are due within thirty (30) days from the date of invoice. Client will timely pay all fees. The date of invoice shall be the date of mailing or upon

transmission if delivered electronically. If Client fails to timely remit payment of any invoice, Client shall be deemed to be in default.

j. All invoices paid after their due date shall incur a late charge at a rate of one and one half percentage points (1.5%) of the unpaid balance per month or eighteen percentage points (18%) per annum. This late charge will be assessed on all invoices past due as of the last day of each month.

11. INSPECTION RIGHTS AND TRUE-UP

Inspection Rights. During the term of this Agreement and for two (2) years thereafter, upon reasonable prior notice, High Touch or its designee may conduct an audit of Client's and each Affiliate's compliance with this Agreement. Unless High Touch has discovered an under payment or under reporting during the then prior six (6) months, audits may occur no more frequently than once during any twelve (12) month period. High Touch shall have the right to invoice Client for any unlicensed use of the Cynergi Application(s) and such amount shall be immediately due and payable to High Touch. The cost of such audits will be borne by High Touch; provided, however, that if such audit determines that Client has failed to pay fees amounting to three percent (3%) or more of that annual period's fees due to High Touch, then Client shall reimburse High Touch for the cost of such audit. For purposes of this audit right, conducting an audit in multiple locations of Client and any Affiliate shall constitute a single audit. Additionally, High Touch's failure to conduct an audit in any given annual period shall not constitute a waiver of High Touch's right to conduct future audits and receive additional payments.

True-Up Process. Within sixty (60) days after each annual anniversary of the Effective Date, Client will take an inventory of the Cynergi Application(s) in use by Client and each Affiliate. If the quantity of Cynergi Application(s) in use exceeds the quantity licensed and paid for by Client, Client will immediately notify High Touch and submit an order for such increased use (a "True-Up"). If, however, during any fiscal year Client deploys additional Cynergi Application(s) in an amount equal to or greater than twenty-five percent (25%) of the total of Client's previously Licensed Cynergi Application(s), as determined at the beginning of such fiscal year, Client will conduct a True-Up within sixty (60) days after the end of the fiscal quarter in which such deployment occurs.

12. DEFAULT

a. Client's Default. Client shall be deemed to be in default of this Agreement if:

- (i) Client files a petition for bankruptcy or is adjudicated bankrupt, undergoes an assignment for the benefit of creditors and does not contest any involuntary action by a creditor within the time limitations prescribed by law, or Client ceases to do business for any reason for a period of thirty (30) days or more, or if Client fails to perform its obligations herein for a period of thirty (30) days or more during any pending insolvency proceeding, whether a receivership, bankruptcy, or general assignment for the benefit of creditors by High Touch;
- (ii) upon the occurrence of any uncured nonmonetary material default by Client which is not cured within thirty (30) days after High Touch notifies Client in writing of such default and Client is not then contesting High Touch's assertion of breach in good faith in the manner prescribed in section 14;
- (iii) Client fails to timely pay any amount otherwise due to High Touch, unless such amount is being disputed in good faith and only for so long as Client pursues each succeeding step of the dispute process under subsection 13(e) in a timely manner; or
- (iv) upon the termination of, expiration of, or occurrence of any uncured default or breach of any agreement between Client and RACFI.

b. High Touch shall have no further obligation for the responsibilities specified in sections 5, 6, 7, 8, 9 or 17 while Client is in default under this Agreement unless, and only so long as, Client continues to pursue each succeeding step of the dispute resolution process under section 14 in a timely manner or upon termination of this Agreement by High Touch.

c. Unless and only so long as Client continues to pursue each succeeding step of the dispute resolution process under section 14 in a timely manner, High Touch shall have full discretion to disable or deactivate any Cynergi Application(s) during any period of Client's default and also upon termination of this Agreement by High Touch. However, Client acknowledges and agrees that as provided in section 4, any data or information stored, received, or processed by the Cynergi Application(s) will be transferred and/or otherwise made available to RACFI upon the occurrence of Client's default of this Agreement or upon the request of RACFI.

d. High Touch shall not be liable for any loss, cost or damages suffered by Client which are determined by High Touch to have occurred during any period of Client's default.

13. HIGH TOUCH'S DEFAULT.

a. High Touch shall be deemed to be in default of this Agreement if:

- (i) High Touch files a petition for bankruptcy or is adjudicated bankrupt, undergoes an assignment for the benefit of creditors and does not contest any involuntary action by a creditor within the time limitations prescribed by law, or High Touch ceases to do business for any reason for a period of thirty (30) days or more, or if High Touch fails to perform its obligations herein for a period of thirty (30) days or more during any pending insolvency proceeding, whether a receivership, bankruptcy, or general assignment for the benefit of creditors by High Touch;
- (ii) Upon the occurrence of any uncured material default by High Touch which is not cured within thirty (30) days after Client notifies High Touch in writing of such default and High Touch is not then contesting Client's assertion of breach in good faith by High Touch in the manner prescribed in subsection 14(a); or
- (iii) the express refusal or demonstrated inability of High Touch during a continuous thirty (30) day period to continue to offer support for the Cynergi Application(s).

14. DISPUTE RESOLUTION

a. In the event of any dispute or controversy arising out of or related to this Agreement, including any alleged breach thereof or the interpretation of any provision of this Agreement, the parties shall first make a good faith effort to promptly resolve such dispute on an informal basis.

If the parties are unable to reach agreement with respect to such dispute within thirty (30) days, then either party may cause such dispute to be resolved by binding arbitration; it being understood that except for a breach arising out of sections 22 or 23 for which injunctive or other equitable remedies would be reasonable and appropriate, arbitration and not litigation shall be the appropriate and exclusive forum for relief.

b. Arbitration shall be initiated by either party by sending written notice to the other party. Arbitration shall be immediately arranged through the American Arbitration Association or in such other manner upon which the parties shall mutually agree. Within fifteen (15) days of receipt of a request for arbitration, both parties shall each select an arbitration panel member who shall have no financial, professional, social, or other past or present relationship with either of the parties or their counsel, or have any reason to be partial to either party. Within fifteen (15) days of their selection, these two panel members shall jointly select a third arbitrator who meets the same criteria of impartiality as described above. The arbitration panel so constituted shall convene a hearing within thirty (30) days of the selection

of the third arbitrator. The hearing shall be held in Wichita, Kansas. The arbitration panel shall give both parties at least fifteen (15) days written notice of the date, time, and final location of the hearing. A record shall be made of the hearing. In reaching its decision the arbitrators shall apply the principles of statutory and common law which in their opinion are applicable to the facts of the dispute. The arbitration panel shall issue a written decision by majority vote within fifteen (15) days of the close of the hearing. This decision shall be final, binding, and enforceable as provided by the Uniform Arbitration Act, K.S.A. 5-401, et-seq. The arbitration panel shall also assess fair and reasonable costs of arbitration to one or the other party or apportion such costs between the parties. The decision on costs shall be final and binding in the same manner as the decision on the merits described above. Attorney's fees shall not be considered costs. Each party shall be responsible for its own attorney's fees.

c. Even though applicable federal or state statutes may otherwise provide a longer statute of limitations, it is agreed that any claim Client may have or assert against High Touch for any breach of this Agreement is not actionable unless formal demand is made under this section or suit is filed in a proper court within one (1) year following Client's discovery of such breach, or within one (1) year from the time when Client, through the exercise of reasonable diligence, should have discovered the alleged breach, whichever period of time is shorter.

15. TERMINATION

a. This Agreement shall be terminated if any one (1) or more of the following events occurs, subject to the consequences provided in section 16:

- (i) At Client's option, upon the sale (either of all or substantially all of the related assets or ownership interests) of Client or, as to the effected store or kiosk only, the closure of a retail store or kiosk, by providing High Touch at least thirty (30) days prior written notice. Final billing and payment upon the occurrence of this event shall be as provided for in sections 10 and 16.
- (ii) At High Touch's Option, if Client violates any provision provided for in sections 3, 4, 22 or 23 or as prescribed in section 21(b).
- (iii) At High Touch's option, High Touch may, in the event of Client's default, terminate this Agreement if such default is not cured within thirty (30) days following the date when High Touch provides written notice of such default by certified mail, return receipt requested. Any such notice shall specify the event giving rise to the alleged default. This Agreement shall remain in effect during the applicable cure period. Provided, High Touch may also terminate this Agreement without providing Client the opportunity to cure upon providing not less than thirty (30) days' notice if Client commits three (3) or more breaches within any consecutive twelve (12) month period, regardless of whether all three (3) breaches are timely cured.
- (iv) At Client's option, effective upon delivery of written notice to High Touch, in the event one (1) or more of the events of default occurs as described in section 13 and such default is not timely cured (provided a curative period is expressly provided), it being understood that Client shall nevertheless continue to be subject to the provisions of sections 22 and 23.

16. CONSEQUENCES OF TERMINATION

a. In the event of termination of this Agreement under section 15, except for an event as provided for in subsection 15(b), the following provisions shall apply:

- (i) Client shall immediately discontinue all use of the Cynergi Application(s) and Documentation, and, to the extent that any of the same are in Client's possession or

control, return to High Touch all Cynergi Application(s) and any other property to High Touch. Client shall certify in writing to High Touch that Client has completed the preceding requirements.

- (ii) Client shall immediately pay all amounts due under this Agreement accrued up to and through the date of termination including, but not limited to: (a) all unpaid consulting and custom programming fees earned or accrued as of the date of the termination notice, (b) all other fees due to High Touch through the date of termination; (c) pre-approved travel expenses and airfare actually paid or incurred by High Touch as of the date of the termination notice; (d) the full price (and related expenses) for all unused equipment and supplies purchased specifically for, and at the direction of, Client, to the extent that the equipment or supplies cannot reasonably be returned to third party credit vendors in exchange for a full refund or credit; and (e) for all third party restocking fees and freight charges associated with such returned equipment and supplies.
- (iii) Client shall pay all costs reasonably incurred by High Touch in collecting all amounts due to High Touch and in recovering any High Touch property. Such costs shall include, but are not limited to, shipping charges, court costs, attorney fees, and self-help/repossession costs and charges to the extent not prohibited by law.
- (iv) All of Client's rights under this Agreement shall be terminated, even if Client should enter into a new Agreement with High Touch. All data or information stored, received, or processed by the Cynergi Application(s) will upon request be promptly transferred and/or otherwise made available to RACFI.
- (v) Client and High Touch shall have no further rights nor responsibilities or liabilities under the provisions of this Agreement, except that the provisions of subsection 3(c) and sections 22, 23, 24 and 25 shall remain in effect.

17. CYNERGI APPLICATION(S) AND HIGH TOUCH SERVICES EXPRESS WARRANTIES

High Touch provides the following warranties:

a. Services. Subject to the terms and conditions of this Agreement, High Touch will use reasonable commercial efforts to provide all services hereunder, including Support Services, to Client.

b. Limited Warranties of Cynergi Application(s). High Touch warrants that the Cynergi Application(s) shall, as a whole, without customization, modification or delivery of additional services, substantially conform and perform in all material respects in accordance with the Documentation and Program Specifications set forth in the applicable Proposal or Sales Order; provided that the Cynergi Application(s) are used in an appropriate operating environment via adequate network architectures and according to the Program Specifications, operator training standards, and instructions provided by High Touch. Provided, High Touch does not warrant that the operation of the Cynergi Application(s) will be uninterrupted or error free. High Touch shall remedy any programming Defects in the manner described in subsection 6(a), except as otherwise expressly limited by the terms of this Agreement, including specifically subsections 12(b) and 17(f).

c. Initial Limited Warranty for Cynergi Application(s). Provided that the Cynergi Application(s) are downloaded or remotely accessed in accordance with the Program Specifications, in the event that High Touch receives notice of a Software Program Error within ninety (90) days following the Effective Date, High Touch shall make commercially reasonable efforts to correct such Software Program Error. In the event that High Touch is unable to correct such Software Program Error and honor its warranty obligation under subsection 17(b), then this Agreement may be immediately terminated at Client's option, Client shall uninstall and return each copy of the Cynergi Application(s) to High Touch, and High Touch's entire liability, and Client's exclusive remedy, shall be to refund the license and support fees received by High Touch received from Client by High Touch for the Cynergi Application(s). For the

avoidance of doubt, after such ninety (90) day period, all other warranties established in this Section 17 shall apply.

d. Limited Warranty for Support Services. High Touch warrants that the Support Services will be performed in a workmanlike manner consistent with industry standards reasonably applicable to the performance of such Services, subject to satisfaction of the following conditions precedent: (1) receipt by High Touch of all fees due to High Touch; (2) receipt of an adequate description of the failure of the Cynergi Application(s) alleged or found to be defective; (3) if necessary, receipt of the Cynergi Application(s) by High Touch as soon as practical following discovery of such Defect; and (4) verification of the Defect(s) by High Touch. If Client believes there has been a breach of this limited warranty for Support Services and so notifies High Touch in writing stating in reasonable detail the nature of the alleged breach within thirty (30) days after the Support Services are delivered to Client by High Touch, then High Touch will promptly investigate the matter to determine the nature of the alleged breach of warranty. If there has been a breach of this warranty, then High Touch's sole obligation, and Client's exclusive remedy, will be for High Touch to correct or re-perform any affected Support Services as necessary to cause them to comply with this warranty. If High Touch is unable to correct a breach of this warranty after repeated efforts, Client will be entitled to receive an equitable adjustment in the Fees actually paid (up to twenty-five percent (25%) of the total amount of Fees during the preceding consecutive twelve (12) month period) to reflect any reduction in the value of the Support Services as a result of the uncorrected breach of warranty.

e. Client shall at all times properly maintain the hardware and software components of Client's network, other than the Cynergi Application(s) which will be covered by High Touch support as provided herein. Client is responsible for the integrity of its data contained in Client's network and the security of such data while on its network. High Touch shall be responsible for the security of all Client data received, stored, or transmitted by the Cynergi Application from the time such data is received or hosted by High Touch, its systems or network. High Touch shall at all times use commercially reasonable efforts to provide, maintain and support the Cynergi Application(s) to remain secure from known vulnerabilities sufficient to meet the most current version of the Payment Card Industry Data Security Standard ("PCI DSS") requirements for the term of this Agreement applicable to the level of Client's business activity. As a portion of such efforts, High Touch shall not less frequently than annually perform an internal audit of its Controlled Environment and shall report any discovered deficiencies to RACFI and Client. Provided that High Touch is giving prior notice and a reasonable opportunity to contest or cure, in the event a franchisee is informed by a Qualified Security Assessor appointed by the PCI Security Standards Council that card processing services will no longer be available to Client solely due to noncompliance with PCI DSS through no fault of such franchisee, then Client shall have the option to terminate this Agreement and receive a refund of any prepaid fees. Furthermore, High Touch shall use commercially reasonable efforts to comply with all applicable data privacy laws and regulations governing Personally Identifiable Information or other sensitive information regarding customers that is received, stored, or transmitted by the Cynergi Application(s).

f. Notwithstanding anything to the contrary herein, the terms of the warranties under this Paragraph 17 shall not apply to, and High Touch shall have no liability for, any non-conformity related to, any Cynergi Application(s) that has been (i) modified by Client or any third party; (ii) used in combination with equipment or software other than that which is consistent with the Program Specifications; or (iii) misused or abused.

g. During the term of this Agreement, High Touch will list Customer as an additional insured on any cyber security coverage High Touch maintains; it being understood that the types of risks, amounts of coverage and all other terms and conditions of such policy(ies) shall be at the sole discretion of High Touch.

h. High Touch will comply with the terms of service level as set forth in Exhibit B, which is incorporated herein by reference.

18 INDEMNITIES

The parties shall provide the following indemnities:

a. Indemnification by High Touch. If a third party asserts an infringement claim against Client asserting that Client's use of any Cynergi Application(s) in accordance with this Agreement violates that third-party's patent, trademark, or copyright rights ("Infringement Claim"), then High Touch shall, at its own expense: (a) defend or settle the Infringement Claim; and (b) indemnify Client for any damages finally awarded against Client, but only if: (i) Client promptly notifies High Touch of the Infringement Claim; (ii) High Touch retains sole control of the defense of any Infringement Claim and all negotiations for its settlement or compromise; and (iii) Client provides all reasonable assistance requested by High Touch, and gives all necessary authority, information and assistance as High Touch may request (at High Touch's expense). High Touch will not be responsible for any costs or expenses incurred or remitted by Client in the compromise of any claim by Client if agreed upon by Client or by Client's Affiliate without receiving High Touch's prior written consent. If use of any Cynergi Application(s) is permanently enjoined based upon an Infringement Claim, High Touch may, in its sole discretion and at its own expense, procure for Client the right to continue using the applicable Cynergi Application(s), replace the same with non-infringing product while retaining substantially similar functionality, modify the offending Cynergi Application(s) so that it no longer infringes, or if each of the foregoing options is in High Touch's determination commercially unreasonable or unduly burdensome, High Touch will credit or refund to Client an amount equal to the License fees actually paid to High Touch by Client for the infringing Cynergi Application(s), less a reasonable allowance for the period of time of Client's use of the non-infringing portions of the Cynergi Application(s), and accept its return. Depreciation of the Cynergi Application(s) shall be determined using a straight line basis over a period of thirty (30) months, commencing on the Effective Date. In no event shall High Touch be liable for any costs or damages, and Client will be solely responsible to defend or settle any claim, suit or proceeding and any resulting loss or damages based upon: (a) High Touch's compliance with Client's designs, specifications or instructions; (b) modification of the Cynergi Application(s) by Client or at the direction of Client; (c) the use of any Cynergi Application(s) or any part thereof by Client in combination with any other product; or (d) any use of any release of the Cynergi Application(s) other than the most current release made available by High Touch. The foregoing states the entire obligation and exclusive remedy of each of the Parties with respect to any actual or alleged Infringement Claim.

b. Indemnification by Client. Client agrees to defend, indemnify, and hold High Touch harmless from and against any and all claims arising out of Client's (or any Affiliate of Client) unauthorized use of any Cynergi Application(s) or Documentation and for any material breach of this Agreement by Client or any Affiliate of Client and shall fully indemnify and hold High Touch harmless from and against any and all actions, claims, damages, expenses (including attorneys' fees and out-of-pocket expenses) and liabilities from any such breach.

19. LIMITATION OF WARRANTY

All warranties are subject to the following limitations:

a. THE WARRANTIES CONTAINED IN PARAGRAPH 17 ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, WITH REGARD TO THE CYNERGI APPLICATION(S), THE SERVICES OR ANY EQUIPMENT PROVIDED BY HIGH TOUCH OR THEIR CONDITION, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE BY CLIENT AND NO OTHER EXPRESS WARRANTIES. However, to the extent the same are lawfully assignable, High Touch hereby assigns to Client any and all warranties that High Touch may be entitled to or receive for any equipment purchased under section 9 or for any third party software that is part of any Cynergi Application(s) sold or licensed to Client under this Agreement.

b. EXCEPT AS EXPRESSLY PROVIDED IN PARAGRAPH 17, THERE ARE NO WARRANTIES (A) AGAINST INTERFERENCE WITH ENJOYMENT OF INFORMATION, (B) THAT

INFORMATION, HIGH TOUCH'S EFFORTS, OR THE CYNERGI APPLICATION(S), WILL FULFILL THE CLIENT'S PARTICULAR PURPOSES OR NEEDS, OR (C) WITH RESPECT TO DEFECTS IN THE INFORMATION OR CYNERGI APPLICATION(S) WHICH AN EXAMINATION BY CLIENT SHOULD HAVE REASONABLY REVEALED OR THAT THE CYNERGI APPLICATION(S) OR ANY DELIVERABLE, SEPARATELY OR IN CONJUNCTION WITH THE CYNERGI APPLICATION(S) IS, OR WILL BE, PCI DSS COMPLIANT AT ANY TIME.

c. EXCEPT FOR CLAIMS ARISING OUT OF THE BREACH OF ANY CONFIDENTIALITY, TRADE SECRET OR NONCOMPETITION PROVISION OR FOR CLAIMS EXPRESSLY SUBJECT TO INDEMNITY, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS, LOSS OF OR DAMAGE TO GOODWILL, OR "COSTS OF COVER" (INCLUDING, WITHOUT LIMITATION, COSTS OF PROCURING SUBSTITUTE PRODUCTS OR SERVICES) ARISING OUT OF OR IN RELATION TO THIS AGREEMENT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, OR OTHERWISE. FURTHER, LIABILITY ARISING UNDER THIS AGREEMENT SHALL BE LIMITED TO DIRECT, OBJECTIVELY MEASURABLE DAMAGES AND NEITHER PARTY SHALL HAVE ANY LIABILITY TO THE OTHER PARTY OR A THIRD PARTY FOR ANY INDIRECT OR SPECULATIVE DAMAGES (INCLUDING, WITHOUT LIMITING THE FOREGOING, CONSEQUENTIAL, INCIDENTAL AND SPECIAL DAMAGES), INCLUDING, BUT NOT LIMITED TO, LOSS OF USE, LOSS OF DATA, BUSINESS INTERRUPTIONS, AND LOSS OF PROFITS, IRRESPECTIVE OF WHETHER THE PARTY HAS ADVANCE NOTICE OF THE POSSIBILITY OF ANY SUCH DAMAGES; PROVIDED, HOWEVER, THAT THIS LIMITATION SHALL NOT APPLY TO ANY BREACH OF ANY CONFIDENTIALITY OR TRADE SECRET OBLIGATIONS.

d. The warranties contained with Section 17 shall apply to all non-integrated third party software (e.g., drivers, utilities, operating system components, etc.) that are distributed with Cynergi Application(s). However, in the event High Touch is unable to honor its warranty obligations because a third party vendor of such non-integrated third party software is chronically unwilling or unable to fulfill valid warranty claims, then High Touch may if feasible replace such vendor with a comparable product from an alternative source or modify the Cynergi Application(s) to eliminate the need for such third party product provided that such replacement or modification does not (a) materially reduce the functionality or features of the Cynergi Application(s) as created pursuant to that certain Software Customization Agreement between High Touch and RACFI by which High Touch was designated as the sole approved licensor of point-of-sale software for RACFI's franchisees, or (b) without RACFI's express written consent, materially alter any related data integrations or interfaces with RACFI.

20. EXCUSED PERFORMANCE

Except as specifically provided in this Agreement, High Touch assumes no responsibility for problems which are caused by acts or events beyond the control of High Touch. Such acts or events may include, but are not limited to, acts of God, war, riot, embargoes, acts of civil or military authorities, fires, floods, accidents, shortages of transportation, fuel or materials, power failures or fluctuations, radio frequency (RF) interference, inadequately functioning cable and telephone lines, hacker attacks, internet slowdowns or any act or event constituting force majeure.

21. ENTIRE LIABILITY

High Touch's entire liability and Client's exclusive remedy shall be as follows:

a. During any time while Client is in default, High Touch shall have no liability for non-performance under this Agreement or for utilizing any disabling code or feature that is imbedded in the Cynergi Application(s), and Client shall have no remedy against High Touch for same.

b. All proprietary software supplied to High Touch by third parties must be compatible with the Licensed Cynergi Application(s) without modification. Client understands that inherent conflicts or defects in such proprietary software may cause the Licensed Cynergi Application(s) to not operate as

warranted under this Agreement. Client understands that High Touch may not be able to reconcile/correct the inherent conflicts or defects in such proprietary software.

If High Touch is unable to make the Licensed Cynergi Application(s) operate as warranted because of inherent conflicts or defects in such third party proprietary software or due to hardware that does not meet the Program Specifications, High Touch may, as a remedy, reinstall any previous version of the licensed Cynergi Application(s), notwithstanding any obligations described in section 6 or, at High Touch's option, High Touch may terminate this Agreement in accordance with subsection 15a(ii).

c. Client understands and agrees that High Touch does not warrant the operations of the Licensed Cynergi Application(s) in connection with any software provided by any third party, including any specific operating system. If Client experiences any difficulty with any Licensed Cynergi Application(s) while using it on a computer in which other software is installed, and if High Touch is unable to reproduce the problem when the unaltered Cynergi Application(s) is run after the removal of any other third party software, or in a different operating environment, then High Touch shall have no responsibility with respect to such problem. Client also understands and agrees that High Touch may, in the process of modifying and improving the Licensed Cynergi Application(s), upgrade to a newer release (version) of third party's operating software, resulting in a Cynergi Application Update. Client understands that such changes in the third party's software may not support other software that may be used by Client, and nevertheless agrees to accept such changes in the software.

d. In all other situations involving performance or nonperformance of the Cynergi Application(s) furnished under this Agreement, or under any supplement to this Agreement, Client's remedy is (i) the correction by High Touch of the Software Program Error(s) as provided in subsection 6(a); or (ii) if, after repeated efforts, High Touch is unable to make the Licensed Cynergi Application(s) operate as warranted, Client shall be entitled to recover actual damages to the limits set forth in section 21(f).

e. For any other claim concerning performance or nonperformance by High Touch pursuant to, or in any other way related to, the subject matters of this Agreement and any supplement to this Agreement, the Client shall be entitled to recover actual damages to the limits set forth in this section. This limitation of liability does not apply to claims for copyright infringement or for personal injury or damage to real or tangible personal property caused by High Touch's gross negligence.

f. The extent of High Touch's liability for damages to Client for any cause and under any legal theory shall be limited to the total amount of software use license and maintenance fees actually paid to High Touch by Client during the consecutive twelve (12) month period occurring immediately prior to the event giving rise to the liability. THE PARTIES ACKNOWLEDGE THAT THE LIMITATION ON POTENTIAL LIABILITY SET FORTH IN THIS SUBSECTION 21(F) IS AN ESSENTIAL ELEMENT IN SETTING CONSIDERATION UNDER THIS AGREEMENT. HIGH TOUCH NEITHER ASSUMES, NOR AUTHORIZES ANYONE TO ASSUME ON BEHALF OF HIGH TOUCH, ANY OTHER LIABILITY.

g. Notwithstanding any of the above subsections, in no event shall High Touch be liable for any damages arising from performance or nonperformance of the Cynergi Application(s) caused in whole or in part by Client's failure to perform Client's responsibilities described in the Program Specifications, written and oral operator training during initial installations or implementation of modifications, or any other written or oral instructions given to Client occurring at any time prior to such damages. Any other oral instructions shall be considered to have been written when given if they are followed up by a written memorandum or videotape placed in the United States mail with fifteen (15) days of such oral instructions. Nor will High Touch be responsible for any damages that could have been prevented or mitigated had Client performed Client's responsibilities for safety, proper testing, and proper operation contained in the Program Specifications, operator training, or other instructions.

22. TRADE SECRETS

The source code, Documentation, software (object code), and all other items related to the Cynergi Application(s) that are (i) labeled or otherwise clearly identified as being "Restricted Materials", copyrighted or any similar designation, or (ii) implicitly by their nature would be reasonably assumed to be proprietary or confidential are acknowledged to be the trade secrets of High Touch. Client agrees to the following obligations:

a. Client shall maintain records of the location of all Cynergi Application(s) and make these records available to High Touch upon request. In particular, it is Client's obligation to provide High Touch with the information described in section 3(b). During the term of this Agreement and for one (1) year thereafter Client shall make available to High Touch and shall maintain sufficient books, records and accounts to calculate and verify payment of all fees due under this Agreement and the usage of the Cynergi Application(s).

b. Client shall not provide or otherwise make available any Cynergi Application(s) in any form without High Touch's prior written consent except to employees of High Touch, employees of Client or its Affiliates who have also purchased licenses, and as provided in subsection 7(c).

c. Client shall take appropriate actions to require Client's employees and independent contractors to comply with the requirements of this section

d. Client agrees that normal use of the Cynergi Application(s) through menu selections contained in the user Documentation or as presented in training shall be the only authorized access to the Cynergi Application(s). Client agrees not to attempt to gain unauthorized access to the Cynergi Application(s).

e. Client shall not itself, and shall not assist or permit any employee or Affiliate of Client or any third party to, translate, reverse engineer, decompile, recompile, update, or modify all or any part of the Cynergi Application(s) or merge any of it into any other software except with the prior written consent of High Touch.

f. Client shall comply with all laws governing copyrighted, patented, and trade secret-protected material of other companies that may be supplied with the Licensed Cynergi Application(s). Some or all of High Touch's Cynergi Application(s) are now, or may be in the future, copyrighted. Client agrees to comply with all laws governing such copyrighted material.

g. Notwithstanding any provision to the contrary herein, if Client deliberately or negligently violates any provisions of this section, High Touch, in addition to other remedies that may be available, may terminate this Agreement with Client effective immediately upon notice to Client.

h. The parties' respective obligations under this Section 22 shall survive the expiration or termination of this Agreement and continue in effect thereafter for so long as such information is entitled to protection under the Kansas Uniform Trade Secrets Act or applicable federal law.

23. CONFIDENTIALITY

During the term of this Agreement, each party acknowledges that it will have access to confidential information regarding the other party's business. Accordingly, each party agrees to the following:

a. As used herein, the term "Confidential Information" shall mean any and all information, technical data or know-how which one party ("Disclosing Party") discloses to the other party ("Receiving Party"), either directly or through their employees, agents, contractors or representatives, which is or may be related to (a) the business, present or future, of the Disclosing Party or its Affiliates (b) the technology, services or products of the Disclosing Party or its Affiliates; (c) the research and development efforts, research or investigations of the Disclosing Party or of its Affiliates; (d) the business or identity of any

customer of the Disclosing Party or its Affiliates; or (e) the financial information pertaining to the Disclosing Party or its Affiliates. Further, and specifically, Confidential Information shall include, without limitation, financial information, trade secrets, processes, formulas, data, algorithms, source code or object code whether created or otherwise owned or licensed to High Touch from third parties, know-how, improvements, inventions, techniques, manuals, mailing lists, market or customer data, marketing plans and strategies, information concerning any agreements (written or oral) or contract negotiations, distributors, licensees, franchisees, franchisors, customers or vendors, as well as any of the foregoing that may be incorporated in notes or other documents created by the Receiving Party as a result of such disclosure. Confidential Information shall include information communicated in writing which is designated as "Confidential," "Proprietary" or some other similar designation and shall also include information communicated orally or via email or text message, if such information is identified as being "Confidential Information" at the time of its disclosure, or if such information by its nature should reasonably be understood to be Confidential Information. Confidential Information shall also include all information created by Client while utilizing the Cynergi Application(s). All end-user installation or guides, manuals and other end-user technical information, whether in printed or electronic form, that is customarily provided by High Touch to a licensee or end-user of the Cynergi Application(s) shall at all times be deemed to be Confidential Information.

b. Notwithstanding the foregoing, Confidential Information shall not include any information which:

- (i) is now or later made known to the public through no default by the Receiving Party of this Agreement;
- (ii) the Receiving Party can show was in its (or an Affiliate's) possession prior to disclosure by the Disclosing Party;
- (iii) is rightfully received by the Receiving Party (or an Affiliate) from a third party without breach of any confidentiality obligation;
- (iv) the Receiving Party can clearly show was independently developed by the Receiving Party (or an Affiliate) by persons who did not have access to any Confidential Information of the Disclosing Party;
- (v) is disclosed by the Receiving Party after receipt of written permission to so disclose from the Disclosing Party; or
- (vi) is disclosed by High Touch to RACFI for any purpose upon presentment of a copy of an executed franchise agreement to which Client is a party, it being understood that High Touch need not determine the validity or authenticity of such copy if such document includes express language granting Client's consent to the disclosure of any such information to the franchisor. Notwithstanding anything to the contrary in this section, pursuant to section 4, Client hereby authorizes High Touch to transfer any data received, stored, or processed by the Cynergi Application(s) to RACFI upon RACFI's request, and acknowledges and agrees that such information will be immediately transferred to RACFI upon the closure or change of ownership of any Client store location.

c. Obligation of Confidentiality. The Receiving Party acknowledges that the Confidential Information is a special, valuable and unique asset of the Disclosing Party, and the Receiving Party agrees to hold in confidence and not itself use or disclose to any third party or permit any employee, Affiliate or third party to use any of the Confidential Information of the Disclosing Party without obtaining the prior written consent of the Disclosing Party. Each party agrees to use the same degree of care (and in any event not less than reasonable care) to safeguard the confidentiality of the Disclosing Party's Confidential Information that it uses to protect its own secret information. The Receiving Party agrees to limit any disclosure of the Confidential Information to only those of its employees and advisors who have

a need to know and who are bound by confidentiality obligations, and only after first advising such persons of the Receiving Party's obligations under this Agreement.

d. Use of Confidential Information. Each party agrees to use Confidential Information received from the other party only in the lawful performance of this Agreement, and not for any other purpose. All documents, data, records and other information containing or pertaining to any Confidential Information, including electronic formats, shall be returned promptly by the Receiving Party to the Disclosing Party upon request by the Disclosing Party or the termination or expiration of this Agreement.

e. Limitations on activities. The parties each agree that, during the term of this Agreement and for a period of two (2) years after the expiration or termination of this Agreement, neither party will recruit the other party's employees, or otherwise seek to induce such employees to terminate their respective employment or violate any agreement to which the employee is bound.

f. Required Disclosure. If the Receiving Party or any Affiliate of a Receiving Party is requested by subpoena, court order, or similar process or applicable governmental regulation to disclose any Confidential Information, the parties agree that the Receiving Party or its Affiliate, as the case may be, will provide the Disclosing Party with prompt notice of such request or obligation so that the Disclosing Party may seek an appropriate protective order or procedure if it elects to do so. If the Disclosing Party does not obtain an appropriate protective order or procedure by the time when such disclosure is reasonably required, the Receiving Party or such Affiliate shall be permitted to make such limited disclosure.

g. Third Party Obligations. Client acknowledges that High Touch may from time to time enter into certain confidentiality or nondisclosure agreements or other agreements with customers, suppliers or other parties which contain confidentiality or nondisclosure provisions ("Third Party Obligations"). To the extent that any of same may be more restrictive than the obligations under this Agreement, Client (for itself and its Affiliates and their employees), agrees to be bound by and to adhere to all of such terms, covenants and restrictions contained in such Third Party Obligations as agreed to by High Touch, effective upon the presentment by High Touch to Client of a copy of the pertinent restrictive language contained in such Third Party Obligations.

h. Injunctive Relief. Each of the parties acknowledges (a) that any breach or attempted breach by the Receiving Party of any of the provisions of sections 22 or 23 would result in irreparable injury to the Disclosing Party for which there would be no adequate remedy at law; (b) that if the Receiving Party should breach or attempt to breach any such provision, the Disclosing Party may seek through due process of law to enjoin, without posting a bond, the Receiving Party from further breaches or attempted breaches of such provision, or to compel compliance with such provision by specific performance, in addition to any other remedies available to the Disclosing Party in equity or at law; and (c) that if a court of competent jurisdiction determines that the Receiving Party has breached or attempted to breach any such provision, the Receiving Party shall consent to the granting of an injunction restraining the Receiving Party from further breaches of, or compelling compliance by specific performance with, such provision.

i. Continuing Obligation. The obligations and covenants of this Section 23 shall survive the expiration or termination of this Agreement.

24. LIMITATIONS

Even though state statutes may otherwise provide a longer statute of limitations, it is agreed that any claim Client may have or assert against High Touch for any breach of this Agreement is not actionable unless suit is filed in a proper court within one year following Client's discovery of that breach, or within one year of the time that Client, through exercise of reasonable diligence, reasonably should have discovered the alleged breach, whichever is shorter.

25. TAXES, LIENS, AND ENCUMBRANCES

Client shall keep the Cynergi Application(s) free and clear of all third party claims, charges, levies, liens, security interests and encumbrances, except those required for Client to obtain purchase money financing, but only to the extent to which High Touch expressly agrees and evidences such consent in writing. Client shall timely and fully pay all license fees, registration fees, assessments, charges, and taxes (federal, state and local sales and use taxes, ad valorem taxes, tariffs, duties, commissions and other charges) which may be imposed on the License granted hereunder or any hardware, software or services purchased under this Agreement or any Sales Order.

26. MODIFICATIONS

Except as expressly provided in section 2 regarding Proposals and Sales Orders, this Agreement cannot be amended, modified or supplemented except by written mutual consent of High Touch and Client. In the event of a conflict in the terms of Proposal in comparison to a Sales Order, the Sales Order shall control.

27. BETA SOFTWARE

From time to time High Touch may make "beta" copies of prospective new versions of the Cynergi Application(s), Cynergi Application Upgrades, or of potential new Cynergi software modules (collectively, "Beta Software") available for Client's use solely for the purpose of testing the Beta Software which may include day-to-day operations ("Test System"), and Client may elect to license and use the Beta Software in the Test System. CLIENT ACKNOWLEDGES AND UNDERSTANDS THAT ANY BETA SOFTWARE IS A PRE-RELEASE VERSION ONLY, IS STILL UNDERGOING TESTING BY HIGH TOUCH AND IS NOT A HIGH TOUCH COMMERCIALY RELEASED PRODUCT. HIGH TOUCH MAKES NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO ANY BETA SOFTWARE USED IN ANY TEST SYSTEM AND PROVIDES SAME ONLY ON AN "AS-IS WHERE-IS" BASIS. Client expressly agrees that provisions of Paragraph 17 shall not apply with respect to any Beta Software. However, Client acknowledges and agrees that all Beta Software delivered in accordance with this section shall otherwise be considered to be a "Cynergi Application" for all purposes of this Agreement. Notwithstanding anything to the contrary, as to any Beta Software, this Agreement and the limited license granted hereby will terminate on the earliest of: (a) ten (10) days after the date of delivery by either party to the other party of written notice of termination of the beta testing period for such Beta Software; or (b) the date of High Touch's commercial release of the final version of such Beta Software for licensing to its end users generally. Upon expiration or other termination of such period, Client immediately shall discontinue any and all use of the Beta Software and related documentation and remove or permit High Touch to deactivate the Beta Software. The termination of this Agreement, as to any Beta Software, shall not affect the continuation of this Agreement as to any other Cynergi Application(s) that has been licensed and is in use by Client in accordance with the terms of this Agreement. Upon expiration or other termination of any period of use of any Beta Software that Client elects not to purchase a license to use under this Agreement, Client agrees that it will immediately discontinue its use and provide to High Touch remote access to Client's systems on which such Beta Software is installed for the limited purpose of permitting High Touch to remove or deactivate such Beta Software.

MISCELLANEOUS

28. The headings to the sections of this Agreement are for convenience only, and do not form a part of this Agreement, and shall not in any way affect the interpretation thereof. Where the context so requires, the singular will include the plural and the plural will include the singular, including specifically the meaning of "Cynergi Application(s)."

29. If any provision of this Agreement is declared by any court or administrative body of competent jurisdiction to be invalid, the remaining provisions shall remain in full force and effect. This Agreement, including its interpretation and enforcement, shall be governed by the laws of the state of Kansas. All litigation relating to this Agreement, including the enforcement of any arbitration award, shall be conducted in the courts located in Sedgwick County, Kansas. Client agrees to consent to the

jurisdiction of such courts for the purposes of the enforcement of any arbitration award or High Touch's exercise of the remedies provided in subsection 23(h).

30. This Agreement shall inure to the successors and assigns of the parties except as provided in section 4. Each person signing this Agreement represents and warrants that it/he/she has the requisite power and authority or legal capacity to enter into this Agreement and perform their respective obligations.

31. Any notice or other communication required, or which may be given pursuant to terms of this Agreement, unless otherwise specifically set forth herein, shall be deemed sufficiently given or served if first reduced to writing and delivered personally to the intended recipient or if sent by registered or certified mail, return receipt requested, postage prepaid, addressed to either party at the address set forth above. The date of service and notice served personally shall be the date upon which the same is received, five (5) business days after being placed in the mail, or one (1) business day after transmission by telephone facsimile, confirmed email or comparable electronic system; provided, however, any notice sent by mail as herein set forth which shall be unclaimed or refused shall for purposes of this Agreement be deemed received by the party to whom notice of attempted delivery has been given by the United States Postal Service as of the date of the first attempted delivery thereof. Any party hereto may, by prior written notice to the other parties, change any address to which any notice or communication hereunder shall be sent.

32. Neither party is, nor will be deemed to be, the agent or legal representative of the other party for any purpose whatsoever. It is understood that each party is acting and will be acting as an independent contractor in its performance under this Agreement. The Agreement shall not authorize either party to create any obligation or responsibility whatsoever, express or implied, on behalf of the other party, or to bind the other party in any manner, or to make any representation, commitment or warranty on behalf of the other party.

The effective date of this Agreement is the date when it is signed by High Touch.

By: _____
Name: _____
(Please Print)
Title: _____
(Please Print)
Date: _____
Fed. Tax I.D. #: _____
Principle Address:

High Touch, Inc.
By: _____
Name: _____
(Please Print)
Title: _____
(Please Print)
Date: _____
Fed. Tax I.D. #: _____
Principle Address:
Suite 600
110 South Main Street
Wichita, Kansas 67202-3700

EXHIBIT A

HIGH TOUCH SUPPORT PLAN – ALL APPLICATIONS

CynergiiSuite Application(s) Non-Billable Support:

- After Hours Monday – Friday* – Emergency store down support
- After Hours – Saturday/Sunday/Holiday** – Emergency store down support
- Application – Store Support
- Application – Home Office/District/Regional Office Support
- Application - Software/Patch bug
- Integrated Credit Card – Initial setup and installation of device and service on Windows workstation
- Hardware – purchased from High Touch (initial setup/configuration)
- Hardware – purchased from High Touch (within 30-day DOA period) – 1st hour no-charge per incident
- SonicWall – Support, Configuration, Filter changes – according to monthly Managed Services Fee
- SonicWall – Setup netextender/VPN Client – 1st install for Owner/Home Office/Remote Office only

*Standard Support Hours are Monday through Saturday, 8:00am CT (Central Standard Time) to 6:00pm CT. Any calls after these hours of operation are considered "After Hours" calls.

**After Hours – Saturday/Sunday/Holiday – After 6:00pm CT on Saturday through 8:00am Monday morning for the weekend after hours coverage, and all hours on any Holiday

CynergiiSuite Application(s) Billable Support:

- Standard Support Hours Monday – Saturday (8-6 CST; Billable Event; @ \$120/hr)
- After Hours Monday – Friday* – Non-Emergency support (@ \$180/hr)
- After Hours – Saturday/Sunday/Holiday** – Non - Emergency support (@ \$240/hr)
- Application – Accounting/HOA Support
- Special Projects (examples include, but not limited to, store closures/mergers/conversions, forms, custom programming, Q/A)
- AutoQue – Setup and revising any campaigns
- Integrated Credit Card – move of credit card device to new Windows workstation requiring additional setup and installation on different workstation than originally installed on
- Hardware – purchased from High Touch (within 30-day DOA period) – billable after 1st hour per incident
- Hardware – purchased from High Touch (outside 30-day DOA period)
- Hardware – not purchased from High Touch
- Hardware – deemed to be past its useful life (5 years +)
- SonicWall – ISP or Connectivity issue, changing settings for ISP/DVR setup
- SonicWall – Setup netextender/VPN Client for additional users/installs
- Network/Hardware re-configuration
- Windows PC/laptop Support, Desktop and/or Application Support
- Windows Virus cleaning
- Windows Web browsers
- All 3rd Party Software applications not sold by High Touch
- Administrative tasks
- Additional training and/or consulting

*Standard Support Hours are Monday through Saturday, 8:00am CT to 6:00pm CT. Any calls after these hours of operation are considered After Hours calls.

**After Hours – Saturday/Sunday/Holiday – After 6:00pm CT on Saturday through 8:00am Monday morning for the weekend after hours coverage, and all hours on any Holiday

Exclusions:

- Hardware malfunctions and/or data loss resulting from a virus attack do not qualify for free support unless covered under an High Touch Managed Services Support agreement.
- Systems and networks not covered by a current anti-virus product (or a Managed Services Support agreement) do not qualify for no-charge support.
- Use of Thin Clients is not supported with the CynergiiSuite Application(s). Any support for clients using Thin Clients with CynergiiSuite Application(s) is billable.
- Support reserves the right to charge for the support and setup of third-party applications not sold by High Touch
- Support reserves the right to charge for hardware related problems that result from misuse or abuse of hardware (including hardware sold by High Touch).

EXHIBIT B

SERVICE LEVEL AGREEMENT

1.0 Help Desk Availability and Priority Levels

Standard Support hours are Monday through Saturday, 8:00 AM CST to 6:00 PM CST. The Service Level Agreement applies within these hours. Any calls after these hours of operation or over a holiday are considered After Hours calls and are exempt from the Service Level Agreement.

In the event that a Service-affecting issue is detected by High Touch (or reported by Customer), High Touch shall categorize the Priority Level pursuant to the criteria below, in High Touch's reasonable discretion.

Priority Level	Description	Examples
1	A Service failure or severe degradation reserved for enterprise wide outage. Customer is unable to conduct normal business due to hosted service or server down.	Service is down and not accessible by users or all workstations within a site.
2	High to Moderate Business Impact: A partial Service failure or mild degradation. Customers business has some loss or degradation of services within High Touch's control, but is able to access some but not all business resources.	Service is down and not accessible by several users or workstations within a site, software or hardware issues that prevents the ability to conduct critical business, hardware diagnosis and resolution plan on hardware purchased from High Touch within DOA period, other additional High Touch services that are inoperable (ie..Integrated Credit Card or Online payments not related to 3 rd party provider).
3	Minor Service impact. Customers business has moderate loss or degradation of services but work can reasonably continue in an impaired manner. Customer is able to access almost all business resources. Also includes services or hardware outside of High Touch's control, software feature enhancements, etc....	Service is down and not accessible by Individual users or workstations while other users or workstations are functioning, third party applications or services, third party hardware not purchased or supported by High Touch, other store or accounting application issues, problem/bug affecting the system, other non-business critical additional High Touch services (ie..Reporting, auto-dialer, remote connectivity, etc...)

Additional Disclosures:

- In the event of a Priority 1 issue occurring after Standard Support hours, a request for service must be made by calling the High Touch Hotline.
 - Other requests for service (i.e....email, website, application, etc...) made after 5:00 PM CST is collected, however no action is guaranteed until the following business day.
- Resolution time for a hosted server will be 6 hours or less.
- Resolution time for on premise servers cannot be guaranteed due to variables outside of High Touch's control. Examples of variables include but are not limited to hardware failure caused by shipping, multiple datasets (including End of Month datasets), length of time data is retained, networking and internet bandwidth, service level from server manufacturer and correlating 3rd party service providers, etc...
- SLA times are paused if High Touch attempts to return a call to franchisee and franchisee is not available to answer call and/or has not returned a call from High Touch Help Desk.

High Touch Average Response Times Target

Priority Level	First Response	Resolution Time
1	30 minutes	6 hours
2	2 hours	8 hours
3	6 hours	As needed

The following is a Service Level Credit Allocation Percentage that will be used to calculate the Service Level Credit should there be a Service Level Default:

Service Level Credit Allocation Percentage			
Measure	Priority 1	Priority 2	Priority 3
Acknowledge	5%	5%	5%
Resolution	5%	5%	N/A

Response Times concerning Service Level Default will be based upon an average for each client's company and not based upon individual service requests.

2.0 Hosted Availability

If hosted by High Touch, the Store/Home Office suite components of the cynergi|suite™ Application(s) will be available 99.00% of the time in a given billing cycle barring any planned maintenance windows. If High Touch fails to meet this target, Client will be eligible to receive a credit to Client's account, in accordance with the chart in section 3.0 below.

High Touch will announce all disruptive system maintenance changes at least seventy two (72) hours in advance on the High Touch Service Status website. Emergency maintenance is exempt from the notice requirement

Daily backups in the form of VM image level backups, and retained on a rolling 7-day collection basis will be provided by High Touch.

3.0 Hosted Service Credit

Service Credit is the percentage of the monthly service fees charged by High Touch for hosting that is credited to Client for a validated claim.

In order to be eligible to submit a claim with respect to any incident, the Client must first have notified hotline support services of the incident, using the procedures set forth by High Touch, within five business (5) days following the incident.

To submit a claim, Client must contact High Touch's support and provide notice of its intention to submit a claim. In the event of a discrepancy, Client must provide to High Touch's support all reasonable details regarding the claim, which may include but are not limited to, detailed descriptions of the incident(s), the duration of the incident, and the URL(s) affected.

In order for High Touch to consider a claim, Client must submit the claim, including sufficient evidence to support the claim, by the end of the billing cycle. High Touch will use all information reasonably available to validate claims and make a good faith judgment whether the performance terms of section 1.0 above apply to the claim. Service Credit exclusions include, but are not limited to, the following:

1. Those resulting from Client's or third party hardware or software not provided by High Touch;
2. Those resulting from unauthorized actions or any inaction of Client or third parties;
3. Those caused by Client's use of the hosted services after High Touch advised Client to modify its use, if Client did not modify its use as advised; or
4. Those attributable to the acts or omissions of Client or Client's employees, agents, contractors, or vendors, or anyone gaining access to High Touch's hosted cynergi|suite™ Application(s) by means of Client's passwords or equipment.

The amount and method of calculation of Service Credits is described below. SERVICE CREDITS CONSTITUTE CLIENT'S SOLE AND EXCLUSIVE REMEDY FOR ANY BREACH OF THIS EXHIBIT B.

The Service Credits awarded in any billing month shall not, under any circumstance, exceed Client's monthly service fees charged for hosting, with a maximum liability for any claim whatsoever limited to the amount paid by Client during the one (1) months immediate preceding the event/cause giving rise to the claim. No claim may be brought against High Touch more than thirty (30) days after the accrual of such claim.

Service Credits for this Exhibit B will only be calculated against monthly fees associated with the hosting service being provided by High Touch. Service Level means standards High Touch chooses to adhere to and by which it measures the level of service it provides as specifically set forth below:

"Maximum Connectivity Minutes" is the total accumulated minutes during a billing month. Maximum Connectivity Minutes will be measured commencing from start of each billing month.

"Downtime" is the total accumulated minutes during which Client's virtual server is not responsive, but external connectivity from the cynergi|suite™ platform is operating normally.

"Maximum Connectivity Minutes Monthly Uptime Percentage" is calculated via the following formula: Maximum Connectivity Minutes divided less Downtime divided by Maximum Connectivity Minutes (Maximum Connectivity Minutes – Downtime/Maximum Connectivity Minutes)

Maximum Connectivity Minutes Monthly Uptime Percentage	Service Credit
<99.00%	5%

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
California	Exempt
Florida	Effective
Hawaii	Different Form of FDD
Illinois	Exempt
Indiana	Exempt
Maryland	Exempt (pending)
New York	Exempt
Rhode Island	Pending Registration
Virginia	Exempt
Washington	Exempt

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J

ITEM 23
RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Rent-A-Center Franchising International, Inc. offers you a franchise, Rent-A-Center Franchising International, Inc. must provide this Disclosure Document to you at least 14 calendar days before you sign a binding agreement or make a payment to us in connection with the proposed franchise sale. Under Michigan, Washington and Wisconsin law,

Rent-A-Center Franchising International, Inc. must provide this Disclosure Document to you 10 business days before signing any contract or making any payment relating to the franchise relationship. Under New York, Oklahoma and Rhode Island law,

Rent-A-Center Franchising International, Inc. must provide this Disclosure Document to you at the earliest of the first personal meeting or 10 days before signing any contract or making any payment relating to the franchise relationship. Under Iowa law,

Rent-A-Center Franchising International, Inc. must provide this Disclosure Document to you at the earliest of the first personal meeting or 14 days before signing any contract or making any payment relating to the franchise relationship.

If Rent-A-Center Franchising International, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in *Exhibit E*.

The franchise sellers are G. Michael Landry, 5501 Headquarters Drive, Plano, Texas 75024; (972) 403-4905 and/or _____.

Issuance Date: April 28, 2023.

We authorize the agents listed in *Exhibit F* to receive service of process for us.

I have received a Franchise Disclosure Document dated _____. This Disclosure Document included the following Exhibits:

- | | |
|---------------------------------------|---|
| A. State Addenda | F. Agents for Service of Process |
| B. List of Franchisees and Developers | G. Table of Contents of the ColorTyme
Franchisee Operations Manual |
| C. Financial Statements | H. Current Sample Form of General Release |
| D. Franchise Agreement | I. Software License Agreement |
| E. State Administrators | J. Receipts |

_____ Signature	_____ Date	_____ Prospective Franchisee Name (printed)
--------------------	---------------	--

[KEEP THIS COPY FOR YOUR RECORDS]

ITEM 23
RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Rent-A-Center Franchising International, Inc. offers you a franchise, Rent-A-Center Franchising International, Inc. must provide this Disclosure Document to you at least 14 calendar days before you sign a binding agreement or make a payment to us in connection with the proposed franchise sale. Under Michigan, Washington and Wisconsin law,

Rent-A-Center Franchising International, Inc. must provide this Disclosure Document to you 10 business days before signing any contract or making any payment relating to the franchise relationship. Under New York, Oklahoma and Rhode Island law,

Rent-A-Center Franchising International, Inc. must provide this Disclosure Document to you at the earliest of the first personal meeting or 10 days before signing any contract or making any payment relating to the franchise relationship. Under Iowa law,

Rent-A-Center Franchising International, Inc. must provide this Disclosure Document to you at the earliest of the first personal meeting or 14 days before signing any contract or making any payment relating to the franchise relationship.

If Rent-A-Center Franchising International, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in *Exhibit E*.

The franchise sellers are G. Michael Landry, 5501 Headquarters Drive, Plano, Texas 75024; (972) 403-4905 and/or _____.

Issuance Date: April 28, 2023.

We authorize the agents listed in *Exhibit F* to receive service of process for us.

I have received a Franchise Disclosure Document dated _____. This Disclosure Document included the following Exhibits:

- | | |
|---------------------------------------|---|
| A. State Addenda | F. Agents for Service of Process |
| B. List of Franchisees and Developers | G. Table of Contents of the ColorTyme
Franchisee Operations Manual |
| C. Financial Statements | H. Current Sample Form of General Release |
| D. Franchise Agreement | I. Software License Agreement |
| E. State Administrators | J. Receipts |

Signature

Date

Prospective Franchisee Name (printed)

[Please sign this copy of the Receipt, date your signature and return it to us]