

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
REGISTRATION DIVISION
(651) 296-4520

IN THE MATTER OF THE REGISTRATION OF:
NOVUS RETAIL LOCATION
NOVUS MOBILE FRANCHISE
By NOVUS FRANCHISING INC

ORDER AMENDING
REGISTRATION

WHEREAS, an application to amend the registration and
amendment fee have been filed,

IT IS HEREBY ORDERED that the registration dated
June 13, 1994, is amended as of the date set forth below.

A handwritten signature in black ink, reading "Mike Rothman". The signature is written in a cursive, flowing style. A horizontal line is drawn under the signature.

MIKE ROTHMAN
Commissioner
Department of Commerce
85 7th Place East, Suite 500
St Paul, MN 55101

Date: June 27, 2011

UNIFORM FRANCHISE REGISTRATION APPLICATION

File No.

F-2934

(Insert file number of immediately preceding filing of Applicant)

State of Minnesota
Department of Commerce
JUN 24 2011
Rec'd \$ 100

State: Minnesota

Fee: \$100.00

APPLICATION FOR (Check only one):

 INITIAL REGISTRATION OF AN OFFER AND SALE OF FRANCHISES

 RENEWAL APPLICATION OR ANNUAL REPORT

 PRE-EFFECTIVE AMENDMENT

 X POST-EFFECTIVE MATERIAL AMENDMENT

1. Full legal name of Franchisor:

Novus Franchising, Inc.

2. Name of the franchise offering:

Novus and Novus Glass

3. Franchisor's principal business address:

12800 Highway 13 South, Suite 500
Savage, MN 55378

4. Name and address of franchisor's agent in this State authorized to receive service of process:

Minnesota Commissioner of Commerce
Commissioner of Securities
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198

5. The states in which this application is or will be shortly on file:

California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota,
Rhode Island, South Dakota, Virginia, Washington, and Wisconsin

6. Name, address, telephone and facsimile numbers, and e-mail address of person to whom communications regarding this application should be directed:

Charles S. Modell, Esq.
Larkin Hoffman Daly & Lindgren Ltd.
1500 Wells Fargo Plaza
7900 Xerxes Avenue South
Minneapolis, MN 55431-1194
Phone: (952) 896-3341
Fax: (952) 896-1511
Email: cmodell@larkinhoffman.com



Larkin Hoffman Daly & Lindgren Ltd.

1500 Wells Fargo Plaza
7900 Xerxes Avenue South
Minneapolis, Minnesota 55431-1194

GENERAL: 952-835-3800
FAX: 952-896-3333
WEB: www.larkinhoffman.com

June 24, 2011

Mr. Daniel E. Sexton
Commerce Analyst II
Registration Division
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198

VIA MESSENGER

Re: Novus Franchising, Inc.
Application for Post-Effective Amendment; File No.: F-2934

Dear Mr. Sexton:

On behalf of our client, Novus Franchising, Inc. (the "Company"), enclosed please find the following materials in connection with the Company's application for post-effective amendment of its franchise registration:

1. \$100 check in payment of the filing fee;
2. Uniform Franchise Registration Application facing page;
3. Certification Page; and
4. One blacklined copy of the Disclosure Document.

If you have any questions regarding the enclosed materials, feel free to contact me.

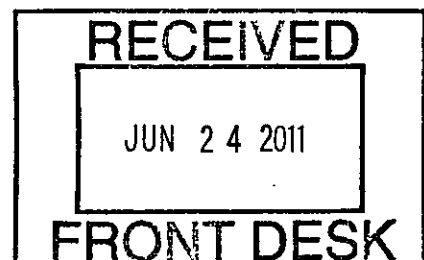
Sincerely,

Charles S. Modell, for
Larkin Hoffman Daly & Lindgren Ltd.

Direct Dial: 952-896-3341
Email: cmodell@larkinhoffman.com

Enclosures

1359491.1

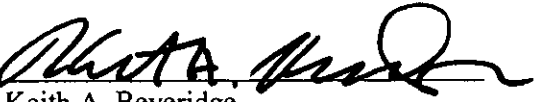


CERTIFICATION

I certify and swear under penalty of law that I have read and know the contents of this application, including the Franchise Disclosure Document with an issuance date of March 29, 2011, as amended June 24, 2011, attached as an exhibit, and that all material facts stated in all those documents are accurate and those documents do not contain any material omissions. I further certify that I am duly authorized to make this certification on behalf of Novus Franchising, Inc. and that I do so upon my personal knowledge.

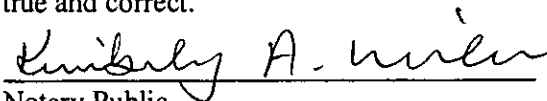
Signed at Savage, Minnesota, June 24, 2011.

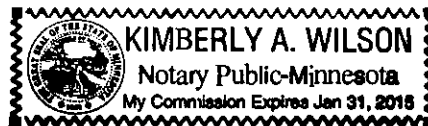
NOVUS FRANCHISING, INC.

By: 
Keith A. Beveridge
Its: Senior Vice President

State of Minnesota
County of Scott

Personally appeared before me this 21st day of June, 2011, the above-named Keith A. Beveridge, to me known to be the person who executed the foregoing application as Senior Vice President of the above-named applicant and being first duly sworn, stated upon oath that said application, and all exhibits submitted herewith, are true and correct.


Notary Public



1359493.1



BLACKLINED

FRANCHISE DISCLOSURE DOCUMENT

NOVUS FRANCHISING, INC.

a Washington corporation
12800 Highway 13 South, Suite 500
Savage, MN 55378
(952) 944-8000

Email: info@novusglass.com

www.novusglass.com

www.novusfranchising.com

The franchise offered is for the operation of a retail or mobile business that provides the public with high quality automotive glass, commercial and residential glass repair and replacement services, and certain other automotive after market products and services under the name Novus. We also offer an "affiliate" auto dealer license, which is a license to an existing automobile and/or truck dealership business to add Novus Glass Repair and Replacement products and services to the products and services they already offer.

The total investment necessary to begin operation of a stand-alone retail location franchise ranges from \$53,575 to \$206,800. This includes \$23,375 to \$36,100 that must be paid to us or our affiliates. The total investment necessary to begin operation of a stand-alone mobile franchise ranges from \$43,075 to \$119,600. This includes \$23,375 to \$26,100 that must be paid to us or our affiliates. If you acquire a Novus "affiliate" auto dealer license, the total investment necessary to begin operation will range from \$22,975 ~~15,400~~ to \$117,600 ~~69,600~~, including \$13,375 ~~11,800~~ to \$30,400 ~~20,900~~, that must be paid to us or our affiliates.

This Disclosure Document summarizes certain provisions of our franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no governmental agency has verified the information contained in this document.

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact James F. Olson at 12800 Highway 13 South, Suite 500, Savage, Minnesota 55378, telephone: (952) 944-8000.

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

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

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

ISSUANCE DATE: March 29, 2011, as amended June 24, 2011. (See page entitled "State Specific Effective Dates" for state specific effective dates.)

STATE COVER PAGE

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

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

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

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

- (1) THE FRANCHISE AGREEMENT AND AFFILIATE AUTO DEALER LICENSE AGREEMENT PERMIT YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN MINNESOTA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE WITH US IN MINNESOTA THAN IN YOUR OWN STATE.*
- (2) THE FRANCHISE AGREEMENT AND AFFILIATE AUTO DEALER LICENSE AGREEMENT STATE THAT MINNESOTA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.*
- (3) THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

*See Disclosure Document and Franchise Agreement or Affiliate Auto Dealer License Agreement for provisions that create exceptions to these clauses, or that may override this clause.

EFFECTIVE DATE: (See page entitled "State Specific Effective Dates" for state specific effective dates.)



STATE SPECIFIC EFFECTIVE DATES

The effective dates of this Disclosure Document for the states of California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin are listed below.

<u>STATE</u>	<u>EFFECTIVE DATE</u>
California	<u>April 5, 2011, as amended</u>
Hawaii	<u>April 5, 2011, as amended</u>
Illinois	<u>March 29, 2011, as amended</u>
Indiana	<u>March 31, 2011, as amended</u>
Maryland	<u>April 28, 2011, as amended</u>
Minnesota	<u>March 30, 2011, as amended</u>
New York	<u>April 6, 2011, as amended</u>
North Dakota	<u>April 6, 2011, as amended</u>
Rhode Island	<u>April 6, 2011, as amended</u>
South Dakota	<u>March 29, 2011, as amended</u>
Virginia	<u>April 14, 2011, as amended</u>
Washington	<u>April 7, 2011, as amended</u>
Wisconsin	<u>March 29, 2011, as amended</u>

**NOTICE MANDATED BY SECTION 8 OF
MICHIGAN'S FRANCHISE INVESTMENT ACT**

The following is applicable to you if you are a Michigan resident or your franchise will be located in 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.

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

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

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.

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 525 West Ottawa Street, Lansing, Michigan 48909, telephone: (517) 373-7117.

NOVUS FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT
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EXHIBITS:

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FRANCHISE DISCLOSURE DOCUMENT

1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Novus Franchising, Inc. is referred to in this Franchise Disclosure Document as “Novus,” “we” or “us.” “You” means the person or entity that buys the franchise from Novus. Novus was incorporated under the laws of Washington in December 1993, under the name TAG Franchising, Inc., and its corporate name was changed to Novus Franchising, Inc. on December 13, 1993, when it acquired the assets of the former Novus Franchising, Inc. Our offices are located at 12800 Highway 13 South, Suite 500, Savage, Minnesota 55378, and our telephone number is (952) 944-8000. We do business under the names “Novus”, and “Novus Franchising,” and “Novus Glass”. Our agent for service of process in this state is disclosed in the State Agency Exhibit (Exhibit L) attached to this Disclosure Document.

Since December 1993, Novus has operated and franchised retail and mobile businesses that provide the public with high quality automotive, commercial and residential glass repair and replacement services and other glass related products and services under the names “Novus Windshield Repair,” “Novus Autoglass Repair and Replacement[®],” and “Novus Glass[®].” In 2007, we began offering a co-branded or “affiliate” Novus Glass Repair and Replacement license to existing automotive related businesses and non-automotive glass businesses. These arrangements are referred to in this Disclosure Document as an “affiliate license.” In the summer of 2011, we stopped offering the affiliate license to non-automotive glass businesses and restricted the offering of affiliate licenses to automobile and/or truck dealerships. The products and services that will be offered by these affiliate licensees under the Auto Dealer License Agreement are similar to those offered by our Glass Repair and Replacement franchisees and therefore, unless otherwise indicated, disclosures in this Disclosure Document that discuss the “Glass Repair and Replacement” franchise also apply to the affiliate auto dealer licenses. In 2010, we also began allowing some of our franchisees to become a certified dealer of our affiliate, Speedy Auto Glass, Inc., a Washington corporation (“Speedy Auto Glass”), and to include a tagline, “Speedy Glass Certified Dealer” to identify their business. This identifier is only available in certain markets where Speedy Auto Glass does not operate, and does not have any licensees who operate.

From October 1999 to December 2002, we offered the Novus[®] “Auto Care Center” franchise, which provides automotive glass repair and replacement services and automotive paint restoration and paintless dent repair services. We sold 15 Auto Care Center franchises.

Beginning in the summer of 2011, we are offering an “associate” license agreement for the operation of a business offering protection and restoration services under the Novus name. These licensees will offer protective film and/or chemical products to protect and restore automobiles, motorcycles, sailboats, power boats and other surfaces. These protection and restoration service license agreements are described in a separate disclosure document. As of the date of this Disclosure Document, we have not signed any of these agreements.

The “Glass Repair and Replacement” franchise provides glass repair and replacement products and services, while the “Glass Repair” franchise provides repair (but not replacement) products and services. Existing franchisees who own a Glass Repair franchise have the right to reacquire their Glass Repair franchise when the term of their original franchise agreement expires, but we do not offer any new “Glass Repair” franchises or affiliate licenses. Certain existing franchisees who own a Glass Repair franchise are currently operating under a franchise agreement that allows them to offer glass replacement services and products as a separate business and not as part of the Novus[®] Glass Repair franchise. This option will not be offered to new franchisees or franchisees not currently operating a separate glass replacement business.

As of December 31, 2010, Novus had 225 Glass Repair or Glass Repair and Replacement franchises (including 2 affiliate licensees), and 11 company-owned businesses in the United States. Except as described below~~above~~, Novus has not offered franchises in any other line of business.

~~From October 1999 to December 2002, we offered a Novus® “Paint Restoration” franchise, but we did not sell any Paint Restoration franchises. From October 1999 to December 2002, we offered the Novus® “Auto-Care-Center” franchise, which provides automotive glass repair and replacement services and automotive paint restoration and paintless dent repair services. We sold 15 Auto-Care-Center franchises.~~

We have no predecessors from whom we acquired a major portion of our assets in the last 10 years. We have 2 “parent” companies. We are a wholly owned subsidiary of Trans America Glass, Inc. (“TAG”), a Washington corporation, and TAG is a wholly owned subsidiary of TCG International, Inc. (“TCGI”), a Canadian corporation. The principal address of both TAG and TCGI is 2800 – 4710 Kingsway, Burnaby, British Columbia, Canada.

We have 2 affiliates that sell products or services to our franchisees. TCGI, our parent company, operates www.windshields.com, a glass repair and replacement referral service (see Item 6). Novus Inc., a Washington corporation with the same address as ours, is an affiliate of ours that (a) sells resins to us that we resell to our franchisees, and (b) develops and leases windshield repair equipment to Novus® franchisees.

Shat R Proof Corp., a Washington corporation (“Shat R Proof”), is located at 12800 Highway 13 South, Suite 500, Savage, Minnesota 55378, and is another affiliate of ours. While it does not sell any products or services to our franchisees, it is a distributor of chemicals, equipment and other products that are used for glass restoration, scratch removal, glass repair, and glass replacement. Shat R Proof distributes a line of these products to us for our distribution under the Novus® brand name. Shat R Proof also distributes paint restoration products and other products under the name “SRP Paint Restoration Systems” and under other brand names through distributors, licensees, dealerships, corporate locations, franchises, and subdistributors.

We have several affiliates that offer franchises under the Novus trademark (in other countries). TCGI licenses the Master Franchise in Canada under the Novus name. TCGI began offering franchise licenses under the Novus name in 1993 and has 1 licensee, the Master Franchisee for the Novus brand in Canada. TCGI does not operate any Novus Glass Repair and Replacement businesses, and it does not offer franchises in any other line of business. TCGI (Jersey) Ltd. is the Master Franchisor for the Novus brand outside the United States and Canada, where it offers franchises for Novus Glass Repair and Replacement, and Novus Scratch Removal businesses. Its principal address is the same as ours. It began offering franchises in 1993, and as of December 31, 2010, it had 36 international licensees. It does not offer franchises in any other business, and it does not operate any Novus Glass Repair or Novus Scratch Removal businesses. Finally, under the Novus brand, TCG Australia Pty Ltd is the Master Franchisee for the Novus Glass Repair and Replacement and for Novus Scratch Removal businesses in Queensland, New South Wales, Australian Capital Territory, Victoria, South Australia and Tasmania, Australia. Their principal address is Level 1, Unit 2, 605 Kingsford Smith Drive, Hamilton, Queensland 4007, Australia. They began offering franchises in Australia in 2000, and currently have 74 franchisees and 5 authorized agents. They operate 1 Novus Glass Repair and Replacement in Australia, which they began operating before our affiliate acquired the business in 2002. They do not offer franchises in any other line of business.

One of our parent companies, TAG, indirectly owns 50% of a company called Automotive Service Franchising, LLC, which franchises air bag system repair services under the Airbag Services trademark. Those businesses also offer interior automotive repair on steering columns, ignition systems, electrical repairs, computer components, stereos, vehicle leasing, locks and door panels. Automotive Service Franchising, LLC’s principal address is 13013 NE 20th Street #1, Bellevue, Washington 98005. They began offering franchises in 1994, and as of December 31, 2010, they had 14 franchises. Automotive Service Franchising, LLC also began operating company-owned Airbag Services businesses in 1992, and as of December 31, 2010, owned 3 such businesses. They do not offer franchises in any other line of business.

Speedy Glass Franchising Systems, Inc., a Washington corporation (“Speedy Franchising”), and Speedy Auto Glass are located at 9655 S.E. 36th Street, Unit 103, Mercer Island, Washington 98040, and are

affiliates of Novus. Speedy Auto Glass owns and operates automotive, commercial and residential glass repair and replacement businesses under the names "Speedy Auto Glass," "Speedy Glass," "Speedy Auto & Window Glass," and "Speedy Glass Auto, Residential & Commercial." Before 1993, Speedy Franchising franchised automotive and residential and commercial flat glass repair and replacement businesses under the same or similar names, but Speedy Franchising no longer offers or sells franchises apart from (a) 4 existing Speedy franchises operating in the State of Washington; and (b) a relationship with Ziebart International, Incorporated ("Ziebart") under which Ziebart may offer and sell Speedy franchises to Ziebart corporate owned and franchised businesses under a "co-brand" arrangement. In addition, Speedy Auto Glass (a) has a trademark license agreement with Skybome, LLC, a third party who operates a Speedy Auto Glass business in the State of Washington, and (b) operates add-on Novus® businesses under a co-brand license arrangement with us. However, as of the date of this dateDisclosure Document, Speedy Franchising and Speedy Auto Glass do not offer franchises in any line of business, and we have no other affiliates (other than Automotive Service Franchising, LLC) that offer franchises under other names or marks.

The Glass Repair and Replacement franchise that we offer may be operated from either a fixed retail location or on a mobile basis. A fixed retail location franchise provides Glass Repair and Replacement services to customers on a full-time basis during normal business hours from the franchised location and, in addition, has the right to provide these services to customers from specially equipped vehicles. A mobile franchise provides these services from specially equipped vehicles and does not maintain a retail location. An auto dealer licensee offers products and services only at the retail location of the automobile and/or truck dealership.

Companies other than Novus market products that compete directly with the Novus® businesses described in this Disclosure Document. You will compete in your business with other national and regional systems, both company-owned and franchised, and with independent businesses, some of which offer only the services you will offer, and some of which offer other automotive or glass services in addition to the services you will be offering.

The products and services offered by Novus® businesses are used by the general public and businesses for the repair and replacement of automotive, commercial and residential glass, and other glass related products and services that we approve. Potential customers include individual automobile owners, automobile dealerships, automobile rental agencies, trucking companies, fleet owners, automotive body shops, commercial building owners, residential homeowners, and insurance companies. Sales of products and services by Novus® businesses tend to vary on a seasonal basis, and are generally lower during the winter months in northern areas.

There are state laws in effect in a number of states that are specific to the after market automotive industry, and/or to glass repair or replacement services. In some states you must be licensed to perform windshield repair and replacement services. Some states have laws restricting the rebates, gifts or incentives you can give to customers. For furtheradditional information about these laws, and to determine whether these laws exist in your state, contact your state Attorney General's office. There are also federal laws that prohibit certain activities on the part of motor vehicle repair businesses, including actions that would defraud consumers or render parts of their vehicle inoperative. In addition, you must comply with federal, state and local environmental, occupational safety and health, and related laws and regulations that apply to the handling, storage, use, and application of the resins and chemicals you use in your Novus® business.

2. BUSINESS EXPERIENCE

A. Allan Skidmore - Chief Executive Officer, Director

Mr. Skidmore has been Chief Executive Officer and a Director of Novus since December 1993. He joined TCGI in 1967, and is currently the Co-Executive Chairman and Chief Executive Officer of TCGI.

Mr. Skidmore also holds various offices with affiliates of ours, including the positions of President and Director of Speedy Auto Glass.

Thomas E. Skidmore - Vice President, Director

Mr. Skidmore has been Vice President and a Director of Novus since December 1993. He joined TCGI in 1968, and is currently the Co-Executive Chairman and Chief Executive Officer of TCGI. Mr. Skidmore also holds various offices with affiliates of ours, including the position of Vice President and Director of Speedy Auto Glass, and President of Glentel Inc., a wireless communications business located in Burnaby, British Columbia.

Garry Skidmore - Executive Vice President of TCGI

Mr. Skidmore is not an officer or director of our company, but since November 2005, he has been Executive Vice President of TCGI, and in 2006, he assumed responsibility for the operations of the company-owned Novus' businesses, and the affiliate licenses. He also oversees Speedy Auto Glass' operations. Mr. Skidmore has been an employee of TCGI since 1994. Between April 2000 and November 2005, he was Senior Vice President, Purchasing, for TCGI.

L. Michael Darby - Chief Financial Officer and Treasurer

Mr. Darby has been Chief Financial Officer of Novus since November 2005 and of TCGI since June 2007. He was appointed as Treasurer of Novus in June 2007. From June 2005 until November 2005, he was General Manager of Apollo Sign & Millwork, Ltd. (a subsidiary of TCGI) in Burnaby, BC. From August 2002 until June 2005, Mr. Darby was Director, Financial Planning, & Supply Chain Management, of TCGI (Autostock Division).

Keith A. Beveridge - Senior Vice President

Mr. Beveridge has been Senior Vice President of Novus since September 2005. From April 1997 until September 2005, he was Vice President and General Manager of Novus.

Erika Tse - Vice President, Corporate Counsel and Secretary

Ms. Tse has been Vice President, Corporate Counsel and Secretary for Novus since December 2005. Before joining Novus, she was Senior Legal Counsel at Weyerhaeuser Company Limited in Vancouver, BC from April 2000 until November 2005.

David Osland - Vice President of Marketing and Product Development

Mr. Osland has been Vice President of Marketing and Product Development for Novus since March 2006. From August 2005 to March 2006, he was Director of Marketing for Novus Inc. From February 2002 to August 2005, Mr. Osland was Product Manager for Novus Inc.

Ted D. Andersen – Vice President Franchise Sales and Development

Mr. Andersen has been our Vice President of Franchise Sales and Development since April 30, 2010. Between August 2007 and April 2010, he was our Eastern Regional Manager. From September 2005 to July 2007, he was area manager for Pilkington NA, Brookfield, Wisconsin.

James F. Olson - Director of Franchise Development, and Director of Brand Awareness and National Accounts

Mr. Olson has been employed by Novus and its predecessor (a company from whom we acquired our assets in 1993) since 1980. He has been our Director of Franchise Development since September 2005 and has been Director of Brand Awareness and National Accounts since October 1999. He is currently responsible for brand awareness and franchise development.

Jay L. Bickford - Director of Training and Development

Mr. Bickford has been with Novus since 1996. He has been our Director of Training and Development since May 2001. In April 2010, Mr. Bickford also assumed the management of our National Accounts

Development Program and our Preferred Provider Vendor Programs. Mr. Bickford's principal duties include classroom, factory, and field training and instruction, developing training materials, publishing newsletters, articles, and updates and revisions to our Operations Manual, providing telephone support for franchisees, and assisting in product testing and development.

Jeff O. Robinson – Director – Western Region

Mr. Robinson was named Director of our Western Region in April 2010. Between July 2008 and March 2010, he served as our Director of Operations. Between January 2005 and June 2008, he was our Western Regional Manager.

Mary Nakamura Nelson – Marketing Manager

Ms. Nelson has been our Marketing Manager since March 2004.

Adam Peterson – Franchise Development Coordinator

Mr. Peterson has been our Franchise Development Coordinator since April 2010. Before joining Novus, he was a Sales Representative at Mail South, Inc. in Helena, Alabama from April 2009 to April 2010, at Quirk Enterprises Inc. in Eagan, Minnesota from March 2008 to March 2009, and at University Directories in Chapel Hill, North Carolina from April 2007 to August 2008. Between August 2003 and April 2009, he was a student at University of Wisconsin–Menomonie in Menomonie, Wisconsin.

3. LITIGATION

Concluded Litigation:

On November 1, 2002, Novus filed a Complaint against William A. Batley and Novus Windshield Repair Company of Washington, LLC (collectively, "Batley"), Novus Franchising, Inc. v. William A. Batley, United States District Court, District of Washington, Civil Action No. C02-2236, alleging claims for declaratory relief, breach of contract, injunctive relief, trademark infringement, audit/accounting, and unjust enrichment. These claims arose out of Batley's unauthorized use of the Novus® name, Marks and Business System in the operation of a windshield replacement business. In response to the Complaint, Batley filed an Answer on November 27, 2002. Batley denied our claims, and brought counterclaims against us for violation of the duty of good faith and fair business, unfair methods of competition, and unfair and deceptive trade practices. On June 12, 2003, the Court issued an Order dismissing our claims against Batley. On July 17, 2003, the Court issued a ~~further~~another Order, clarifying the previous Order, holding that Batley is not a windshield replacement franchisee. On October 20, 2003, the Court issued an Order dismissing Batley's counterclaims without prejudice.

On or about February 26, 2003, Batley filed a Complaint entitled William A. Batley et al. v. Novus Inc. et al. in the Superior Court of the State of Washington for King County, Case No. 03-2-19462-OSEA. Batley alleged that Novus, Novus Inc., Speedy Auto Glass, Speedy Franchising, and others violated Washington antitrust laws in connection with the 1993 acquisition of NFI by TAG and that we attempted to monopolize glass repair and replacement services in Washington. Batley was seeking damages and injunctive relief to undo the 1993 acquisition or require the Speedy entities to close stores and franchises and refrain from opening new stores. On May 6, 2003, this case was stayed by Order of the Court. On October 27, 2003, the Court issued an Order lifting the stay and Batley was permitted to amend his Complaint to add to his claims the counterclaims he had been alleged in the federal case described in the previous paragraph. Without any admission of liability, the parties entered into a settlement agreement on April 27, 2004. The settlement agreement (i) required that Novus pay Batley \$125,000 over a four year period; and (ii) included full, mutual and final releases of the parties.

Litigation We Initiated in 2010:

Actions for Enforcement of Noncompete Provisions and/or Trademark Infringement:

Novus Franchising, Inc. v. Mark A. Dean and Joyce Dean, United States District Court, District of Minnesota, No. 10 CV 2834, filed July 1, 2010.

Novus Franchising, Inc. v. Michael Ray Howell, United States Bankruptcy Court, District of Arizona, Case No. 10-24510- RTB, Adv. No. II-ap-00269, filed August 4, 2010.

Other than these actions, no litigation is required to be disclosed in this Item.

~~Neither Novus nor any person identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a, et seq., suspending or expelling such persons from membership in such association or exchange.~~

4. BANKRUPTCY

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

5. INITIAL FEES

Initial Franchise or License Fee

The amount of the Initial Franchise Fee for a stand-alone Glass Repair and Replacement franchise (whether a mobile unit or a retail location) is \$10,000. If you are an active member of the United States military, or have been honorably discharged from the United States military within the last 3 years, and if you pay the Initial Franchise Fee in full without us having to finance it, we will reduce the fee to ~~\$5,000-7,000~~. If you currently own a stand-alone Glass Repair and Replacement franchise, you also have the right to acquire additional Glass Repair and Replacement franchises, for an Initial Franchise Fee of \$5,000 for each additional franchise. If you are reacquiring your Glass Repair and Replacement franchise, you do not pay any Initial Franchise Fee to us, but you must pay a Re-Franchise Fee of \$2,500 for the first franchise, and \$1,500 for all additional Novus® businesses you re-franchise at the same time.

The Glass Repair only franchise is only offered to you if you are reacquiring your existing Glass Repair only franchise. In that situation, you do not pay any Initial Franchise Fee to us, but you must pay a Re-Franchise Fee of \$2,500 for the first franchise, and \$1,500 for all additional Novus® businesses you re-franchise at the same time.

~~If you are acquiring a Glass Repair and Replacement affiliate~~ an auto dealer license, there is an Initial License Fee of ~~\$4,500-2,500~~. If at the end of the initial term of the affiliate auto dealer license, you want to reacquire your license, ~~you do not pay us a new Initial License Fee, but you must pay a Re-License Fee of \$4,500-2,500 for each affiliate~~ auto dealer license you are reacquiring.

The Initial Franchise Fee or Initial License Fee is payable in full to us at the time you sign the Franchise Agreement or Affiliate Auto Dealer License Agreement. Except as set forth described below, these fees are not refundable.

For a stand-alone franchise, if you, your manager, and/or your employees do not successfully complete the initial training program (see Item 11) within 60 days from the date of the Franchise Agreement, and before the date you are scheduled to open the business, then we may terminate your Franchise Agreement. For a stand-alone franchise, if you intend to operate out of a fixed location and do not locate a suitable site for your business within 90 days from the date of the Franchise Agreement, and you do not choose to begin operating as a mobile business, then you and Novus each will have the right to cancel your Franchise Agreement. If either of us exercises the right to cancel your Franchise Agreement, we will refund your Initial Franchise Fee, less the greater of \$2,500 or the actual expenses we incurred in

approving you as a Novus® franchisee and in performing our obligations under the Franchise Agreement. This refund does not apply in the case of the termination of an Affiliate Auto Dealer License Agreement.

Initial Training Fee and Testing Fees

You must pay us the applicable Initial Training Fee at the earlier of when you sign your Franchise Agreement or Affiliate Auto Dealer License Agreement or the first day that you or your employees attend training.

For a stand-alone Glass Repair and Replacement franchise (whether a mobile unit or retail location), the fee for the Initial Training Fee for up to 2 people is \$8,000 and is nonrefundable. Further, if this covers our Initial Training Program, Initial Glass Repair Training and Initial Glass Replacement Training. If (i) your principal owner/operator is an experienced master auto glass technician certified by the National Glass Association ("NGA") (or other certifying organization acceptable to us) who passes our glass replacement test, or (ii) you employ a full-time experienced and certified master auto glass technician certified by the NGA who passes our glass replacement test, and stays in your employ full-time continually for 1 year following the opening of your business, then we will waive the requirement that you take the glass replacement training, and we will give you a \$3,000 credit that you can use for product purchases, or against the principal of any promissory note you give us for any initial financing we provide to you. The credit will be for \$3,000, less a testing fee of \$750, and any travel and other out-of-pocket costs we incur in providing the test outside our offices.

The Initial Training Fee for a stand-alone Glass Repair franchise (whether a mobile unit or a retail location) is \$4,000 and is nonrefundable, covers both the Initial Training Program and the Initial Glass Repair Training. This fee is nonrefundable.

~~The amount of the Initial Training Fee for affiliate licensees will vary. If you do not initially offer glass replacement services, or if the principal owner/operator is an experienced master auto glass technician certified by the NGA who passes our glass replacement test, the fee is \$4,000 and is not refundable. If you do offer glass replacement services and the principal owner/operator does not meet these requirements, the Initial Training Fee is \$8,000. However, if by the time you open, you employ a full-time experienced master auto glass technician certified by the NGA (other than your principal owner) who passes our glass replacement test, and who stays in your employ full-time continuously for 1 year following the opening of your business, we will give you a credit of \$3,000 at the end of that year that you can use for product purchases, or against the principal of any promissory note you give us for any initial financing we provide to you.~~

~~If you have completed the entire new franchisee training program within 5 years of becoming a franchisee, then we may waive the requirement that you take training or pay this training fee.~~

Auto dealer licensees are not required to attend our Initial Training Program or pay any fees for that program. However, auto dealer licensees must complete our Initial Glass Repair Training, which we will provide for 2 persons either at your business location or another location we designate. You must pay us a non-refundable training fee of \$3,000 for the Initial Glass Repair Training, plus if we conduct the training at your location, you must pay us our out-of-pocket costs for travel and living expenses in providing the training. (If you choose to take the training at our offices, you will not have to pay our out-of-pocket costs.) If you choose to offer Glass Replacement services, unless you are an experienced master auto glass technician certified by the NGA (or other certifying organization acceptable to us) who passes our glass replacement test or unless at the time you open your Novus business you employ a full-time experienced and certified master auto glass technician who passes our glass replacement test, you will be required to complete our Initial Glass Replacement Training and pay the training fee of \$4,000 for that training. This training is offered at a Novus regional training location that we will designate and you will be required to pay all your expenses in attending the training. Auto dealer licensees that have someone on staff who is an experienced and certified master auto glass technician may have that person take our glass replacement test for a fee of \$750 per test. We will offer the test at your retail location if you provide the vehicle and glass for the test and pay our out-of-pocket costs for travel and living

expenses in providing the test. If you or your employee takes the test at our offices, you will not have to provide the vehicle or glass or pay our expenses.

Initial Equipment Package

You must purchase and lease certain equipment, tools, supplies, and promotional materials from us or from Novus Inc. when you sign your Franchise Agreement or AffiliateAuto Dealer License Agreement. First, there is the Initial Equipment Package for equipment related to glass repair. You can lease that equipment over the 10-year initial term of your franchise, for a lease payment of \$45 per month. The lease payment is \$45 a month, for the 10-year term of the franchise agreement (or \$50 per month for the 5-year term of the Auto Dealer License Agreement). In the alternative, you can pay us \$2,000 as a prepayment of all the lease payments due under this lease. If you elect to prepay us, the \$2,000 payment must be paid to us at the earlier of when you sign your Franchise Agreement or AffiliateAuto Dealer License Agreement or the first day that you or your employees attend training. If you are signing a Franchise Agreement as part of a transfer or re-franchise, and you trade in the classic bridges that you purchased, then we will discount this initial payment by \$200 or, if you pay monthly, we will waive the first 6 months of payments. Second, there is an Accompanying Equipment Package for additional glass repair tools, supplies and equipment. The cost of this package ranges between \$2,275-\$3,000-3,000 for a stand alone franchise and \$1,500 for an auto dealer license. Payment for the Initial Equipment Package and the Accompanying Equipment Package is nonrefundable.

Initial Software Package

You must license your software program from a vendor we approve. At this time, the Quest Point-of-Sale ("POS") software package is the only program we have approved and we will license it to you. To license this software for the first year, you will pay \$1,000 to us at the time you sign your Franchise Agreement or AffiliateAuto Dealer License Agreement, which includes the license fee for the first year and the set-up fee for this software. After the first year, the license fee is \$80 per month. If you are currently at the end of the initial term of the Franchise-Agrocmont-or-Affiliate-Lieonso Agreement, and you want to re-franchise-or-re-license, you will not pay us a new setup fee or first year license fee, and will continue to pay the monthly fee for the software license.

If you are an auto dealer licensee and you have your own financial software but it does not connect to Quest, you must pay us an additional \$300 for software to make that connection.

Franchise or License Identification Package

You must purchase a Franchise Identification Package or License Identification Package from us when you sign your Franchise Agreement or AffiliateAuto Dealer License Agreement. The Identification Package will cost approximately \$1,000 for an affiliateauto dealer licensee, and approximately \$1,500 for a franchisee operating a stand-alone retail or mobile franchise. Payment for the Identification Package is nonrefundable.

New Signage Package

You must either purchase your signage from us when you sign your Franchise Agreement or AffiliateAuto Dealer License Agreement, or, within 30 days after that date, you must show us proof that you purchased the signage from a supplier we have approved. The cost of purchasing signage from us is between \$4,000 and \$10,000-10,000 for a stand alone franchisee and between \$500 and \$5,000 for an auto dealer licensee. Payment for the signage is nonrefundable.

Web Page Set-Up

We will establish a home page for you on our website or in the case of an auto dealer licensee, we will establish a website for the business on a Novus® glass website that we designate. You must pay us an initial set-up fee of \$300 to establish this home page when you sign your Franchise Agreement or Auto Dealer License Agreement. We will provide you 1 free email account with your home page. If you want

additional email accounts, you must pay us an additional \$25 for each one. These fees are nonrefundable. There will also be a monthly hosting fee (see Item 6).

Call Center Set-Up

You must pay us an initial set-up fee of \$299 to participate in our call center. You pay this fee at the time you sign your Franchise Agreement, and it is nonrefundable. There will also be a monthly hosting fee (see Item 6). (Participation in the call center is optional for an auto dealer licensee.)

See Item 10 for information about financing these initial fees.

6. OTHER FEES

Type of Fee ⁽¹⁾	Amount	Date Due	Remarks
Royalty Fees	Typically, 8% of Gross Revenues from glass repair products and services, from glass replacement products and services, and from any other products and services you sell under the Novus® name, or the "Minimum Monthly Royalty Fees," whichever is greater. See notes (2) - (4)).	These fees are generally due on the 10th day of each month for the preceding month. However, for an <u>affiliate auto dealer</u> license, the Minimum Monthly Royalty Fee is due on the 1st of each month, and any additional Royalty Fee is due on the 15th day of the month based on Gross Revenues the preceding month.	See notes (4) - (6). In addition, if you want to use the identifier, Speedy Glass Certified Dealer, and if we allow you to do so, you pay an additional royalty of 2% of Gross Revenues from glass replacement products and services.
Local Advertising	A minimum of 4% of Gross Revenues (payable to local advertising suppliers).	As negotiated with local advertising suppliers.	This is a minimum amount you must spend in your own Area-of-Primary Responsibility <u>("APR") market to promote your Novus business.</u> You do not have to pay it to us, unless you fail to spend the money. See note (7).
Reimbursement of Audit Costs	Dependent upon the costs we incur in conducting an audit of your business records.	Within 5 days of receipt of an invoice indicating the amount owed.	You only have to reimburse us for audit costs if an audit shows that you understated your Gross Revenues by more than \$500 in any 12-month period.
State, Regional and National Meetings	\$0- to \$500 for each person attending.	Upon registration to attend meeting. See note (8).	You must attend at least 1 national, regional or state meeting each year. In addition to the registration fee you pay us, you must pay your travel, lodging, and food expenses.
Novus On-Line University Training Fees	\$3-\$5 per course.	At the time the course is taken.	These are optional courses available through our website. You pay this fee only if you take the course.
Other Training	\$0-\$4,000.	At the time of training.	See note (11).

Type of Fee ⁽¹⁾	Amount	Date Due	Remarks
Electronic Data Interchange	\$.75 per transaction.	Monthly.	This is a transaction fee associated with the use of the Quest point-of-sale and/or software packages. See note (12).
Image Fee	Up to \$500 per month.	On the first day of each month.	If you fail to install approved Novus signage in the month you open your business, you must pay us a \$500 monthly fee until the signage is installed. In addition, if you do not meet our other brand identity standards (such as building signage, vehicle signage, uniforms), and do not correct your noncompliance within 10 days after notice, we may charge you an additional image fee, of up to \$500 a month, until you comply.
Call Center Fee	\$25 per month administrative fee, \$15 referral fee on in-bound windshield repairs calls and \$25 referral fee on in-bound glass replacement calls.	As incurred.	You <u>If you are a stand alone franchise, you</u> must participate in the call center for the first 3 months you are open. After that <u>(and for auto dealer licensees)</u> , your participation is optional; you may continue using the call service 24/7, or for daily after-hour service, or for weekend or ad hoc service.
Affiliate <u>Auto Dealer</u> License Conversion Fee	\$2,500 <u>\$5,000</u>	Upon exercise of the option to convert an affiliate <u>auto dealer</u> license to a stand-alone repair and replacement franchise.	See note (13).
Fixed / Mobile Conversion Fee	\$1,500	Before conversion of a mobile franchise to a retail location, or conversion of a retail location to a mobile franchise.	See note (14).

Type of Fee ⁽¹⁾	Amount	Date Due	Remarks
Transfer Fee	\$2,500-for-a-stand-alone franchise; <u>2,500.</u>	Before transfer of franchise.	In addition, the transferee will pay us our then-current training fee. The transferee may also have to purchase a portion or all of the Franchise Identification Package, to ensure that the transferee's franchise identification meets our then-current Franchise Identification Package standards and specifications.
Re-Franchise or Re-License Fee	\$2,500. See note (9).	Upon exercise of the option to re-franchise (or in the case of an <u>affiliate auto dealer</u> license, the option to re-license).	The term of the Franchise Agreement and-Affiliate is <u>10 years</u> , and the term of the Auto Dealer License Agreement is <u>405</u> years; but you, <u>You</u> have an option to re-franchise or re-license (see Article 3 of the Franchise Agreement and <u>Affiliate Auto Dealer</u> License Agreement).
APR or-Service Area Modification Fee	\$1,500.	Within 10 days of when we approve a change to the APR-er Service-Area.	You pay this fee only if you request a change or modification to your APR or-Service-Area after our initial determination. <u>(Not applicable to auto dealer licenses.)</u>
Lease Payments See note (10)	\$45 per month <u>for a stand-alone franchisee</u> and <u>\$50 per month for an auto dealer licensee.</u>	On the first day of each month.	For lease of windshield repair equipment (2 repair bridges and 1 "Crack Mouse®").
Monthly Point -of -Sale Software Package License Fees	\$80 per month (but \$50 per month for Glass Repair only franchises).	On the first day of each month.	For license of the point -of -sale software package (see Items 5, 8 and 11).
Web Page Hosting Fees See note (12).	Currently, \$0 - \$50 per month.	As incurred.	
Windshields.com Participation Fees	Currently, \$216 <u>250</u> a year, plus \$5 per telephone call that lasts for more than 40 seconds.	As incurred.	You must participate in a referral website, <u>www.windshields.com</u> , which is operated by TCGI. However, you do not have to pay these fees if you are designated as a Speedy Glass Certified Dealer.

Type of Fee ⁽¹⁾	Amount	Date Due	Remarks
Interest Charges	1 1/2% per month interest or the maximum legal rate allowable in the state where your business is located, whichever is less.	On demand.	Interest charges apply to past due payments of monthly Royalty Fees and other payments due to us.
Supplier Approval	Actual cost we incur.	On demand.	You must reimburse us for all costs that we incur to determine the quality of the products and services you submit for approval.

- (1) Except where indicated, each fee is payable to and collected by Novus and all fees are nonrefundable. None of these fees are imposed by a cooperative. They are uniformly imposed on our franchisees, except that franchisees signing earlier franchise agreements may have lower fees for some of these items.
- (2) If you have a Glass Repair only franchise, the Minimum Monthly Royalty Fee is \$250. If you have a stand-alone Glass Repair and Replacement franchise, the Minimum Monthly Royalty Fee is \$350. However, while the percentage royalty fee for a stand-alone franchise begins the date you begin operating your business, the Minimum Monthly Royalty Fee for a stand-alone franchise does not begin until the 7th month after you sign the Franchise Agreement (unless this is a re-franchise or conversion of an existing business, and then the minimum begins immediately). If you have an affiliate auto dealer license, the Minimum Monthly Royalty Fee is \$250, ~~with the minimum also beginning in the 7th~~ or if you (i) have taken the Initial Glass Replacement Training or (ii) you or a full time employee are certified by the NGA (or other certifying organization acceptable to us) and have passed our glass replacement test or (iii) you are offering glass replacement products or services, then the Minimum Royalty Fee is \$350. The minimum royalty begins for auto dealers in the 2nd month after you sign the Franchise Auto Dealer License Agreement.
- (3) If you convert an existing independent glass replacement and repair business to a Novus® Glass Repair and Replacement franchise, or if you are an existing Novus® franchisee who does not provide glass replacement services under the Novus® name, and you enter into a new Glass Repair and Replacement Franchise Agreement with us, then you will pay us the monthly Royalty Fees described in the chart above, except you will pay us monthly Royalty Fees of 3% of your Gross Revenues from the sale of glass replacement products and services up to your monthly "Base Revenues," and 8% on Gross Revenues above the Base Revenues. Your monthly Base Revenues are defined as your gross income from glass replacement services and glass sales (excluding glass repair revenues) on a monthly basis for the preceding 12 months from the date of your Franchise Agreement. Beginning on the date you sign the Franchise Agreement, you will pay us the greater of the monthly Royalty Fee based on your Gross Revenues or the Minimum Monthly Royalty Fees of \$350.
- (4) The term "Gross Revenues" means your total gross dollar sales from all products and services that are received, billed or generated by, ~~in connection with,~~ or from your Novus® franchise from all cash, credit, and charge sales made to your customers and clients, excluding any sales, use or gross receipts tax imposed by any federal, state, municipal, or governmental authority directly upon sales (see Article 1 of the Franchise Agreement or Affiliate Auto Dealer License Agreement). In the case of an affiliate auto dealer license, Gross Revenues relate only to products and services that are ~~approved for sale in a Novus® business~~ you sell to customers or clients of the

business using any of our Marks, regardless whether we have approved your sale of those products and services.

- (5) Unless we agree otherwise, you must authorize your bank to deposit the amount of your Royalty Fees from your bank account directly into our bank account on a monthly basis by direct transfer of funds.
- (6) Certain existing franchisees may not be required to pay Royalty Fees on scratch removal services. These existing franchisees signed an addendum to their current franchise agreement that allowed them to purchase the scratch removal equipment and not pay Royalty Fees on the scratch removal portion of their business. This addendum was offered for a limited amount of time. If these franchisees elect to renew their franchise agreements, they will be allowed to continue operating under similar terms.
- (7) ~~In the case of an affiliate license, you will operate your business in a Service Area, rather than an APR. In any event~~For stand alone franchises, if there are 2 or more franchisees or licensees in your APR or Service Area of Primary Responsibility ("APR"), we may require you to become a member of a local advertising group. Your advertising payments to a local advertising group will apply toward your 4% local advertising requirement. In the case of an auto dealer license, you must spend at least 4% of your Gross Revenues each calendar quarter for local advertising and to promote your Business but we do not assign you an APR.
- (8) If you do not register for or attend our annual meetings, we will bill you for this fee and you must pay it within 10 days after you receive our invoice.
- (9) If you re-franchise more than one Novus[®] franchise at the same time, the fee will be \$2,500 for the first one, and \$1,500 for all the others. (This does not apply to an ~~affiliate~~auto dealer license.)
- (10) You may elect to pay a lump sum amount of \$2,000 for this equipment, which will prepay the lease payments for the full ~~10-year~~initial term of the lease. We will not refund prepaid lease payments if the lease is terminated early. If you are an existing Novus franchisee, are re-franchising your Novus[®] business, and are using what is known as the "classic" repair bridges, you must upgrade to our most current model repair bridges (currently known as the "Millennium" repair bridge), by paying us a lump sum amount of \$1,800 for this equipment, which will prepay the lease payments for the full 10-year term of the lease. However, if you ~~trade-in your~~have classic bridges that you turn in to us, then we will discount this initial payment by \$200, and if you pay monthly, we will waive the first 6 months of payments. (We also offer this option on a transfer of a franchise.) If you lose any of this equipment, or it is stolen or destroyed, you must pay us a Lost Equipment Fee for each piece of equipment that is lost, stolen or destroyed. The current fee is \$750. In addition, if the equipment is damaged, you must pay us to repair the equipment.
- (11) As indicated in Item 5, we provide initial glass replacement and glass repair training when you begin operating the business. If you lose a trained employee and a new one must be trained, the fee will be \$4,000 for each training. ~~If, however, your employees do~~ you have an employee who is taking the glass replacement training and that employee does not complete the initial glass replacement training within the times we require, you must then pay an additional \$500 for this training. In the case of an affiliate licensee, ~~if you do not offer glass replacement services when you begin operating, and you later want to add those services, you will then be required to pay a fee of \$4,000 for the initial glass replacement training. Flat glass training is a one-week training course we offer for franchisees interested in offering flat glass products and services in their business. The fee for that program is \$3,000. We also offer webinars for a fee of up to \$300 per webinar. (See Item 11 for additional detail on these training programs.)~~ Apart from those

training programs, we periodically offer other training courses to franchisees and licensees for new products and services. The fees for these programs are determined at the time the training is offered. auto dealer licensee, you must complete our glass repair training and pay a \$3,000 fee for that program.

If you are an auto dealer licensee and you choose to offer glass replacement services, you must either be an auto glass technician certified by the NGA (or other certifying organization acceptable to us) who passes our glass replacement test or have a full-time employee who is an experienced and certified master auto glass technician who has passed our test. If neither you nor a full-time employee is certified and passes our test, you must pay us a fee of \$4,000 for the initial glass replacement training. If you elect to test out of this training, you must pay us a fee of \$750 for the glass replacement test. If you choose to take the test at your location, you also must provide the vehicle and glass and pay our out-of-pocket expenses for providing the test, but if you take the test at our offices, then you do not have to provide the vehicle and glass and do not have to pay our expenses.

Flat glass training is a one-week training course we offer for franchisees interested in offering flat glass products and services in their business. The fee for that program is \$3,000.

We also offer webinars for a fee of up to \$300 per webinar. (See Item 11 for additional detail on these training programs.) Apart from these training programs, we periodically offer other training courses to franchisees and licensees for new products and services. The fees for these programs are determined at the time the training is offered.

- (12) If you decide to add any information to your web page that is not contained in our standard template, the programming costs will be \$100/hour for the first 2 hours and \$65/hour for each additional hour.
- (13) If you have an affiliate auto dealer license and have operated in the Novus[®] system for more than 1 year, and are not in default under your license agreement, you may convert to a Novus[®] Glass Repair and Replacement franchise if you otherwise meet our standards to do so. Before you convert your business, you must sign a new Glass Repair and Replacement Franchise Agreement on our then-current form, and pay a \$2,500 conversion fee to us when you sign the new agreement, but we will waive the payment of the Initial Franchise Fee and any new initial training fees unless you do not have someone on your staff who has met the requirements for glass replacement training or who is certified by the NGA (or other certifying organization acceptable to us) as a master auto glass technician and who has passed our glass replacement test, in which case, someone on your staff must attend and successfully complete the glass replacement training program and you must pay us the \$4,000 training fee for that program.
- (14) If you want to convert an existing mobile franchise to a fixed retail location or vice-versa, and you otherwise meet our standards to do so, you must pay us a \$1,500 conversion fee and sign a new Glass Repair and Replacement Franchise Agreement on our then-current form. We will then waive the payment of the Initial Franchise Fee and any new initial training fee. An auto dealer license cannot be converted to a mobile franchise.

7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT LEASED RETAIL LOCATION FRANCHISE

Type of Expenditure*	Amount (Low - High)		Method of Payment	When Due	To Whom Owed
Initial Franchise Fee ⁽¹⁾	\$10,000	\$10,000	Lump Sum	Upon Signing	Novus
Initial Training Fee ⁽²⁾	\$8,000	\$8,000	Lump Sum	Upon Signing	Novus
Salaries and Expenses For 2 Persons to Attend Required Training ⁽³⁾	\$4,200	\$9,000	Lump Sum	On Pay Days and When Incurred	Persons Attending Training
First Month's Rent ⁽⁴⁾	\$1,000	\$4,200	Lump Sum	Before Start	Landlord
Leasehold Improvements/Redecoration ⁽⁵⁾	\$0	\$40,000	Lump Sum	Before Start	Suppliers
Furniture and Fixtures	\$0	\$25,000	As Incurred	Before Start	Suppliers
Equipment ⁽⁶⁾	\$2,275	\$5,000	Lump Sum	Upon Signing	Novus
Tools, Supplies, and Promotional Materials ⁽⁷⁾	\$1,000	\$4,000	As Incurred	Upon Signing	Other Suppliers
Exterior Building Signage	\$4,000	\$10,000	Lump Sum	Upon Signing (or Within 30 Days After Signing) ⁽⁸⁾	Novus or Other Supplier ^(7g)
Vehicle ⁽⁹⁾	\$0	\$40,000	Lump Sum	Before Start	Supplier
Inventory ⁽¹⁰⁾	\$0	\$5,000	Lump Sum	Before Start	Novus or Suppliers
Software Package ⁽¹²⁾⁽¹¹⁾	\$1,000	\$1,000	Lump Sum	Before Start	Novus
Computer Hardware and Other Software ⁽¹¹⁾⁽¹²⁾	\$0	\$2,500	Lump Sum	Before Start	Suppliers
Franchise Identification Package	\$1,500	\$1,500	Lump Sum	Upon Signing	Novus
Initial Advertising Campaign Expenditures	\$2,000	\$10,000	As incurred	Initial 3 Months	Suppliers
Insurance Premiums	\$3,000	\$5,000	Lump Sum	Before Start	Insurance Company
Professional Fees	\$0	\$3,000	As Incurred	As Incurred	Supplier
Security Deposits	\$0	\$3,000	Lump Sum	Before Start	Landlord
Web Page Setup	\$300	\$300	Lump Sum	Upon Signing	Novus
Call Center Setup Fee	\$300	\$300	Lump Sum	Upon Signing	Novus
Additional Funds (3 Months) ⁽¹³⁾⁽¹⁴⁾	\$15,000	\$20,000	As Incurred	Initial 3 Months	Suppliers; Employees
Total ⁽¹⁵⁾	\$53,575	\$206,800			

MOBILE FRANCHISE

Type of Expenditure*	Amount (Low - High)		Method of Payment	When Due	To Whom Owed
Initial Franchise Fee ⁽¹⁾	\$10,000	\$10,000	Lump Sum	Upon Signing	Novus
Initial Training Fee ⁽²⁾	\$8,000	\$8,000	Lump Sum	Upon Signing	Novus
Salaries and Expenses For 2 Persons Attending the Required Training ⁽³⁾	\$4,200	\$9,000	Lump Sum	On Pay Days and When Incurred	Persons Attending Training
Equipment ⁽⁶⁾	\$2,275	\$5,000	Lump Sum	Upon Signing	Novus
Tools, Supplies and Promotional Materials ⁽⁷⁾	\$1,000	\$4,000	As Incurred	Upon Signing	Other Suppliers
Vehicle ⁽⁹⁾	\$0	\$40,000	Lump Sum	Before Start	Supplier
Inventory ⁽¹⁰⁾	\$0	\$5,000	Lump Sum	Before Start	Novus or Suppliers
Software Package ⁽¹¹⁾	\$1,000	\$1,000	Lump Sum	Before Start	Novus
Computer Hardware and Other Software ⁽¹²⁾	\$0	\$2,500	Lump Sum	Before Start	Suppliers
Franchise Identification Package	\$1,500	\$1,500	Lump Sum	Upon Signing	Novus
Initial Advertising Campaign Expenditures	\$2,000	\$10,000	As incurred	Initial 3 Months	Suppliers
Insurance Premiums	\$2,500	\$5,000	Lump Sum	Before Start	Insurance Company
Professional Fees	\$0	\$3,000	As Incurred	As Incurred	Supplier
Web Page Setup	\$300	\$300	Lump Sum	Upon Signing	Novus
Call Center Setup Fee	\$300	\$300	Lump Sum	Upon Signing	Novus
Additional Funds for Three Months ⁽¹³⁾⁽¹⁴⁾	\$10,000	\$15,000	As Incurred	Initial 3 Months	Suppliers; Employees
Total ⁽¹⁵⁾	\$43,075	\$119,600			

AFFILIATE We offer financing for a portion of the initial investment to all stand-alone franchisees who meet our credit standards. You must make a down payment of \$10,000, and we will finance up to \$15,375 of your initial costs, including your Initial Franchise Fee, the Initial Training Fee, \$2,000 for your Initial Equipment Package, \$2,275 of the Accompanying Equipment Package, the Franchise Identification Package, the home page initial set-up fee, the call center set-up fee, and your software package. (However, we offer a one-time \$400 "Discovery Day Travel Credit" that we pay to any of our franchisees who attended our initial Discovery Day before buying their franchise, and you can use this credit against the down payment.) To evidence this loan, you will be required to sign a promissory note requiring you to pay interest at a fixed annual rate of 8%. The note will include an initial 6 month period during which you will not make any payments, after which you will be required to make monthly payments of principal and interest of \$390.62 over a 4 year period.

Your or another person acceptable to us will also be required to guarantee the promissory note, sign a security agreement granting us a security interest in the assets of your business, and sign any other documents that we may require to evidence this security interest.

See Item 10 for additional information related to this financing, and the terms of the promissory notes and other documents.

AUTO DEALER LICENSE

Type of Expenditure*	Amount (Low - High)		Method of Payment	When Due	To Whom Owed
Initial License Fee ⁽¹⁾	\$4,500 2,500	\$4,500 2,500	Lump Sum	Upon Signing	Novus
Initial Training Fees ⁽²⁾	\$4,000 3,000	\$8,000 7,000	Lump Sum	Upon Signing	Novus
Salaries and Expenses For 2 Persons Attending the Required Training ⁽³⁾	\$2,100	\$8,000	Lump Sum	On Pay Days and When Incurred	Persons Attending Training
Equipment ⁽⁶⁾	\$2,275 1,500	\$5,000	Lump Sum	Upon Signing	Novus and other Suppliers
Tools, Supplies and Promotional Materials ⁽⁷⁾	\$1,000	\$4,000	Lump Sum	Upon Signing	Other Suppliers
Vehicle ⁽⁹⁾	\$0	\$40,000	Lump Sum	Before Start	Supplier
Inventory ⁽¹⁰⁾	\$0	\$5,000	Lump Sum	Before Start	Novus or Suppliers
Software Package ⁽¹²⁾⁽¹¹⁾	\$1,000	\$1,000	Lump Sum	Before Start	Novus
Computer Hardware and Other Software ⁽¹¹⁾ (12)	\$0	\$2,500	Lump Sum	Before Start	Novus and Suppliers
License Identification Package	\$1,000	\$1,000	Lump Sum	Upon Signing	Novus
Building Signage	\$4,000 500	\$40,000 5,000 0	Lump Sum	Upon Signing (or Within 30 Days After Signing) ⁽⁸⁾	Novus or Other Suppliers ⁽⁹⁾
Initial Advertising Campaign Expenditures	\$2,000	\$10,000	As incurred	Initial 3 Months	Suppliers
Insurance Premiums	\$0	\$5,000	Lump Sum	Before Start	Insurance Company
Professional Fees	\$0	\$3,000	As Incurred	As Incurred	Supplier
Web Page Setup	\$300	\$300	Lump Sum	Upon Signing	Novus
Call Center Setup Fee	\$300 0	\$300	Lump Sum	Upon Signing	Novus
Additional Funds for Three Months ⁽¹³⁾⁽¹⁴⁾	\$500	\$10,000	As Incurred	Initial 3 Months	Suppliers; Employees
Total ⁽¹⁵⁾	\$22,975 15,400	\$117,600 69,600			

We do not offer financing for any portion of an auto dealer licensee's initial investment.

Notes to Charts

* None of these payments are refundable. They are rounded to the nearest \$100.

- (1) See Item 5 for further additional information. ~~We~~ For stand alone franchises, we reduce this fee to \$5,000 ~~7,000~~ if you are an active military personnel, or were honorably discharged from the military in the last 3 years, provided you do not need us to finance the fee. Existing stand-alone franchisees purchasing an additional franchise pay an Initial Franchise Fee of \$5,000. The Glass Repair only franchise is offered to you only if you are reacquiring your existing franchise, and because you are in business at the time you reacquire your franchise, you should own or lease all of the assets and vehicles necessary to operate the Glass Repair only franchise.
- (2) You pay ~~an~~ \$8,000 training fee for initial glass repair and glass replacement training. This fee allows 2 people to take the training at the same time. However, if you are an affiliate ~~auto dealer licensee;~~ (i) you will pay a training fee of only \$4,000 if you either do not offer glass replacement services or your principal owner/operator is an experienced \$3,000 for glass repair training, (ii) if you are not a certified master auto glass technician that has not passed our glass replacement test and you do not have a full-time employee who is a certified master auto glass technician certified by the NGA who passes our glass replacement test. If you are an affiliate licensee and you later who has passed our test and you want to add glass replacement services, then at that time you must pay an additional \$4,000 training fee for glass replacement training. If you are an auto dealer that wants to offer glass replacement services, and you or your employee are certified and want to take our glass replacement test, you must pay us a fee of \$750 for the test. If we conduct the test at your retail location, then you must also provide the vehicle and the glass, and pay our out-of-pocket costs for travel and living expenses in providing the test, but if you take the test at our offices, you will not need to pay us these expenses or provide the vehicle or glass for the test.
- (3) These are the estimated salaries, fringe benefits, travel, auto rental, food, and lodging expenses for 1 to 2 people to attend our required training programs. You must send a minimum of 1 person and a maximum of 2 people to each glass repair training and glass replacement training. The expenses are lower for an affiliate ~~auto dealer~~ licensee because the training is shorter, and if you either are or have on staff an experienced NGA-certified master auto glass technician certified by the NGA (or other organization acceptable to us) who passes our glass replacement test on your staff, or you do not initially offer glass replacement products and services, you will not need to initially take this training. The expenses all franchisees and licensees actually incur could also be higher than our estimate depending on the distance the employee travels, the mode of transportation, your policies relating to expense reimbursement policy, time of year, failure to purchase airline tickets in advance, hotel selection, and location of your business.
- (4) You must either lease or purchase your fixed retail location, which will range from 1,500 to 5,000 square feet in size. If you purchase your fixed retail location, then the cost of the real estate and building will vary depending on the market, location, size, and other economic factors. Rental rates vary considerably and depend on geographic location, size, location, market conditions, and other economic factors. We estimate that your monthly rent will range from \$5 to \$20 per square foot per year in most areas of the United States. Thus, the rent for a 2,500 square foot building will be between approximately \$1,000 and \$4,200 per month. The amounts in the table reflect the rent for the first month based on these estimates.
- (5) You will need to make leasehold improvements to your building. Depending on the terms of your lease, some or all of these costs may become part of your monthly lease payment. If you are converting your existing business to a Novus® business, your costs will usually be less than the amounts set forth in the above tables because you will (a) have acquired some of the furniture, fixture, and equipment, (b) not be required, in most cases, to make extensive leasehold improvements to the existing premises, and (c) already own vehicles.

- (6) The low estimate for a stand alone franchise assumes you lease the glass repair equipment and do not prepay your lease. The high end assumes you pay us \$2,000 as a prepayment of the lease payments (see Item 5). The remainder of the costs in this estimate is for additional glass repair tools, supplies and equipment (also described in Item 5).
- (7) This includes certain glass replacement equipment that you will need to purchase for glass replacement services.
- (8) You must purchase your signage from us when you sign your Franchise Agreement, unless you have made arrangements to purchase it from another supplier we approve, in which case you must show us a paid receipt from that supplier within 30 days after you sign the Franchise Agreement.
- (9) The stated amount is per vehicle. You must purchase or lease 1 white vehicle (new or used) that complies with our standards and specifications. If you are converting your existing business to a Novus® franchise or license and have existing facilities, then you may already have a vehicle that complies with our standards.
- (10) This is for the initial supply of windshields and other automotive glass, adhesives, clips, and other materials needed to operate the franchise for 1 month. The estimate assumes close proximity to wholesale facilities to serve the franchise or licensed business, which lowers the required inventory.
- (11) You will need the Quest point-of-sale software and accounting software for use in your business. The package we currently recommend has an initial cost for the first year of \$1,000 (which includes a \$250 set-up fee), and monthly update fees after the first year of \$80 per month.
- (12) ~~(11)-~~ You must lease or purchase computer equipment designated or approved by Novus to operate your point- of-sale and accounting software. The cost of your computer equipment will be between \$800 and \$1,500. You must also have a laptop computer with an integrated wireless data card. The cost of this computer is likely to be \$700 - \$1,000. Your actual cost for computer hardware will be lower or there may be no expenditure required if, before you acquire the franchise, you lease or own computer hardware that meets our requirements. For an affiliate ~~licensee~~ dealer licensee that already has sufficient computer equipment, you may not need to incur this cost—; however if your financial software does not connect with Quest, you will need to purchase additional software from us at a cost of \$300 to make that connection.
- ~~(12) —You will need to purchase point-of-sale software and accounting software for use in your business. The package we currently recommend has an initial cost for the first year of \$1,000 (which includes a \$250 set-up fee), and monthly update fees after the first year of \$80 per month. For an affiliate licensee that already has sufficient accounting software, you may not need to incur this cost.~~
- (13) You may attend a one-day information and orientation meeting (which we call “Discovery Day”) at our offices in Minneapolis, Minnesota. There is no fee for this meeting, but you must pay your travel costs and other expenses for attending. The additional funds estimate includes these costs. The indicated amounts represent a 3 month estimate of operational costs that are not itemized above and include employees’ salaries and fringe benefits, uniform cleaning, telephone expenses, lease payments for repair equipment, legal and accounting expenses, general operating costs, the set-up fee to establish your home page on our website, and the cost of a background check you must pay for before we will grant you a franchise, and other miscellaneous expenses. We have relied on our experience in the glass repair and replacement industry in formulating these estimates. Your actual requirements will vary depending on the sales generated by your business during the initial stages of operation, the size of your franchise, your overhead costs, number of employees, and other economic factors. Your personal living expenses are not included in these estimates, since they are entirely within your control.

(14) These estimates represent your total initial investment to begin operations, and do not include any interest costs or principal repayments. We recommend that you have enough cash available before starting your business to meet your initial investment and working capital requirements. If you must obtain financing for some or all of your capital needs, then your initial cash requirements will be reduced accordingly; however, your future monthly cash needs will increase by the amount necessary to pay the interest costs and principal repayments required under the terms of your financing arrangement.

(15) All fees and payments are nonrefundable unless negotiated differently with a supplier. ~~We offer financing for a portion of the initial investment to all franchisees who meet our credit standards. If you are acquiring a stand-alone Glass Repair and Replacement franchise, you must make a down payment of \$10,000, and we will finance up to \$15,375 of your initial costs, including your Initial Franchise Fee, the Initial Training Fee, \$2,000 for your Initial Equipment Package, \$2,275 of the Accompanying Equipment Package, the Franchise Identification Package, the home page initial set-up fee, the call center set-up fee, and your software package. If you are acquiring a Glass Repair and Replacement affiliate license, you must make a down payment of \$8,000, and we will finance up to \$11,375 of your initial costs, including the Initial Franchise Fee, Initial Training Fee, \$2,000 for your Initial Equipment Package, \$2,275 of the Accompanying Equipment Package, the License Identification Package, the home page initial set-up fee, the call center set-up fee, and your software package. In both cases, we also offer a one-time \$400 "Discovery Day Travel Credit" that we pay to any of our franchisees who attended our initial Discovery Day before buying their franchise, and you can use this credit against the down payment.~~

~~To evidence this loan, you will be required to sign a promissory note requiring you to pay interest at a fixed annual rate of 8%. If you are a stand-alone Glass Repair and Replacement franchisee, the note will include an initial 6 month period during which you will not make any payments, after which you will be required to make monthly payments of principal and interest of \$390.62 over a 1 year period. If you are an affiliate licensee, you will make monthly payments of principal and interest of \$514.50 over a 2 year period.~~

~~You or another person acceptable to us will also be required to guarantee the promissory note, sign a security agreement granting us a security interest in the assets of your business, and sign any other documents that we may require to evidence this security interest.~~

~~See Item 10 for further information related to this financing, and the terms of the promissory notes and other documents.~~

8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

All equipment (including computer hardware and software), insurance, fixtures, supplies, inventory and other items you purchase for use or sale in your Novus[®] business must meet our specifications. These specifications may include standards for delivery, performance, design, appearance and quality. We will issue the specifications to you before you begin operating. These specifications may be included in our Operations Manual and other manuals, or they may be separately issued. As we develop additional specifications or modify existing specifications, we will separately deliver them to you. While we do not have specifications for local advertising you create to promote your business, we do require that you obtain our prior approval to the use of any advertising materials you prepare and before establishing certain websites and social media sites, profiles and accounts relating to us, your Novus[®] business or the Novus[®] system.

The items you purchase in accordance with our specifications will represent approximately 90% of the total purchases you will make to begin operations. Once you begin operating, the items you purchase that must meet our specifications will represent approximately 45% of your total annual expenses. (If you

obtain an affiliate auto dealer license to operate a Novus® business in connection with as part of an existing business, these percentages will reflect the percentages of the purchases for the Novus® business, and not of your entire business.)

As indicated in Item 5 of this Disclosure Document, there are certain items you must purchase from us when you begin operating your business. They include initial training, your Initial Equipment Package, your initial software package, your Identification Package, web setup and (except for auto dealer licenses) initial call center services, and, if you have not made arrangements to purchase your building signage from another supplier we approve, then also your exterior building signage. Except for the exterior building signage for which we may approve a local supplier in your area, we are the only approved suppliers of these items. In addition, we are the only approved supplier for resins, and an affiliate of ours is the only approved supplier for windshield repair bridges and certain other equipment used for windshield repair. We reserve the right to designate additional products or services for which we or our affiliates may be approved suppliers, or the only approved suppliers.

We have approved certain suppliers of products and services to be used by our franchisees and will provide you with a list of these approved suppliers. Except for any items we designate as being available only from specific designated sources, you may submit a written request to us for the right to purchase equipment and products of equal quality, performance, and standards from other suppliers whose products and services meet our standards and specifications. We will charge you a fee for supplier approval requests and will not unreasonably withhold approval of ~~such~~these requests. The current minimum fee is \$250. We may do product quality testing, including tests for stress, heat, cold, and other factors, before we give our approval. We do not have written criteria we use for approving suppliers. We will typically tell you whether we approve a supplier within 30 days of receiving all the information we request, but the time could be longer if we must test alternate products and services. If your request for approval is denied, we will provide a written explanation of the reasons for the denial. In some circumstances, we may require the supplier to sign a supply agreement. We may, at any time, revoke approval of a supplier by giving written notice to you and the supplier. Although auto dealer licensees must purchase certain products and services from our designated suppliers, we do not approve suppliers of other products or services used or sold by auto dealer licensees or provide auto dealer licensees with lists of approved suppliers.

We will frequently negotiate purchase arrangements and favorable pricing arrangements with outside suppliers. We currently have a buying program that provides rebates to us and to our franchisees from participating suppliers. The rebates we receive range from 0% to 6% of the price you pay for products or services you order through the buying program. In our last fiscal year, we set aside one-fourth of the rebates we received from products and services ordered by members of the buying program (2% of the price they paid) that they can use in the next year to reimburse them for 50% of any approved marketing they spend on their business. We may change or eliminate this program at any time. We also have another rebate arrangement with suppliers, where they will pay us up to 5% of the price you pay for products or services you order from them, but which we contribute to pay for Marketing Expenditures (see Item 11 regarding Advertising). In addition, in some cases, prices charged by suppliers to company-owned businesses operated by Novus may be less than prices they charge to our franchisees and licensees, based on volume, credit, administrative costs or other factors.

We do earn a profit from your purchases by charging prices that exceed our cost to purchase these products and from supplier rebates. Our total revenues from products and services purchased by our United States franchisees in 2010 were \$318,374, or approximately 15% of our total 2010 revenues of \$2,118,169. Our affiliates, Novus Inc. and TCGI (through its operation of windshields.com), also sell or lease items to our franchisees. Novus Inc.'s total revenues from the sale or lease of items to our franchisees in the United States during 2010 were \$55,421. TCGI's total revenues from the sale or lease of items to our franchisees in the United States in 2010 were \$9,631.

Under Article 14 of the Franchise Agreement and Affiliate Auto Dealer License Agreement, you must carry specified minimum insurance coverages. Your insurance policies must name Novus as an additional insured and you must provide us proof of insurance coverage before we will ship your windshield repair equipment and supplies to you. The estimated cost of the insurance coverage is described in Item 7 of this Disclosure Document.

One of our officers owns shares of stock in Dow Chemical Co. (less than 0.0006% of Dow's outstanding shares). Dow manufactures certain products you may purchase. None of our officers own any interest in any of our other suppliers, other than in our affiliates, Novus Inc., TCGI (windshields.com), and Shat R Proof Corp.

9. FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise agreement (or affiliate auto dealer license agreement) and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Article in Franchise Agreement* and other agreements	Item in Disclosure Document
a. Site selection and acquisition/lease	Articles 9 and 13 – Franchise Agreement <u>Articles 9 and 13 – ADL Agreement</u>	Items 7 and 11
b. Pre-opening purchases/leases	Articles 8, 9 and 13 – Franchise Agreement <u>Articles 8, 9 and 13 – ADL Agreement</u> Section 1 - Equipment Lease Software Sublicense	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Article 9 – Franchise Agreement <u>Article 9 – ADL Agreement</u>	Items 6, 7 and 11
d. Initial and ongoing training	Article 10 – Franchise Agreement <u>Article 10 – ADL Agreement</u>	Items 5, 7 and 11
e. Opening	Articles 2 and 11 – Franchise Agreement <u>Articles 2 and 11 – ADL Agreement</u>	Items 7, 11 and 12

* In the case of an affiliate auto dealer license, the principal agreement is an "Affiliate Auto Dealer License ("ADL") Agreement," rather than a franchise agreement, but the section numbers are the same as listed.

Obligation	Article in Franchise Agreement* and other agreements	Item in Disclosure Document
f. Fees	Articles 2.3 , 2.6, 3, 4.7, 5, 6, 10.4, 10.7, 13.4, and 17.2 – Franchise Agreement <u>Articles 3.2, 3.3, 5, 6, 10, 13.23, 13.24 and 16.2 – ADL Agreement</u> Section 3 - Equipment Lease Section 6 - Software Sublicense Sections 3 and 4 – Speedy Glass Certified Dealer Addendum	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Articles 7 and 13 – Franchise Agreement <u>Articles 7 and 13 – ADL Agreement</u> Sections 1 and 2 – Speedy Glass Certified Dealer Addendum	Items 8, 11, 14 and 16
h. Trademarks and proprietary information	Articles 4 and 7 – Franchise Agreement <u>Articles 4 and 7 – ADL Agreement</u> Section 8.G – Equipment Lease Sections 12 and 13 – Software Sublicense Section 1 – Speedy Glass Certified Dealer Addendum	Items 13 and 14
i. Restrictions on products/services offered	Article 8 and 13 – Franchise Agreement <u>Article 8 and 13 – ADL Agreement</u>	Items 8, 12 and 16
j. Warranty and customer service requirements	Articles 2.4, 13.3 and 13.9 – Franchise Agreement <u>Articles 2.2, 13.3 and 13.9 – ADL Agreement</u> Section 5 – Equipment Lease Section 14 – Software Sublicense	Items 11 and 12
k. Territorial development and sales quotas	Article 2.3 and 2.6 – Franchise Agreement <u>Not applicable – ADL Agreement</u>	Item 12
l. Ongoing product/service purchases	Article 8 – Franchise Agreement <u>Article 8 – ADL Agreement</u> Section 1 – Equipment Lease Software Sublicense	Item 8
m. Maintenance, appearance and remodeling requirements	Articles 13.7, 13.8 and 13.12 – Franchise Agreement <u>Articles 13.7, 13.8 and 13.12 – ADL Agreement</u> Sections 8.D and 11 – Equipment Lease Section 9 – Software Sublicense	Item 11
n. Insurance	Article 14 – Franchise Agreement <u>Article 14 – ADL Agreement</u> Section 8.H - Equipment Lease	Items 6 and 8
o. Advertising	Articles 11.2 and 13.5 – Franchise Agreement <u>Articles 11.2 and 13.5 – ADL Agreement</u>	Items 6, 7 and 11

Obligation	Article in Franchise Agreement* and other agreements	Item in Disclosure Document
p. Indemnification	Article 23 – Franchise Agreement <u>Article 22 – ADL Agreement</u> Sections 4 and 13 – Equipment Lease Sections 17 and 24 – Software Sublicense	Item 6
q. Owner's participation/ management/staffing	Articles 10 and 13.17 – Franchise Agreement <u>Articles 10 and 13.8 – ADL Agreement</u>	Items 11 and 15
r. Records/reports	Article 15 – Franchise Agreement <u>Article 15 – ADL Agreement</u>	Item 6
s. Inspections/audits	Article 15 – Franchise Agreement <u>Article 15 – ADL Agreement</u>	Item 6
t. Transfer	Article 17 – Franchise Agreement <u>Article 16 – ADL Agreement</u> Section 19 – Equipment Lease Section 18 – Software Sublicense	Item 17
u. Renewal	Article 3.2 – Franchise Agreement <u>Article 3.2 – ADL Agreement</u> Section 5 – Speedy Glass Certified Dealer Addendum	Item 17
v. Post-termination obligations	Articles 20, 21.3, 23 and 24.10 – Franchise Agreement <u>Articles 19, 20.3, 22 and 23.10 – ADL Agreement</u> Section 14 - Equipment Lease Section 21 – Software Sublicense Section 3 - Renewal Addendum Section 6 – Speedy Glass Certified Dealer Addendum	Item 17
w. Non-competition covenants	Article 21 – Franchise Agreement <u>Article 20 – ADL Agreement</u>	Items 15 and 17
x. Dispute resolution	Articles 18 and 24 – Franchise Agreement <u>Articles 17 and 23 – ADL Agreement</u> Section 29 – Software Sublicense	Item 17
y. Other: Guaranty of franchisee obligations ⁽¹⁾	Personal Guaranty (which follows the Franchise Agreement <u>and the ADL Agreement</u>)	Item 22

- (1) Each individual who is an owner of any business entity that is the franchisee must sign a personal guaranty of all the obligations of the franchisee. This guaranty also includes an agreement to be bound personally by all provisions of the Franchise Agreement and any other agreement between us and you, or between you and any of our affiliates, including the confidentiality and

noncompete provisions of the Franchise Agreement. The personal guaranty is attached to the Franchise Agreement.

10. FINANCING

Depending on your net worth, available collateral, credit history and other credit factors, if you are a stand alone Glass Repair and Replacement franchisee, we may finance a portion of your initial investment. ~~This~~ However, this financing is only offered to all stand alone franchisees who meet Novus' credit standards.

If you are ~~a stand alone Glass Repair and Replacement franchisee~~ offered financing, we will finance the minimum initial payments you make to us, ~~if you qualify for this financing~~. You must make a down payment of \$10,000, and we will finance up to \$15,375 of your initial costs, including your Initial Franchise Fee, your Initial Training Fee, \$2,000 for your Initial Equipment Package, \$2,275 of the Accompanying Equipment Package, the Franchise Identification Package, the home page initial set-up fee, the call center set-up fee, and your software package. The loan will be evidenced by a Promissory Note (the "Note"), a copy of which is attached as E-1 to this Disclosure Document. The Note requires you to pay interest on the principal balance at a fixed annual rate of 8.0%. The Note includes an initial 6 month period during which you will not make any payments, after which you will be required to make monthly payments of principal and interest of \$390.62 on the Note over a 4 year period.

~~If you are acquiring a Glass Repair and Replacement affiliate license, we will finance the minimum initial payments you make to us, if you qualify for this financing. You must make a down payment of \$8,000, and we will finance up to \$11,375 of your initial costs, including your Initial Franchise Fee, your Initial Training Fee, \$2,000 for your Initial Equipment Package, \$2,275 of the Accompanying Equipment Package, the License Identification Package, the home page initial set-up fee, the call center set-up fee, and your software package. The loan will be evidenced by a Promissory Note (the "Co-Branded Note"), a copy of which is attached as Exhibit E-2 to this Disclosure Document. The Co-Branded Note requires you to pay interest on the principal balance at a fixed annual rate of 8.0%. The Co-Branded Note requires you pay all principal and interest over a 2 year period. You must make monthly payments of \$514.50 over this 2 year period.~~

~~In either case, you~~ You may prepay the Note ~~or the Co-Branded Note, as applicable~~, in whole or in part, without penalty. The payments you make under the ~~Note or the Co-Branded Note~~ include the lease of certain glass repair equipment pursuant to under an equipment lease with Novus Inc., an affiliate of ours, which is described in furthermore detail below. All payments must be made either by an automatic electronic funds transfer (EFT) or an automatic monthly credit card payment. You or another person acceptable to us must guarantee the ~~Note or the Co-Branded Note, as applicable~~. You must also sign a Security Agreement (Exhibit E-~~32~~ to this Disclosure Document) granting us a security interest in the assets of your business. At our request, you must sign all necessary financing statements and other documents and pay the costs of filing the financing statements or other documents.

You will be in default under either the ~~Note or the Co-Branded Note, as applicable~~, if (a) you fail to make any payment under the Note ~~or the Co-Branded Note~~ when due or upon demand as provided for in the ~~Note or the Co-Branded Note~~; (b) you become insolvent or file for bankruptcy; (c) you default under the Security Agreement; (d) an event occurs which gives us the right to terminate the Franchise Agreement ~~or Affiliate License Agreement~~; or (e) upon the death of the guarantor or a breach by the guarantor of the terms of the guaranty. You and any guarantors of the ~~Note or the Co-Branded Note~~ waive presentment, demand for payment, notice of dishonor, notice of protest, protest, and all other notices or demands in connection with the delivery, acceptance or performance of, or default under the ~~Note or the Co-Branded Note~~. If you default on the ~~Note or the Co-Branded Note~~, you must pay the full balance owing to us as well as our costs of collection, attorneys' fees and court costs.

In addition, Novus Inc., an affiliate of ours, will lease certain equipment to you both stand alone Glass Repair and Replacement franchisees and to auto dealer licensees.

SUMMARY OF FINANCING OFFERED

Item Financed - Source	Amount Financed	Down Payment	Term (Years)	Monthly Lease Payment	Pre-Pay Penal	Security Required	Liability Upon Default	Loss of Legal Right on Default
Windshield Repair Equipment - Novus Inc. ⁽¹⁾	Value of Equipment	None	<u>10 years for a stand alone franchisee and 5 years for an auto dealer licensee</u>	<u>\$45 for a stand alone franchisee and \$50 for an auto dealer licensee</u>	None	Novus Inc. retains title to the leased equipment	Surrender of equipment; payment of Novus Inc.'s costs and expenses	Defenses are not waived

- (1) Novus Inc. will lease certain glass repair equipment to you, as described in Item 6 above. The equipment lease (Exhibit F to this Disclosure Document) will generally be for a term of 10 years (5 years for an auto dealer licensee) to coincide with the term of the Franchise Agreement (or Auto Dealer License Agreement). Lease payments for the 2 windshield repair bridges and the Crack Mouse® equipment are \$45 per month (\$50 for an auto dealer licensee), or you may prepay \$2,000 for the full 10-year term of the lease (see Item 6, Note 10). If you are an existing Novus franchisee, are re-franchising your Novus® business, and are using what is known as the "classic" repair bridges, you must upgrade to our most current model repair bridges (currently known as the "Millennium" repair bridge), by paying us a lump sum amount of ~~\$2,100~~ \$1,800 for this equipment, which will prepay the lease payments for the full 10-year term of the lease, or if you choose to pay monthly, we will waive the first 6 months of lease payments. If you are a stand alone franchisee and choose to finance a portion of your initial investment with us as described above-and-sign-either-the-Note-or-the-Co-Branded-Note, we will prepay the lease payments for the equipment lease for a term of 10 years. This pre-payment is already included in the figures set forth above. In all cases, you will have no right or title to the equipment other than that contained in the lease agreement and you will not own the equipment at the end of the lease. Novus Inc. will not refund prepaid lease payments if the equipment lease is terminated early, and you will remain responsible for any balance due under your equipment lease. You also grant us a security interest in the equipment, and must sign all necessary financing statements and other documents to evidence this security interest. You will be in default if you fail to make required payments, breach the equipment lease, become insolvent or file for bankruptcy, or breach your Franchise Agreement or AffiliateAuto Dealer License Agreement with Novus. If you default, Novus Inc. may terminate the equipment lease, recover the leased equipment, and recover its damages, costs and attorneys' fees. The equipment lease does not require you to waive any defenses.

Novus and Novus Inc. reserve the right to sell, assign, or discount to any third party, in whole or in part, any note, contract, lease or other instrument you sign. If Novus or Novus Inc. were to do so, you would lose any defenses against the lender as a result of the sale of assignment of your obligations. Novus and Novus Inc. do not guaranty your notes, leases or other obligations.

11. NOVUS' OBLIGATIONS

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

11.1 Services Provided by Novus Before Opening of Business.

If you operate from a retail location, then we have the right to review the proposed location or area in which you will conduct business before you open your business at that location or area. We do not select or approve your site (see Article 9 of the Franchise Agreement and AffiliateAuto Dealer License

Agreement). We do not negotiate the purchase or lease of a site, and we do not own premises and lease them to you.

We will provide an initial training program for up to 2 people (see Article 10 of the Franchise Agreement and ~~Affiliate License Agreement~~). For a stand-alone Glass Repair or Glass Repair and Replacement franchise, either you or your manager must attend and successfully complete the training to our satisfaction within 60 days after you sign the Franchise Agreement, and before you begin operating your Novus® business and for Glass Repair and Replacement franchisees, the glass replacement training must be taken within 60 days after you complete the windshield repair training. The initial training for a stand-alone Glass Repair or Glass Repair and Replacement franchise covers business and operational methods, promotional techniques, glass repair, other services, service techniques, and related methods of developing your business, and is designed to assist you in beginning the operations for your Novus® franchise. ~~The~~ We also provide glass repair training is similar for an affiliate license, but does not include basic business training, for up to 2 people for an auto dealer license. For an auto dealer licensee who wants to offer glass replacement services, we recommend that the auto dealer licensee initially hire an employee who is an experienced master auto glass technician certified by the NGA (or other certifying organization acceptable to us) who passes the test we offer for glass replacement services. (See Item 5.) However, if neither a principal officer/operator nor a full-time employee meets these requirements, then the auto dealer licensee must have an employee attend and successfully complete our initial glass replacement training before offering glass replacement services. The fee for this training for an auto dealer licensee is \$4,000.

We offer the initial training sessions every month, or as frequently as is necessary to train new franchisees or licensees before they open their business. You must pay all costs of transportation, food and lodging for the people who attend the training on your behalf, but we may furnish some meals. The following tables summarize the initial training you will receive when you purchase an Autoa Glass Repair or a Glass Repair and Replacement franchise or affiliate auto dealer license:

TRAINING PROGRAM FRANCHISE

Subject	Hours of Classroom Training	Hours of on the Job Training	Location (Note 4)
Business Operations ⁽¹⁾	5	0	Our office in Minneapolis, Minnesota
Sales Skills Training ⁽¹⁾	5	0	Our office in Minneapolis, Minnesota
Business Management ⁽¹⁾	5	0	Our office in Minneapolis, Minnesota
Advertising and Marketing ⁽²⁾	4	0	Our office in Minneapolis, Minnesota
Glass Repair Training ⁽¹⁾	22	3	Our office in Minneapolis, Minnesota
Glass Replacement Training ⁽³⁾	8	72	Regional Training Center (Morven, NC, Sheridan, WY, Atmore, AL, St. George, UT, Charleston, SC, Savage, MN or Burien, WA) or our office in Minneapolis, Minnesota

TRAINING PROGRAM
AFFILIATE AUTO DEALER LICENSE

Subject	Hours of Classroom Training	Hours of on the Job Training	Location (Note 41)
Sales Skills and Business Operations Training ⁽¹⁾	8	0	Our office in Minneapolis, Minnesota
Advertising and Marketing ⁽²⁾	4	0	Our office in Minneapolis, Minnesota
Glass Repair Training ^{(3) (4)}	21 ⁽⁴⁾	3 ⁽⁴⁾	Our office in Minneapolis, Minnesota <u>Your retail location or another location which we designate</u>
Glass Replacement Training ⁽³⁾	8	72	Regional Training Center (Morven, NC, Sheridan, WY, Atmore, AL, St. George, UT, Charleston, SC, Savage, MN or Burien, WA) or our office in Minneapolis, Minnesota

- (1) We may designate another location for any of our training programs at any time.
- (2) Jay Bickford provides most of this training. Mr. Bickford owned and operated his own Novus Repair franchise for 5 years before becoming a Novus employee. He has 23 years overall experience in Novus business operations, the last 10 of which has been as our Director of Training and Development. He also manages our National Accounts Development and Preferred Provider Vendor programs.
- (23) Advertising and Marketing is taught by Mary Nelson as part of the Glass Repair Training. Ms. Nelson has nearly 21 years experience in this area, the last 15 of which have been in advertising and marketing positions for various franchisors, including the last 7 years with us.
- (34) We may substitute on-the-job training for some of this classroom training. If we do, the additional on-the-job training would likely be at your retail location.
- (5) The glass replacement training is provided by Greg Dirks, Mark Pixley, Wesley Wenger, Chuck Payne, Ron Dubiel, Jay Bickford and Marc Levin. Mr. Dirks has 17 years of experience in glass replacement, and has been a Novus® franchisee since 2002. Mr. Pixley's experience in glass replacement has been as a Novus® franchisee since 1986. Mr. Wenger's experience in glass replacement has been as a Novus® franchisee since 1999. Mr. Payne has over 20 years of experience in glass replacement, and has been in the Novus® system since 1992. Mr. Dubiel has been a Novus® franchisee since 2008. Mr. Levin runs one of our corporate stores in Burien, Washington, and has over 5 years in the glass replacement business.
- (4) ~~—We may designate another location for any of our training programs at any time.~~

If you acquire a Glass Repair and Replacement franchise, you must have at least 1 full-time employee (who may be you or the manager) who performs glass repair and replacement services. (If you acquire an affiliate auto dealer license, we do not impose this requirement until you begin performing glass replacement services.) This person Unless you are an experienced master auto glass technician certified by the NGA (or other certifying organization acceptable to us), or have a full-time employee who is so certified, and you or your employee passes our glass replacement test as described below, you or an employee must attend and successfully complete the initial glass replacement training, which will be conducted over a period of approximately 5 days. All Regional Training Centers are operated by Novus or experienced Novus® franchisees who own and operate Glass Repair and Replacement franchises and who use a training curriculum we develop. The purpose of the glass replacement training is to teach the fundamentals of glass replacement. You will not become an expert in glass replacement, but you will be taught basic techniques and methods and will be provided with criteria for hiring experienced glass

replacement installers. We recommend you initially hire an experienced glass replacement installer. In addition, the Regional Training Center will provide you with continued support to increase your level of expertise in glass replacement for 60 days following the training.

If you acquire a Glass Repair and Replacement franchise, we will (i) waive the initial glass replacement training requirement (but not any portion of the Initial Training Fee) if the principal owner/operator is an experienced master auto glass technician certified by the NGA (or other certifying organization acceptable to us) who passes our glass replacement test, and (ii) we will provide you with a \$3,000-credit which you can use for product purchases, or against the principal of any promissory note you give us for any initial financing we provide to you. Alternatively, we will defer the glass replacement training requirement (but not any portion of the Initial Training Fee) if, by the time you open, you employ a full-time experienced master auto glass technician certified by the NGA (or other certifying organization acceptable to us) who passes our glass replacement test. If that person stays in your employ full-time continuously for 1 year following the opening of your business, we will then waive the glass replacement training requirement and provide you with a \$3,000-credit which you can use for product purchases, or against the principal of any promissory note you give us for any initial financing we provide to you. The credit will be \$3,000, less a testing fee of \$750 and any out-of-pocket costs we incur if we provide the test at your retail location.

We will waive the glass replacement training requirement for an affiliate auto dealer licensee who does not offer glass replacement services, or if the principal owner/operator is an experienced master auto glass technician certified by the NGA (or other certifying organization acceptable to us) and passes our glass replacement test. Alternatively, we will defer the glass replacement training requirement (but not any portion of the Initial Training Fee) if, by the time you open, you have a full-time experienced master auto glass technician certified by the NGA (or other certifying organization acceptable to us) who passes our glass replacement test on staff. If that person stays in your employ full-time continuously for 1 year following the opening of your business, we will then waive the glass replacement training requirement and provide you with a \$3,000-credit which you can use for product purchases, or against the principal of any promissory note you give us for any initial financing we provide to you.

We also offer an optional Flat Glass Training program that you can take before you begin operating, or after you have started operating. It is a one-week training program that we offer in Arizona. The fee that you must pay for this program is \$3,000. It will be offered approximately monthly (or less often if not needed or requested). This training will not make you an accomplished fiat glass installer, but it will provide a management overview to you, with basic instruction on hands-on fiat glass handling and installation.

You must pay salaries and fringe benefits and all costs of transportation, food and lodging for you, your manager, and all of your other employees who attend any of the training programs.

The instructional materials for the initial training program are made up of our Operations Manual, our Original Equipment Manufacturers' Installation Materials, and other miscellaneous supplemental materials we provide to you. We will provide you with a copy of our current Operations Manual, our Original Equipment Manufacturers' Installation Materials, and opening materials at the time of training or will provide you access to a secure website that contains these items (see Article 7.1 of the Franchise Agreement and Affiliate Auto Dealer License Agreement). Our standard Operations Manual contains 520 pages. If applicable to your franchise, we will also provide you with a copy of the Auto Glass Repair and Replacement Technical Manual, which contains approximately 64 pages. Copies of the tables of contents of the Operations Manual and the Auto Glass Repair and Replacement Technical Manual are attached as Exhibit I to this Disclosure Document. The Operations Manual for the affiliate auto dealer license contains approximately 237 pages. The table of contents for this manual is also included in Exhibit I to this Disclosure Document. If you sign a Speedy Glass Certified Dealer Addendum, we will also loan you a Certified Speedy Dealer Manual. That manual contains 24 pages. The table of contents for that manual is also included in Exhibit I to this Disclosure Document.

After you and/or your manager have successfully completed the required initial training, we will, if this is your first Novus[®] franchise and it is not an affiliate auto dealer license, make a representative available to you in your APR for up to 5 days. This assistance will typically be available to you between 2 and 4 months after you begin operating, and is designed to assist you in your initial business operations (see Article 11.1 of the Franchise Agreement). In addition, at your request, we will provide additional telephone advice on business development, employee requirements, implementing the Novus[®] Business System, and evaluating initial business operations during the first 60 days after you complete your training.

We also offer webinars for a fee of up to \$300 per webinar. The webinars are optional, and all fees and costs for your participation must be paid by you.

We provide approved opening advertising and/or promotional materials-for-use-and-placoment-by-you-in-connection-with you can use for the opening of your Novus[®] business (see Article 11.2 of the Franchise Agreement and Affiliate Auto Dealer License Agreement).

Except as described above, we provide no other supervision, assistance or services to you before you open your Novus[®] business.

In the case of a stand-alone Glass Repair and Replacement franchise, we estimate that it will take from 3 weeks to 6 months from the time you sign the Franchise Agreement until you open your business. Your opening date will be affected by factors such as completing training, acquiring inventory and supplies, and, in the case of retail location franchises, locating and remodeling your business premises. In the case of an affiliate auto dealer license, we estimate that it will take from 3 weeks to 3 months from the time you sign the Affiliate Auto Dealer License Agreement until you open your Novus[®] business. This opening date will be affected by factors such as completing training, acquiring inventory and supplies, and remodeling your existing business premises.

11.2 Obligations of Novus During Operations of Business.

We will make available to you (a) equipment and products that you will purchase for your Novus[®] business, (b) approved training programs in Glass Repair and Replacement, (c) management and selling techniques, and (d) a representative available by telephone to assist you in implementing our business system (see Articles 8, 10, 11 and 12 of the Franchise Agreement and Affiliate Auto Dealer License Agreement).

Advertising

We do not require you to pay any monies to us for advertising. Each calendar year, we will make expenditures from our own funds for advertising, marketing, public relations and promotion of the glass replacement, glass repair, and other services and products that are sold under the Novus[®] Marks ("Marketing Expenditures") (see Article 12.2 of the Franchise Agreement and Affiliate Auto Dealer License Agreement). The minimum amount we will spend on Marketing Expenditures will be equal to (i) 2% of Gross Revenues on all glass repair products and services sold by our franchisees and on which we are paid royalties, and (ii) 3% of Gross Revenues on all glass replacement products and services, and all other products and services sold under the Novus[®] Marks, on which we are paid royalties by those of our franchisees who are paying an 8% (or higher) royalty to us on such products and services. These same percentage contributions apply to all franchisees (except that in the case of franchisees who joined our network before April 1, 2010, the percentage applies to their glass replacement products and services and other products and services sold under the Novus[®] Marks only if they voluntarily agreed to pay 8% (or higher) royalties on those products and services). We will spend the same amounts from our company-owned outlets. The Gross Revenues will be determined by the Gross Revenues Reports submitted to us by our franchisees and licensees. Marketing Expenditures we make will be based on Gross Revenues and not on any Minimum Monthly Royalty Fee paid by you or any other franchisee or licensee. We have the right to determine how, where, and when the Marketing Expenditures will be spent and the amount that will be spent for media, production and other advertising concepts. We have the right to use the Marketing Expenditures to purchase and pay for product research and development, sales

and marketing materials, advertising materials, ad slicks, brochures, radio and television commercials, services provided by advertising agencies, market research, media time and space advertising (including local, regional or national radio, television, newspaper, magazine and other print advertising), promotions, convention expenses, development and protection of our Marks, marketing, public relations, telemarketing, the establishment and maintenance of Internet sites promoting our brand, including social networking and social media sites, the cost of providing toll-free and other telephone services for the benefit of our franchisees, and other national, regional and local advertising and promotion that we deem appropriate. We also use the Marketing Expenditures to pay for long distance telephone charges, office rental, furniture, fixtures, equipment, leasehold improvements, salaries and fringe benefits, travel costs, office supplies and other administrative costs we incur in connection with these advertising activities. We also have the right to spend the Marketing Expenditures for advertising, marketing and promoting glass replacement services, glass repair services, and other services, in any combination, way, and/or manner that we deem appropriate, even if you do not offer some of these products or services in your business.

We work with a national advertising company to develop our advertising. We also have an advisory council that advises us on the Marketing Expenditures. The council is comprised of 7 franchisees who are selected by our franchisees, by region (except for 1 "at large" franchisee member, who is still selected by franchisees, but not by region). The council serves in an advisory capacity and we have the right to change or dissolve the council at any time.

We do not use any Marketing Expenditures primarily to help us sell franchises. We have no obligation to spend any portion of the Marketing Expenditures in your APR or Service-Area for your business. If you request it, we will provide you with a report of the Marketing Expenditures that we have made within 120 days after the end of each calendar year, however, we do not audit the Marketing Expenditures.

We will develop and sell sales, marketing and advertising materials to you for advertising that you can use to advertise your Novus® business in your APR or Service-Area market (see Articles 11.2 and 13.5 of the Franchise Agreement and Affiliate Auto Dealer License Agreement). We may create those materials or use outside advertising agencies to create these materials. You may use advertising materials you develop, but you must first submit them to us and obtain our approval. You must spend 4% of your Gross Revenues for local advertising. If there are 2 or more Novus® franchisees or licensees in a local market, we may require you to join a local advertising cooperative, and your contributions to the cooperative will apply toward your 4% local advertising requirements. (This does not apply to auto dealer licenses and to date, we have not formed any of these cooperatives.) We reserve the right to form, change, dissolve, or merge advertising cooperatives. If we require you to participate in an advertising cooperative, then we will determine the administrative responsibilities, governing documents and reporting procedures. You must at all times have access to the World Wide Web through an internet access provider and maintain an e-mail address on the World Wide Web. You will not establish a website or home page on the World Wide Web, or create any social networking and/or social media website, profile, or account relating to for your business, or making reference to us, your Novus® business, or the Novus® system, without first getting our approval, and except in compliance with our internet policy or other policies, requirements and specifications we may establish.

Additional Training

We will occasionally offer additional or advanced training programs to improve the standards of services and products offered in connection with the Novus® Business System, or to maintain the product and service consistency we require (see Article 10.7 of the Franchise Agreement and Article 10.4 of the Affiliate Auto Dealer License Agreement). You, your manager and/or your employees must, at your expense, attend and successfully complete all additional or advanced training programs that apply to your franchise, and you must pay us our then-current training fee for this training.

Computer Systems

We will provide you a list of the computer equipment required for your Novus® business when you sign your Franchise Agreement or ~~Affiliate~~Auto Dealer License Agreement. You must own or purchase this computer hardware. You will also need to purchase point-of-sale software and accounting software that meets our requirements, and a high speed Internet connection. The cost to purchase computer equipment that meets our specifications is between \$800 and \$1,500. You must also purchase a laptop having an integrated wireless data card. If you do not already have one, the cost of the laptop is likely to be about \$1,000, and the cost of the wireless data card is up to \$100 per month. There is also a per transaction fee of \$.75 per transaction associated with the point-of-sale software we recommend. If you are an auto dealer, you may already have point-of-sale and accounting software; however, if your financial software cannot connect to Quest, you will need to pay us \$300 for software to make that connection.

You must use our customized software in operating your business. We will license the software to you the first year for \$1,000, which includes a set-up fee, and all upgrades for the first year. In future years, the license fee is \$80 per month. You must obtain upgrades as we require, and there is no limitation on our right to require you to upgrade the hardware or software, but they are there is no additional cost for these upgrades, as the cost is included in the monthly license fee. If you are currently at the end of the initial term of your Franchise Agreement or ~~Affiliate License Agreement~~, and you re-franchise or re-license, you will not pay us a new setup fee or first year fee, but will continue to pay \$80 per month.

You must maintain and repair your computer system and upgrade all computer equipment and software, at your sole cost. We do not have any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer hardware or software. We do not presently have independent access to the information on your computer system.

You must license and install all software programs we designate, including POS software and accounting software when these software programs become a part of the Business System. You will use your computer to access the Internet, to prepare correspondence related to your business, for billing and financial reporting, and to generate financial statements.

12. TERRITORY

We will designate an Area of Primary Responsibility ("APR") for your business, (not applicable to auto dealer licenses). The APR is a geographically contiguous area generally consisting of one or more counties. ~~(Once again, for an affiliate license, we refer to this area as a "Service Area," and it will usually consist of a smaller area.)~~ An auto dealer license operates solely from its specified retail location and does not have an APR. We will determine your APR or Service Area when you sign your Franchise Agreement or ~~Affiliate License Agreement~~. Your APR or Service Area is non-exclusive and may be defined in a map or addendum attached to your Franchise Agreement or ~~Affiliate License Agreement~~. You may sell the products and services associated with your Novus® business anywhere in the APR or ~~Service Area~~, but you do not have the right to conduct business outside the APR or ~~Service Area~~.

In the case of a stand-alone Novus® franchise, we will not establish another Novus® retail location franchise or license, or allow an existing Novus® retail location to relocate, within 2 miles of your retail location. However, we do have the right to place another Novus mobile franchise within 2 miles of your retail location. Therefore, you still may face competition from mobile franchisees, or from mobile units we own. We also do not prevent our franchisees from advertising their business in any manner (including through channels of distribution such as like the Internet, catalog sales, telemarketing or other direct marketing), including within 2 miles of your retail location. However, all of your advertising, including your website, must be approved by us, and you may not establish any other website, web page, social media or social networking website, profile or account relating to for your business, or making reference to us, your Novus® business, or the Novus® system without our approval. In addition, if you are purchasing a new stand-alone franchise from us, there may be 1 or more Novus® ~~affiliate auto dealer~~

licensees located within 2 miles of your proposed location at the time you sign your Franchise Agreement, and they will be able to continue to operate.

~~If you operate a mobile franchise, or have an affiliate license, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.~~

We do not have a right to change your APR, ~~Servicio Area~~, or 2-mile territory, even though the population of your territory may increase. However, you may, with our prior written approval, change your APR or ~~Service Area~~. If we approve a change in your APR or ~~Servicio Area~~, you must pay us an APR Modification Fee or ~~Service Area Modification Fee~~ of \$1,500 within 10 days after you receive our written approval. In considering whether or not to grant our approval, we will take into account whether you have been in compliance with your Franchise Agreement, whether the new APR or ~~Servicio Area~~ would conflict with any agreement we have with any other franchisee, or, in our opinion, infringe on a territory of another Novus® business, and your reason for wanting to change the APR or ~~Servicio Area~~.

If you operate a mobile franchise, or have an auto dealer license, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Subject to the 2-mile limitation described above, it is currently our policy to establish up to the following number of stand-alone Novus® businesses in an APR, as determined from the most recent United States government census information:

Number of Franchises	Population of APR
1	0 - 119,999
2	120,000 - 179,999
3	180,000 - 399,999
4	400,000 - 499,999

For each additional 100,000 in population up to 2,000,000, we may establish 1 additional Novus® stand-alone business. If the population of the APR exceeds 2,000,000, we may establish 1 additional stand-alone franchise for each additional 200,000 in population. We do not have a policy that limits our ability to establish affiliate auto dealer licensees in an APR.

You receive the right to operate only 1 Novus® business within your APR or ~~Service Area~~ unless you purchase additional franchise or license rights, and you do not have an option, right of first refusal, or other similar right to acquire additional franchises. You may operate up to 4 vehicles for each mobile Glass Repair only franchise and each mobile Glass Repair and Replacement franchise you own in your APR or ~~Servicio Area~~. We do not limit the number of vehicles that may be operated by a franchisee or licensee operating from a retail location.

If at any time you determine that you do not want to provide services to a national or regional insurance company or other account in your APR or ~~Servicio Area~~ that we develop, then we will have the right to service these accounts through another franchisee or licensee, a company owned Novus® business, affiliated or related companies, other service providers, and all other methods of service, without payment of any compensation to you. If you have a customer that requests any glass product or service that you do not offer at your business but that is offered at other Novus® businesses operating within your APR or ~~Servicio Area~~ or within an adjacent APR or ~~Servicio Area~~, then you must refer that customer to another Novus® business before referring that customer elsewhere. If there is another Novus® business in your APR or ~~Servicio Area~~, then you must refer the customer to that business (or if there is more than one, then to the closest Novus® business to the customer's home or place of business). If there is not another Novus® business operating in your APR or ~~Servicio Area~~, you must refer the customer to another Novus® business operating within an APR or ~~Servicio Area~~ that is adjacent to your APR or ~~Service Area~~ (again, if there is more than one, then to the closest Novus® business to the customer's home or place of business). If there are no other Novus® businesses located within these areas, then you may refer the customer to anyone you choose. You will not be paid for these referrals.

If you have a stand-alone Glass Repair and Replacement franchise, you must achieve Quarterly Minimum Gross Revenue requirements to maintain your franchise rights. The amount depends on whether or not you have a retail location, and the number of years you have been operating (see Article 2.6 of the Franchise Agreement). If you have a Glass Repair only franchise, you must achieve Annual Minimum Gross Revenue requirements of \$40,000 to maintain your franchise rights. If you do not meet the applicable minimum Gross Revenue requirements, we may terminate your Franchise Agreement.

Except as described above, we and our affiliates are not restricted in the distribution of products or services through channels of distribution (such as ~~like~~ the Internet, catalog sales, telemarketing or other direct marketing using the Novus® mark or any other marks), and are not restricted in the establishment of franchised, company-owned, or licensed outlets either within or outside your APR-or-Service-Area. We have no obligation to pay you any compensation for soliciting orders inside your APR-Service-Area, or exclusive territory. We and our affiliates reserve the right to purchase, be purchased by, merge with or combine with competing businesses, wherever located. We and our affiliates also reserve the right to establish multi-area marketing programs (such as ~~like~~ Internet, shows and events, directories, and affinity, vendor or co-branding programs) that may require your participation, payment of commissions, and adherence to maximum pricing structures to the extent permitted by law, and may allow us and our related companies to solicit or sell to customers located in your APR-or-Service-Area.

Speedy Franchising and Speedy Auto Glass either own and operate businesses or have franchises using the name Speedy Auto Glass, Speedy Glass, Speedy Glass Auto, Residential & Commercial, and Speedy Auto & Window Glass stores (the "Speedy Stores"). The principal business address of Speedy Franchising and Speedy Auto Glass is 9655 SE 36th Street, Unit 103, Mercer Island, Washington 98040. Speedy Stores install and repair auto glass, sun roofs, residential and commercial flat glass, mirrors, insulated windows, shower doors, and related items, and perform automotive paint restoration products and services. Speedy corporate locations may have Novus® add-on franchises or licenses and offer Novus® products and services to their customers. Speedy Stores may be opened, located, and operated within the APR or-Service-Area we grant to you (even if we grant you the right to be a Speedy Glass Certified Dealer), but we currently will not grant any of those stores the right to use Novus® products in their business if such a grant will that would expressly contravene any exclusive territory we gave to a Novus® franchisee. Novus Inc. also sells resins and windshield repair equipment under other brand names to companies for use in their glass repair businesses, including Speedy. Another of our affiliates, Shat R Proof may sell or distribute glass adhesives, tools and other products to other glass repair and replacement companies in your territory, so long as if those products do not have the Novus® trademark on them. All of these businesses could compete with you, and we do not address any conflicts you may have with these businesses over territories, customers or support. As of the date of this Disclosure Document, these are the only businesses that we or our affiliates operate or plan to operate that sell goods or services similar to those you will sell.

13. TRADEMARKS

You will have the right to use the trademarks, services marks, and logos we designate in writing (the "Marks"), subject to certain limitations specified in Articles 2 and 4 of the Franchise Agreement and Affiliate Auto Dealer License Agreement. You may only use the Marks to promote and perform glass repair and glass repair and replacement in accordance with the Novus® Business System and under the limitations described in your Franchise Agreement and Affiliate Auto Dealer License Agreement. If your Novus® business does not offer automotive glass replacement, you may not use any of the Marks that ~~relate to~~ are for glass replacement only, and you may not offer or sell glass replacement or related services under any of the Marks.

We have the right to use and license the following principal trademarks that are registered on the Principal Register of the United States Patent and Trademark Office (the "USPTO"):

Mark	Registration Date	Registration Number
NOVUS (for plastic polish)	8-10-1976	1,045,704
NOVUS	9-18-1984	1,295,361
NOVUS	5-5-1987	1,438,701
NOVUS WINDSHIELD REPAIR and design	11-3-1992	1,729,876
NOVUS	4-9-1996	1,966,303
NOVUS AUTOGLASS REPAIR AND REPLACEMENT	4-2-1996	1,965,206
NOVUS AUTOGLASS	10-14-1997	2,105,684
NOVUS AUTO GLASS design	10-30-2007	3,326,179
NOVUS DING DEVIL design mark	7-7-1998	2,171,794
NOVUS GLASS	6-3-2008	3,441,544
NOVUS GLASS design mark	6-24-2008	3,455,533
NOVUS GLASS REPAIR & REPLACEMENT design mark	10-14-2008	3,518,346
NOVUS GLASS THE WINDSHIELD REPAIR EXPERTS design mark	5-20-2008	3,433,099
REPAIR FIRST, REPLACE WHEN NECESSARY	5-23-2000	2,351,127

A Supplemental Register certificate of registration was issued on July 17, 2007, for The Windshield Repair Experts design mark. The Supplemental Register certificate of registration does not have many of the same presumptive legal rights granted by a registration on the Principal Register, but does not prejudice our right to obtain a Principal Registration for this mark at a later time, and it does not limit our right to use the mark in commerce. As we do not have a Principal Register federal registration for this trademark, this trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use this mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Except as described above, there are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, or any opposition or cancellation proceedings which affect the use of the Marks in any state.

Originally, all of the above Marks were registered by TCGI. However, TCGI assigned to us all of their rights and interest in the Marks on December 31, 2007, so that we now have sole ownership of the Marks that we license to you.

Under an agreement with one of our affiliates, we also have the right to let our franchisees in certain markets use the Speedy Glass name and logo to refer to themselves as a Speedy Glass Certified Dealer. The Speedy Glass words were registered as a trademark by TCGI on the Principal Register of the USPTO on January 9, 2007, Registration No. 3,197,059. The Speedy Glass name and design were registered as a trademark by TCGI on the Principal Register of the USPTO on August 7, 2007, Registration No. 3,275,602.

You may only use the Marks in the manner we direct. If, in our judgment, you have infringed upon or demeaned the goodwill, uniformity or business standing associated with the Marks, we may require you

to discontinue use of the Marks. You agree not to contest our right to use the Marks and the goodwill associated with them.

We are not aware of any currently effective agreements that significantly limit our right to use or license the use of the Marks in any manner material to your business. We know of no rights held by others, nor any infringing uses that could materially affect your use of any of the Marks. You may not use all or a part of the "Novus[®]" name or any other Marks, or any similar name, word or symbol or variant thereof, in a domain name, account name, profile or URL without our written consent.

The Franchise Agreement and Affiliate Auto Dealer License Agreement obligates us to protect your right to use the Marks. We will be the sole judge as to whether a suit for infringement will be instituted. We will indemnify you from any damages you may incur resulting solely from your proper use of the Marks within the APR or in the case of an auto dealer license from your business if you tender defense of the action to Novus under the requirements of your Franchise Agreement or Affiliate Auto Dealer License Agreement.

14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

TCGI has received the following patents:

- (a) Patent No. 5,565,217 - dated 10-15-96 (Windshield Repair Apparatus)
- (b) Patent No. 5,643,610 - dated 7-1-97 (Windshield Repair Injector)
- (c) Patent No. 5,776,506 - dated 7-7-98 (Windshield Repair Apparatus Including Crack Repair Fixture and Method)
- (d) Patent No. 5,792,480 - dated 8-11-98 (Stopper for Windshield Repair Injector)
- (e) Patent No. D 398,495 - dated 9-22-98 (Design Patent - Windshield Crack Spreader Bar)
- (f) Patent No. D 398,496 - dated 9-22-98 (Design Patent - Slideable Crack Repair Fixture)
- (g) Patent No. D 400,218 - dated 10-27-98 (Design Patent - Ultraviolet Lamp)
- (h) Patent No. D 403,563 - dated 1-5-99 (Design Patent - Windshield Repair Bridge)
- (i) Patent No. D 406,029 - dated 2-23-99 (Design Patent - Windshield Repair Bridge)
- (j) Patent No. D 452,124 - dated 12-18-01 (Design Patent - Windshield Repair Bridge)
- (k) Patent No. 5,948,331 - dated 9-7-99 (Method of Windshield Repair)
- (l) Patent No. 5,952,012 - dated 9-14-99 (Windshield Repair Apparatus Including Bridge)
- (m) Patent No. 6,024,901 - dated 2-15-00 (Method for Windshield Break Repair)
- (n) Patent No. 6,042,353 - dated 3-28-00 (Windshield Repair Apparatus Including Crack Repair Fixture)
- (o) Patent No. 6,139,300 - dated 10-31-00 (Windshield Repair Apparatus Including Bridge and Injector Holder)
- (p) Patent No. 6,302,670 - dated 10-16-01 (Windshield Repair Apparatus)
- (q) Patent No. 7,131,752 - dated 11-7-06 (Articulating Crack Curing Lamp and Method)

There are no presently effective determinations of the USPTO, the Court of Appeals for the Federal Circuit, nor any pending infringement, opposition or cancellation proceedings, nor any material litigation involving these patents or copyrights, which is relevant to their use in this state or the state in which your business will be located. There are no currently effective agreements that significantly limit the rights of Novus to use or license the use of these patents in any manner material to your business. There are no pending patent applications that are material to the purchase of a franchise.

Novus has been granted a license by TCGI to use these patents in selling and servicing Novus[®] franchises and for providing Glass Repair and Replacement services (the "TCGI License Agreement"). You will

therefore have the right to use the patents in operating your business when you sign the Novus Inc. Equipment Lease Agreement (see Exhibit F). The term of the TCGI License Agreement is perpetual, unless terminated by TCGI due to failure by Novus to cure a material breach of the TCGI License Agreement. When the TCGI License Agreement terminates, we will not be authorized to use or license the patents. However, if our rights to use the patents are terminated, TCGI will continue to honor your license to use the patents, so long as if you are not in default under your Franchise Agreement or Affiliate Auto Dealer License Agreement.

We also filed a mechanical patent application with the USPTO for an LED Curing Lamp and Method for use with windshield repairs on March 4, 2011, application number 13/038,173. The original inventors filed a provisional patent application for this invention on March 4, 2010, and assigned the application, and all rights they have in the invention, to us on July 30, 2010.

The Franchise Agreement and the Affiliate Auto Dealer License Agreement obligates us to protect your rights to use the patented equipment and products and to protect you against claims of infringement or unfair competition relating to the patents. TCGI will control any litigation relating to the patents, and TCGI is the sole judge as to whether a suit for infringement will be instituted. We will indemnify you from any damages you may incur resulting solely from your proper use of the patented equipment or products, as a part of the Business System, if you tender defense of the action to us under the requirements of your Franchise Agreement or Affiliate Auto Dealer License Agreement. We know of no rights held by others that could materially affect your use of any of the patented equipment.

TCGI and Novus have copyrighted advertising copy and designs, training films, workbooks, the Operations Manual and other manuals, and various other items relating to the operation of a Novus® business. We do not know of any infringing uses that could materially affect your use of any copyrighted material we supply. There are no presently effective determinations of the Copyright Office, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings, or any pending material litigation involving such our copyrighted materials that are relevant to their use in any state. There are no agreements currently in effect, which significantly limit our right to use or license the use of these copyrighted materials in any manner material to your business.

The Operations Manual and other information relating to the operation of a Novus® business is proprietary to us and must be kept confidential by you and your employees. You may not copy or alter any copyrighted or proprietary materials without our written consent, and you may not use any of these materials for purposes other than operating your Novus® business. You must return the Operations Manual and all other copyrighted or proprietary materials to us when your Franchise Agreement or Affiliate Auto Dealer License Agreement expires or is terminated.

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

If you acquire a Novus franchise, you must devote your full-time and best efforts, or have a manager devote his or her full-time and best efforts, to the operation of your Novus® business. If the franchisee is an entity, like a corporation or limited liability company, the principal owners must also sign a personal guaranty of the obligations of the franchisee. If you acquire an affiliate auto dealer license, you must also devote your full-time and best efforts (or have a manager devote his or her full-time and best efforts to the business), but those full-time efforts can include the efforts you devote to your existing business. You and your manager must attend and successfully complete the any required initial training program programs for your franchise as described in Item 11 before managing or operating your Novus® business. Other than successful completion of training, we do not impose any hiring restrictions on your selection of a manager. We do not require your manager to have any ownership interest in your business. Your manager and employees must agree to maintain the confidentiality of our confidential and proprietary information and must agree not to reverse engineer any proprietary technology of ours or of our affiliates. You must have at least 1 full-time employee (who may be you or your manager) who spends substantially all of his or her working time either performing or marketing glass repair and glass

replacement services. At least half of your employees must have successfully completed either our initial training program or our 3-day employee technical training program (except that if the principal owner/operator of the franchise is an experienced master auto glass specialist certified by the NGA (or other certifying organization acceptable to us) who passes our glass replacement test, or employs such a person who remains in your employ for 1 year, we will waive the glass replacement training requirement, and in the case of an affiliate auto dealer license, any NGA-certified master auto glass technicians that you employ who are certified by the NGA (or other certifying organization acceptable to us) and who pass our glass replacement test will count toward meeting this obligation).

16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may not operate any similar or competitive business during the term of your Franchise Agreement or Affiliate Auto Dealer License Agreement. You may not use any other name, trade name, trademark or service mark other than the Marks in-connection-with your Novus® business. You must sell all of the products and services associated with your Novus® business that we require, and we may add additional product or service requirements during the term of your Franchise Agreement or Affiliate Auto Dealer License Agreement. There are no contractual limits on our right to add product or service requirements. You may not perform windshield repair or automotive glass replacement services outside of your APR or Service-Area in the case of an auto dealer license from anywhere other than your retail location, and you may not resell any Novus® resin products or windshield repair equipment to others. If you acquire a Glass Repair only franchise, and you receive inquiries concerning glass replacement services, you must provide the name(s) and telephone number(s) of any Novus Glass Repair and Replacement businesses in your APR or any other glass replacement business that we may approve in our sole discretion. If there are no Novus Repair and Replacement businesses in your APR, then you must provide to the person that made the inquiry the name and telephone number of the closest Novus Glass Repair and Replacement business to your APR (or another glass replacement business that we may approve in our sole discretion), unless there is not any such business located within 15 miles of the outer boundaries of your APR. In the case of an auto dealer license, you must refer the person to the Novus business that is the closest to that person's home or business unless there is no Novus business within 50 miles of either the home or business of the person, in which case you can refer that person to anyone you choose.

Except as set forth above, you are not limited in the customers to whom you may sell your products and services.

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.

<u>Provision</u>	<u>Section in Franchise Agreement* and Other Related Agreements</u>	<u>Summary</u>
a. Length of the franchise term	Article 3.1 – Franchise Agr. Article 3.1 – ADL Agr. Sec. 2 - Equipment Lease	10 Years – <u>Franchise Agreement</u> 5 Years – <u>ADL Agreement</u>

* In the case of an affiliate auto dealer license, the principal agreement is called an “Affiliate Auto Dealer License Agreement,” rather than a Franchise Agreement, but the section numbers are the same as listed, unless otherwise indicated or “ADL Agreement.”

<u>Provision</u>	<u>Section in Franchise Agreement* and Other Related Agreements</u>	<u>Summary</u>
	Sec. 8 - Software Sublicense Sec. 5 – Speedy Glass Certitied Dealer Addendum	
b. Renewal or extension of the term	Article 3.2 – Franchise Agr. <u>Article 3.2 – ADL Agr.</u>	Under terms offered to other franchisees or licensees acquiring a similar type of franchise or license at the time you reacquire the franchise or license.
c. Requirements for you to renew or extend	Article 3.2 - Franchise Agr. <u>Article 3.2 – ADL Agr.</u>	Give 210 days’ notice; satisfy all material requirements of your current Franchise Agreement; pay all amounts due to us; modernize your business; sign a new franchise agreement (which may contain materially different terms than your original Franchise Agreement); pay Re-Franchise Fee (referred to as a Re-License Fee for an <u>affiliateauto dealer</u> license).
d. Termination by you	Article 19 – Franchise Agr. Article 19.2 – <u>Affiliate License Agreement</u> 18.2 <u>ADL Agr.</u> Section 5 – Speedy Glass Certitied Dealer Addendum	If we violate any material term of the Franchise Agreement or fail to pay any material uncontested obligations we owe you. For an <u>affiliateauto dealer</u> license, you also have the right to terminate if you sell your existing business to someone who does not want to continue the Novus business, or you sell your existing business to someone we do not approve, but you must then pay us an amount equal to 24 times the average monthly royalty fees you owed us for the previous 12 months. If you have not received a reasonable level of business related to the rights granted to you in the Speedy Glass Certitied Dealer Addendum, you may request our approval for termination of the Addendum by giving us notice 90-180 days prior <u>tebefore</u> the 2-year anniversary of the date you signed the Addendum, or from each <u>later</u> anniversary thereafter. We will review your request and give you notice of our decision within 30 days after our receipt of your notice and sufficient supporting documentation.
e. Termination by Novus without cause	Not Applicable – Franchise Agr. <u>Not Applicable -ADL Agr.</u> Sec. 12 - Software Sublicense	Not applicable. <u>Not applicable.</u> If we lose our right to sublicense the Software, we can terminate the Software Sublicense.
f. Termination by Novus with cause	Article 18.1 <u>Articles 18.1 and 18.2 – Franchise Agr.</u> <u>Articles 17.1 and 17.2 – ADL Agr.</u> Sec. 16 – Equipment Lease Sec. 21 – Software Sublicense	If you breach the Franchise Agreement, the <u>AffiliateAuto Dealer</u> License Agreement, Equipment Lease, or the Software Sublicense.

<u>Provision</u>	<u>Section in Franchise Agreement* and Other Related Agreements</u>	<u>Summary</u>
g. "Cause" defined - curable defaults ⁽¹⁾	Articles 18.1 and 18.3 - Franchise Agr. <u>Articles 17.1 and 17.3 – ADL Agr.</u> Sec. 15 - Equipment Lease Sec. 20 - Software Sublicense	You will have 30 days to cure if you: fail to successfully complete our training program; if applicable, fail to purchase or lease a Retail-Location <u>retail location</u> ; fail to open your Novus® business within 6 months (or 3 months in the case of an affiliate <u>auto dealer</u> license); violate any material provision of the Franchise Agreement or Affiiate <u>Auto Dealer</u> License Agreement; fail to conform to the Novus® Business System; fail to pay any uncontested obligation to anyone; issue any check that is dishonored; fail to pay for items required to start your Novus® business; fail to file required tax returns; or are in breach under the Software Sublicense, except for payment of the License Fee. For a stand-alone Glass Repair and Replacement franchise, you will have 90 days to cure your failure to meet any of our Quarteriy Minimum Gross Revenues thresholds. You will have 15 days to cure if you are delinquent in any payments to us. You will have 10 days to cure if you are delinquent in payment of rent under the Equipment Lease.
h. "Cause" defined - non-curable defaults ⁽²⁾	Article 18.2 – Franchise Agr. <u>Article 17.2 – ADL Agr.</u> Sec. 15 - Equipment Lease Sec. 20 - Software Sublicense	If you are convicted of violating any law relafing to your Novus® business or a felony; you are determined to be insolvent or are subject or voluntary or involuntary bankruptcy proceedings; you make an assignment for the benefit of creditors; you abandon your Novus® business; your conduct materially impairs our Marks or Business System and you fail to correct suoth <u>that</u> conduct within 24 hours of written notice; for a Glass Repair only franchise, you fail to meet the Annual Minimum Gross Revenues, or you fail to comply with our request for an audit. Under the Equipment Lease, you will not have the right to cure if you are insolvent or bankrupt, or if your Franchise Agreement or Affiiato <u>Auto Dealer</u> License Agreement is terminated. Under the Software Sublicense, you will have no right to cure if you are delinquent in payment of the License Fee, Maintenance Fee or other fee, you are insolvent or bankrupt, or if you are in breach of your Franchise Agreement or Affiiato <u>Auto Dealer</u> License Agreement and do not cure the breach, or if the agreement is terminated.
i. Your obligafions on termination or nomenewal	Article 20 – Franchise Agr. <u>Article 19 -ADL Agr.</u> Sec. 16 - Equipment Lease Sec. 21 - Software Sublicense Sec. 6 – Speedy Glass Certified Dealer Addendum	You must cease using our Marks, alter your business locafion and vehicles to distinguish them from those used in Novus® businesses; pay what you owe us under your Franchise Agreement or Affiiate <u>Auto Dealer</u> License Agreement, provide us with a customer list, and return all materials, whether printed, electronic or in another format, we provided you. We also may have the right to the telephone numbers, directory listings, domain names, and Internet home pages, websites and social networking or social media sites, profiles and accounts used in your Novus® business; <u>however, in the</u>

<u>Provision</u>	<u>Section in Franchise Agreement* and Other Related Agreements</u>	<u>Summary</u>
		<p><u>case of an auto dealer license, we do not have the right to your telephone number if it is the number that rings to a central number for your entire dealership.</u> Under the Equipment Lease, you must return the equipment to Novus Inc. and pay all amounts you owe them. Under the Software Sublicense, you must cease use of the Software, return the Software to us, and pay what you owe us under the Software Sublicense.</p> <p>Under the Speedy Glass Certified Dealer Addendum, you must cease use of the Speedy® mark, and return the Certified Speedy Dealer Manual and other printed materials including the Speedy® mark to us.</p>
j. Our assignment of the contract	Article 17 – Franchise Agr. <u>Article 16 – ADL Agr.</u> Sec. 17 - Software Sublicense	No restriction on our right to assign.
k. “Transfer” by you - definition	Article 17 – Franchise Agr. <u>Article 16 – ADL Agr.</u> Sec. 18 - Software Sublicense	Sell, assign, trade, transfer, pledge, lease, sub-lease or otherwise dispose of your rights under the Franchise Agreement or <u>AffiliateAuto Dealer License Agreement</u> , or of the business, or of any ownership interest by your owners. Sublicense, transfer, rent or lease the Software, except in connection with an assignment of your Novus® business under the terms of your Franchise Agreement or <u>AffiliateAuto Dealer License Agreement</u> .
l. Our approval of transfer by you	Article 17.2 – Franchise Agr. <u>Article 16.2 – ADL Agr.</u> Sec. 19 - Equipment Lease Sec. 18 - Software Sublicense	We have the right to approve any transfer made by you but will not unreasonably withhold our consent. We have the right to approve any transfer of the Equipment Lease or the Software Sublicense.
m. Conditions for our approval of transfer ⁽³⁾	Article 17.2 - Franchise Agreement <u>Article 16.2 – ADL Agr.</u> Sec. 19 - Equipment Lease Sec. 18 - Software Sublicense	You pay all money you owe us; complete a written agreement satisfactory to us; transferee’s shareholders agree to be personally bound to the Franchise Agreement or <u>AffiliateAuto Dealer License Agreement</u> ; transferee meets our standards; transferee may not be involved in a competing business; transferee signs our current Franchise Agreement or <u>AffiliateAuto Dealer License Agreement</u> ; transferee completes training program; you pay the transfer fee; you sign a general release of all claims (subject to applicable law). You must have our prior written consent to <u>the transfer of</u> the Equipment Lease. You must have our prior written consent to the Software Sublicense, you must destroy or return all copies of the Software you do not transfer, and the assignee must sign a current Software Sublicense or agree to the terms of your Software Sublicense.
n. Our right of first refusal to acquire your business	Article 16 – Franchise Agr. <u>Not applicable – ADL Agr.</u>	You must first offer the sale of your Novus® business to us before selling to anyone else. (Not applicable to an <u>affiliateauto dealer license</u> .)

<u>Provision</u>	<u>Section in Franchise Agreement* and Other Related Agreements</u>	<u>Summary</u>
o. Our option to purchase your business	Article 16.6 – Franchise Agr. Sec. 3 - Renewal Addendum <u>Not applicable – ADL Agr.</u>	If you fail to operate your Novus® business in your APR or upon expiration or termination of your Franchise Agreement, we have the right to purchase the assets of your Novus® business from you. (Not applicable to an <u>affiliate auto dealer license</u> .)
p. Your death or disability	Articles 16.1 and 16.4 – Franchise Agr. <u>Not applicable – ADL Agr.</u>	Your Franchise Agreement or <u>Affiliate License Agreement auto dealer license</u> may be transferred without payment of a transfer fee. <u>(Not applicable to an auto dealer license.)</u>
q. Noncompetition covenants during the term of the franchise	Article 21.2 – Franchise Agr. <u>Article 20.2 – ADL Agr.</u>	You may not participate in any business that competes with a Novus® business. If you are operating as a Glass Repair only franchise, and you demonstrate to us that you were operating a glass replacement business before you signed the Franchise Agreement, then under certain circumstances you may continue to operate an auto glass replacement and/or installation business that is independent and not affiliated with Novus®.
r. Noncompetition covenants after the franchise is terminated or expires	Article 21.3 – Franchise Agr. <u>Article 20.3 -ADL Agr.</u>	You may not participate in any business that competes with a Novus® <u>glass</u> business that is located within your APR, an APR of another franchisee, or within 10 miles of any Novus® <u>glass</u> business for 2 years after your Franchise Agreement or <u>Affiliate License Agreement auto dealer license</u> terminates or expires. <u>In the case of an auto dealer license, you may not participate in any business that competes with a Novus® glass business that is within 10 miles of your retail location or within the service area we grant to any other Novus® glass franchise or within 10 miles of any business location of a Novus® glass franchisee.</u> If you are operating a Glass Repair only franchise, and you can demonstrate to us that you were operating a glass replacement business before you signed the Franchise Agreement, then you may continue to operate that business after your Franchise Agreement terminates or expires.
s. Modification of the agreement	Article 24.15 – Franchise Agr. <u>Article 23.15 – ADL Agr.</u> Sec. 17 - Equipment Lease Sec. 22 and 23 - Software Sublicense	Any modification of the Franchise Agreement or <u>Affiliate Auto Dealer License Agreement</u> must be in writing and signed by both you and Novus. Any modification of the Equipment Lease must be consented to in writing by Novus Inc. Any modification of the Software Sublicense must be signed by the party against whom enforcement is sought.
t. Integration/merger clauses	Article 24.12 – Franchise Agr. <u>Article 23.12 – ADL Agr.</u> Sec. 22 - Software Sublicense	The Franchise Agreement or Affiliate License Agreement is the entire agreement between you and us <u>Only the terms of our signed agreements with you are binding (subject to state law). Any representations or promises made outside this Disclosure Document and those agreements may not be enforceable.</u> The Software Sublicense is the entire agreement between you and us for the

<u>Provision</u>	<u>Section in Franchise Agreement* and Other Related Agreements</u>	<u>Summary</u>
		sublicense of the software.
u. Dispute resolution by arbitration or mediation	Not applicable.	Not applicable.
v. Choice of forum ⁽⁴⁾	Article 24.8 – Franchise Agr. <u>Article 23.8 – ADL Agr.</u> Sec. 29 - Software Sublicense	Litigation under the Franchise Agreement <u>Except where state law requires otherwise, litigation under our agreements</u> must be in Hennepin County, Minnesota. Litigation under the Software Sublicense must be in Minnesota. (See Notes following chart for state law modifications).
w. Choice of law ⁽⁵⁾	Article 26.1 – Franchise Agr. <u>Article 25.1 – ADL Agr.</u> Sec. 21 – Equipment Lease Sec. 23 - Software Sublicense	Except where state law requires otherwise, your agreements with us are generally governed by Minnesota law. (See Notes following chart for state law modifications.)

(t) — If your Novus[®] business is located in Minnesota, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of your Franchise Agreement or Affiliate License Agreement.

- (2) — Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchise Act or the laws of Virginia, that provision may not be enforceable.
- (3) — The release of claims required upon the renewal, sale, assignment or transfer of your franchise or license will not apply to any liability under the Maryland Franchise Registration and Disclosure Law, Md. Ann. Code, Article 56, §345 *et. seq.*
- (4) — This Article of your Franchise Agreement or Affiliate License Agreement will be superseded by state law if your Novus[®] business is located in any of the following states: Illinois (Section 4 of the Illinois Franchise Disclosure Act of 1987 provides that the provisions of the Franchise Agreement or Affiliate License Agreement which designate jurisdiction or venue in a forum outside of Illinois is void); Maryland residents and Maryland franchises (the Uniform Consent to Service of Process which Novus must file pursuant to Section 14-216(25) of the Maryland Franchise Registration and Disclosure Law requires that we be available for suit in Maryland; consequently, you may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, but any claims arising under that law must be brought within three years after the grant of the franchise); North Dakota (Section 51-19-09 of the North Dakota Franchise Investment Law requires that mediation or litigation must be conducted at a location agreeable to the parties); and Rhode Island (Sec. 19-28.1-14 of the Rhode Island Franchise Investment Act provides that any provision of the Franchise Agreement or Affiliate License Agreement which restricts jurisdiction or venue to a forum outside Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act).
- (5) — If your Novus[®] business is located in the State of Indiana, then Item H of the Disclosure Document is amended to provide as follows: (a) an assessment of fees by your APR or Service Area advertising group that is in excess of 2% of your Gross Revenues may not be enforceable under Indiana law; (b) you do not waive any rights afforded by Indiana statutes with regard to prior representations made by us; (c) Indiana Code Section 23-2-2.7-1(9) requires that the post termination noncompetition covenant be limited to within a reasonable distance of your franchised or licensed business; (d) Indiana Code Section 23-2-2.7-1(2) prohibits us from competing unfairly against you in the APR or Service Area; and (e) Indiana Code Section 23-2-

~~2.7-1(10) requires that litigation between you and us will be conducted in Indiana or at a site mutually agreed upon by the parties.~~ 18. **PUBLIC FIGURES**

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

19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits us to provide information about the actual or potential financial performance of our 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) we provide the actual records of an existing outlet you are considering buying; or (2) we supplement 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 Keith Beveridge at 12800 Highway 13, Suite 500, Savage, Minnesota 55378, telephone: (952) 944-8000, the Federal Trade Commission, and the appropriate state regulatory agencies.

20. OUTLETS AND FRANCHISEE INFORMATION

Systemwide Outlet Summary for Years 2008 to 2010 (Notes 1 and 2)				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2008	244	209	35
	2009	209	219	+10
	2010	219	225	+6
Company- Owned	2008	5	9	+4
	2009	9	9	+0
	2010	9	11	+2
Total Outlets	2008	249	218	-31
	2009	218	228	+10
	2010	228	236	+8

- (1) All numbers are as of December 31 of each year.
- (2) These franchise businesses include both Glass Repair and Replacement franchises, Glass Repair only franchises, and affiliate licenses.

Transfers of Outlets from Franchisee to New Owners (Other than the Franchisor) for Years 2008 to 2010 (Note 1)		
State	Year	Number of Transfers

Transfers of Outlets from Franchisee to New Owners (Other than the Franchisor) for Years 2008 to 2010 (Note 1)		
State	Year	Number of Transfers
Alabama	2008	0
	2009	0
	2010	1
Arizona	2008	0
	2009	1
	2010	0
Arkansas	2008	1
	2009	0
	2010	1
California	2008	0
	2009	0
	2010	1
Indiana	2008	1
	2009	0
	2010	0
Iowa	2008	0
	2009	0
	2010	1
Minnesota	2008	0
	2009	0
	2010	3
Mississippi	2008	0
	2009	1
	2010	0
Missouri	2008	1
	2009	1
	2010	0
Montana	2008	1
	2009	1
	2010	0
Nebraska	2008	1
	2009	0
	2010	0
Oregon	2008	0
	2009	1
	2010	1
South Carolina	2008	1
	2009	0
	2010	0
South Dakota	2008	0
	2009	0
	2010	1
Washington	2008	5
	2009	0
	2010	0
Wisconsin	2008	1
	2009	0
	2010	0

Transfers of Outlets from Franchisee to New Owners (Other than the Franchisor) for Years 2008 to 2010 (Note 1)		
State	Year	Number of Transfers
Totals	2008	12
	2009	5
	2010	9

(1) All numbers are as of December 31 of each year.

Status of Franchised Outlets for Years 2008 to 2010 (Note 1)								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by the Company (or an affiliate)	Ceased Operations-Other Reason	Outlets at End of the Year
Alabama	2008	3	0	0	0	0	0	3
	2009	3	1	0	1	0	0	3
	2010	3	0	0	0	0	0	3
Alaska	2008	3	0	0	0	0	0	3
	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
Arizona	2008	7	0	0	0	0	0	7
	2009	7	4	0	3	0	0	8
	2010	8	0	1	1	0	0	6
Arkansas	2008	7	0	0	0	0	0	7
	2009	7	2	1	0	0	0	8
	2010	8	0	0	0	0	0	8
California	2008	8	1	0	1	0	0	8
	2009	8	3	0	0	0	0	11
	2010	11	1	0	0	0	0	12
Colorado	2008	11	0	0	0	0	0	11
	2009	11	1	0	0	0	0	12
	2010	12	0	0	1	0	0	11
Connecticut	2008	4	0	0	0	0	0	4
	2009	4	0	0	0	0	0	4
	2010	4	0	0	0	0	0	4
Delaware	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
Florida	2008	1	0	0	0	0	0	1
	2009	1	2	0	0	0	0	3
	2010	3	2	1	0	0	0	4
Georgia	2008	3	0	0	0	0	0	3
	2009	3	0	0	1	0	0	2
	2010	2	0	0	0	0	0	2
Hawaii	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
Idaho	2008	3	0	0	0	0	0	3
	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3

Status of Franchised Outlets for Years 2008 to 2010 (Note 1)

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by the Company (or an affiliate)	Ceased Operations- Other Reason	Outlets at End of the Year
Illinois	2008	9	0	0	0	0	0	9
	2009	9	0	1	0	0	0	8
	2010	8	0	0	0	0	0	8
Indiana	2008	3	0	0	0	0	0	3
	2009	3	0	0	0	0	0	3
	2010	3	1	0	0	0	0	4
Iowa	2008	4	0	0	0	0	0	4
	2009	4	1	0	0	0	0	5
	2010	5	0	1	0	0	0	4
Kansas	2008	5	0	1	1	0	0	3
	2009	3	1	0	0	0	0	4
	2010	4	0	0	2	0	0	2
Kentucky	2008	2	0	0	0	0	0	2
	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
Louisiana	2008	4	0	0	0	0	0	4
	2009	4	0	0	0	0	0	4
	2010	4	0	0	0	0	0	4
Maine	2008	3	0	0	0	0	0	3
	2009	3	0	0	0	0	0	3
	2010	3	1	0	0	0	0	4
Maryland	2008	2	0	1	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	2	0	0	0	0	3
Massachusetts	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
Michigan	2008	6	0	0	0	0	0	6
	2009	6	0	0	0	0	0	6
	2010	6	0	0	0	0	0	6
Minnesota	2008	7	0	0	0	0	0	7
	2009	7	1	0	0	0	0	8
	2010	8	2	0	0	0	0	10
Mississippi	2008	7	1	0	1	0	0	7
	2009	7	0	0	0	0	0	7
	2010	7	0	0	0	0	0	7
Missouri	2008	10	0	1	0	0	0	9
	2009	9	0	0	0	0	0	9
	2010	9	1	0	0	0	0	10
Montana	2008	5	1	0	0	0	0	6
	2009	6	0	0	0	0	0	6
	2010	6	0	0	0	0	0	6
Nebraska	2008	8	0	0	0	0	0	8
	2009	8	0	0	0	0	0	8
	2010	8	0	0	0	0	0	8

Status of Franchised Outlets for Years 2008 to 2010 (Note 1)								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by the Company (or an affiliate)	Ceased Operations-Other Reason	Outlets at End of the Year
Nevada	2008	5	0	0	0	0	0	5
	2009	5	0	0	0	0	0	5
	2010	5	0	0	0	0	0	5
New Hampshire	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
New Jersey	2008	2	0	0	0	0	0	2
	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
New Mexico	2008	2	0	0	0	0	0	2
	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
New York	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
North Carolina	2008	2	1	0	0	0	0	3
	2009	3	0	0	0	0	0	3
	2010	3	1	1	0	0	0	3
North Dakota	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
Ohio	2008	4	0	2	0	0	0	2
	2009	2	1	0	0	0	0	3
	2010	3	1	0	0	0	0	4
Oklahoma	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	1	0	0	0	0	2
Oregon	2008	7	0	0	2	0	0	5
	2009	5	0	0	0	0	0	5
	2010	5	1	0	1	0	0	5
Pennsylvania	2008	8	0	0	1	0	0	7
	2009	7	0	0	0	0	0	7
	2010	7	1	1	0	0	0	7
Rhode Island	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
South Carolina	2008	1	0	0	0	0	0	1
	2009	1	1	0	0	0	0	2
	2010	2	0	0	0	0	0	2
South Dakota	2008	3	0	0	0	0	0	3
	2009	3	0	0	0	0	0	3
	2010	3	1	0	0	0	0	4
Tennessee	2008	1	0	0	0	0	0	1
	2009	1	0	0	1	0	0	0
	2010	0	0	0	0	0	0	0

Status of Franchised Outlets for Years 2008 to 2010 (Note 1)								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by the Company (or an affiliate)	Ceased Operations-Other Reason	Outlets at End of the Year
Texas	2008	4	0	0	1	0	0	3
	2009	3	0	1	0	0	0	2
	2010	2	0	0	1	0	0	1
Utah	2008	14	1	0	5	0	0	10
	2009	10	0	0	0	0	0	10
	2010	10	0	0	0	0	0	10
Vermont	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
Virginia	2008	4	0	0	0	0	0	4
	2009	4	1	0	0	0	0	5
	2010	5	1	0	0	0	0	6
Washington	2008	39	0	20	1	0	0	18
	2009	18	1	0	0	0	0	19
	2010	19	0	0	0	0	0	19
West Virginia	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
Wisconsin	2008	11	0	0	0	0	0	11
	2009	11	0	0	1	0	0	10
	2010	10	0	0	1	0	0	9
Wyoming	2008	5	0	0	1	0	1	3
	2009	3	0	0	0	0	0	3
	2010	3	1	0	0	0	0	4
Totals (Note 2)	2008	244	5	25	14	0	1	209
	2009	209	20	3	7	0	0	219
	2010	219	18	5	7	0	0	225

(1) All numbers are as of December 31 of each year.

(2) These franchise businesses include both Glass Repair and Replacement franchises, and Glass Repair only franchises, and affiliate licenses.

Status of Company-Owned Outlets for the Years 2008 to 2010 (Note 1)							
State	Year	Outlets at Start of the Year	Outlets Opened During Year	Outlets Reacquired from Franchisee	Outlets Closed During Year	Outlets Sold to Franchisee	Outlets at Year End
Alaska	2008	2	0	0	0	0	2
	2009	2	0	0	0	0	2
	2010	2	0	0	0	0	2
Arizona	2008	2	0	0	0	0	2
	2009	2	0	0	0	0	2
	2010	2	0	0	0	0	2
Minnesota	2008	0	0	0	0	0	0
	2009	0	0	0	0	0	0
	2010	0	1	0	0	0	1
Washington	2008	1	0	4	0	0	5
	2009	5	0	0	0	0	5
	2010	5	1	0	0	0	6
Totals	2008	5	0	4	0	0	9
	2009	9	0	0	0	0	9
	2010	9	2	0	0	0	11

(1) All numbers are as of December 31 of each year.

Projected New Franchised Outlets as of January 1, 2011 (Note 1)			
State	Franchise Agreements Signed at End of Last Fiscal Year But Outlet Not Opened	Projected New Franchised Outlets in 2011	Projected New Company-owned (or Affiliate-owned) Outlets in 2011
Each individual state	0	0-2	0
Totals	0	15-30	0

(1) These are the franchises we presently expect to open in 2011 (including affiliate auto dealer licensees). We continue to look for franchisees throughout the United States. In total, we expect to have between 15 and 30 new franchisees in 2011.

Exhibit B to this Disclosure Document is a list of the names, addresses and telephone numbers of all Novus® franchisees in the United States as of December 31, 2010. Exhibit C to this Disclosure Document is a list containing the name, last known home address and telephone number of every franchisee in the United States whose Novus® franchise has, within the one-year period immediately preceding December 31, 2010, been terminated, canceled, not renewed, or who has, during the same period, otherwise voluntarily or involuntarily ceased to do business pursuant to their franchise agreement, or who has not communicated with us during the 10-week period preceding the date of this Disclosure Document. In 2010, 21 franchisees left our system. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Franchisees and/or former franchisees have signed confidentiality clauses with us in the last three years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Novus. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

We created an advisory council among our franchisees who contribute to an advertising fund to advise us on issues related to expenditures from that fund (see Item 11). The address and telephone number of this council is the same as ours. This council does not have its own email address or website.

21. FINANCIAL STATEMENTS

The audited financial statements of Novus as at December 31, 2010 and 2009 and for the fiscal years ended December 31, 2010, 2009 and 2008 are attached as Exhibit A to this Disclosure Document.

22. CONTRACTS

We use the following contracts or agreements in connection with the sale of the franchise described in this Disclosure Document:

Exhibit D-1	Novus Franchising, Inc. Glass Repair and Replacement Franchise Agreement, Personal Guaranty and General Release
Exhibit D-2	Novus Franchising, Inc. Glass Repair Only Franchise Agreement, Personal Guaranty and General Release
Exhibit D-3	Novus Franchising, Inc. Glass Repair and Replacement Affiliate <u>Auto Dealer</u> License Agreement, Personal Guaranty and General Release
Exhibit D-4	Novus Franchising, Inc. Renewal (Retirement) Addendum
Exhibit E-1	Promissory Note and Guaranty
Exhibit E-2	Co-Branded Promissory Note and Guaranty Exhibit E-3 Security Agreement
Exhibit F	Novus Inc. Equipment Lease Agreement
Exhibit G	Software Sublicense Agreement
Exhibit H	Speedy Glass Certified Dealer Addendum
Exhibit J	Assignment of Franchise Agreement (form currently used)

23. RECEIPTS

The last page of this Disclosure Document is a detachable acknowledgement of receipt.

NOVUS FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT A-I: STATE SPECIFIC ADDENDA

ADDENDUM TO
NOVUS®
DISCLOSURE DOCUMENT FOR THE
STATE OF CALIFORNIA

The following information applies to franchises and franchisees (including licenses and licensees) subject to the California Franchise Investment Act. Item numbers correspond to those in the main body.

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

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

The franchise agreement and affiliate auto dealer license agreement provide for termination upon bankruptcy. This may provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 and following).

The franchise agreement and affiliate auto dealer license agreement contain a covenant not to compete, which extends beyond the termination of the franchise or license. This provision may not be enforceable under California law.

Section 31125 of the California Corporations Code requires us to give you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement or affiliate auto dealer license agreement.

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 PROCEDURES SECTION 1281, AND THE FEDERAL ARBITRATION ACT) TO ANY PROVISIONS OF A FRANCHISE AGREEMENT RESTRICTING VENUE TO A FORUM OUTSIDE THE STATE OF CALIFORNIA.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.

The franchise agreement or affiliate auto dealer license agreement requires application of the laws of the state of Minnesota. This provision may not be enforceable under California law.

You must sign a general release if you transfer your franchise or license. This provision may be unenforceable under California law. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The franchise/license agreement contains waiver of punitive damages and jury trial provisions.

ADDENDUM TO
NOVUS®
DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII

The following information applies to franchises and franchisees (including licenses and licensees) subject to the Hawaii Franchise Investment Law:

1. Novus Franchising, Inc.'s Franchise Disclosure Document is currently registered in the states of: California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.
2. The states in which Novus Franchising, Inc.'s Franchise Disclosure Document is or will be shortly on file: California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.
3. During the previous 12 months (i) no state has refused, by order or otherwise, to allow Novus Franchising, Inc. to register this franchise, (ii) no state has revoked or suspended Novus Franchising, Inc.'s right to offer franchises in their state, and (iii) Novus Franchising, Inc. has not withdrawn its proposed registration to franchise in any state.

The cover page of the Novus Franchising, Inc.'s Franchise Disclosure Document is amended to include the following:

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

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

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

The franchisor's registered agent in the state authorized to receive service of process is:

Commissioner of Securities of Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

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

ADDENDUM TO
NOVUS®
DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

Section 4 of the Illinois Franchise Disclosure Act of 1987 provides that the provisions of the Franchise Agreement or Auto Dealer License Agreement which designate jurisdiction or venue in a forum outside of Illinois is void.

ADDENDUM TO
NOVUS®
DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA

If your Novus® business is located in the State of Indiana, then Item 11 of the Disclosure Document is amended to provide as follows: (a) an assessment of fees by your APR advertising group that is in excess of 2% of your Gross Revenues may not be enforceable under Indiana law, (b) you do not waive any rights afforded by Indiana statutes with regard to prior representations made by us, (c) Indiana Code Section 23-2-2.7-1(9) requires that the post termination noncompetition covenant be limited to within a reasonable distance of your franchised or licensed business, (d) Indiana Code Section 23-2-2.7-1(2) prohibits us from competing unfairly against you in the APR or Service Area, and (e) Indiana Code Section 23-2-2.7-1(10) requires that litigation between you and us will be conducted in Indiana or at a site mutually agreed upon by the parties.

ADDENDUM TO
NOVUS®
DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

The following information applies to franchises and franchisees (including licenses and licensees) subject to the Maryland Franchise Registration and Disclosure Law:

1. "The release of claims required upon the renewal, sale, assignment or transfer of your franchise or license will not apply to any liability under the Maryland Franchise Registration and Disclosure Law, Md. Ann. Code, Article 56, §345 et. seq."

2. "The Uniform Consent to Service of Process which Novus must file pursuant to Section 14-216(25) of the Maryland Franchise Registration and Disclosure Law requires that we be available for suit in Maryland; consequently, you may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, but any claims arising under that law must be brought within three years after the grant of the franchise."

3. The Uniform Consent to Service of Process which Novus must file pursuant to Section 14-216(25) of the Maryland Franchise Registration and Disclosure Law requires that we be available for suit in Maryland; consequently, you may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, but any claims arising under that law must be brought within three years after the grant of the franchise.

ADDENDUM TO
NOVUS®
DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

_____ If your Novus® business is located in Minnesota, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of your Franchise Agreement or Auto Dealer License Agreement.

ADDENDUM TO
NOVUS®
DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

The following information applies to franchises and franchisees (including licenses and licensees) subject to the New York General Business Law:

1. The following language is added to the Risk Factors on the State Cover Page:

“SPECIAL RISK FACTORS:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT L OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NY 10271.

FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, 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 PROSPECTUS.”

2. Neither Novus nor any person identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a, et seq., suspending or expelling such persons from membership in such association or exchange.

- 2.3. The following is added at the beginning of Item 17 in the Disclosure Document:

“THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS DISCLOSURE DOCUMENT.”

- 3.4. The following is added before the Receipts:

“THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.”

4.5. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the New York General Business Law Article 33 are met independently without reference to this Addendum.

ADDENDUM TO
NOVUS®
DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA

Section 51-19-09 of the North Dakota Franchise Investment Law requires that mediation or litigation must be conducted at a location agreeable to the parties.

ADDENDUM TO
NOVUS®
DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND

Sec. 19-28.1-14 of the Rhode Island Franchise Investment Act provides that any provision of the Franchise Agreement or Auto Dealer License Agreement which restricts jurisdiction or venue to a forum outside Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

ADDENDUM TO
NOVUS[®]
DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchise Act or the laws of Virginia, that provision may not be enforceable.

ADDENDUM TO
NOVUS®
DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

The following information applies to franchises and franchisees (including licenses and licensees) subject to the Washington Franchise Investment Protection Act:

“If any of the provisions in the Disclosure Document or franchise agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act (the “Act”), the provisions of the Act will prevail over the inconsistent provisions of the Disclosure Document and franchise agreement with regard to any franchise sold in Washington.”

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum.

NOVUS FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT A: FINANCIAL STATEMENTS

Financial statements of

Novus Franchising, Inc.

December 31, 2010, 2009 and 2008

Novus Franchising, Inc.

December 31, 2010, 2009 and 2008

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Independent Auditors' Report

To the Shareholder of
Novus Franchising, Inc.

We have audited the accompanying balance sheets of Novus Franchising, Inc. (the "Company") as of December 31, 2010 and 2009 and the related statements of operations and retained earnings and cash flows for each of the years in the three year period ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Novus Franchising, Inc. as of December 31, 2010 and 2009 and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Chartered Accountants
Vancouver, British Columbia
March 16, 2011

Novus Franchising, Inc.

Statements of operations and retained earnings years ended December 31, 2010, 2009 and 2008 (U.S. dollars)

	2010	2009	2008
	\$	\$	\$
Revenues			
Product sales (Note 4 (b))	318,974	279,050	264,533
Franchise fees	165,200	141,000	64,200
Continuing fees (Note 4 (b))	1,477,445	1,403,886	1,469,655
Other fees	156,550	150,500	72,919
	2,118,169	1,974,436	1,871,307
Cost and expenses			
Cost of products sold (Note 4 (b))	251,786	215,822	143,118
Marketing (Note 4 (b))	1,185,741	963,722	1,217,245
Administrative and other expenses (Note 4 (b))	457,779	351,497	372,232
	1,895,306	1,531,041	1,732,595
Operating income before other items	222,863	443,395	138,712
Other income	32,971	44,141	119,051
Income before income taxes	255,834	487,536	257,763
Income taxes (Note 7)	94,979	133,576	90,380
Net income	160,855	353,960	167,383
Retained earnings, beginning of year	1,840,023	1,486,063	1,318,680
Retained earnings, end of year	2,000,878	1,840,023	1,486,063

Novus Franchising, Inc.

Balance sheets

as at December 31, 2010 and 2009

(U.S. dollars)

	2010	2009
	\$	\$
Assets		
Current assets		
Cash	351,568	362,557
Accounts receivable, less allowance for doubtful accounts of \$181,392 (2009 - \$261,693) (Note 9)	161,128	137,783
Prepaid expenses (Note 4)	47,886	15,745
Current portion of notes receivable, less allowance of \$22,054 (2009 - \$17,459) (Notes 3 and 9)	33,551	24,346
Total current assets	594,133	540,431
Computer software, less accumulated amortization of \$30,000 (2009 - \$15,000)	15,000	30,000
Notes receivable, less allowance of \$25,701 (2009 - \$Nil) (Notes 3 and 9)	130,149	112,397
Due from companies under common ownership (Note 4 (b))	1,716,634	1,323,814
Goodwill	600,000	600,000
Total assets	3,055,916	2,606,642
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities		
Salaries and wages	36,877	28,136
Other	121,983	84,130
Total current liabilities	158,860	112,266
Deferred income tax liabilities, net (Note 7)	98,105	116,666
Due to parent companies (Note 5)	634,093	406,858
Due to companies under common ownership (Note 4 (b))	162,980	129,829
Total liabilities	1,054,038	765,619
Shareholder's equity		
Capital stock (Note 6)	1,000	1,000
Retained earnings	2,000,878	1,840,023
Total shareholder's equity	2,001,878	1,841,023
Total liabilities and shareholder's equity	3,055,916	2,606,642

Approved on behalf of the Board

Director

Director

Novus Franchising, Inc.

Statements of cash flows

years ended December 31, 2010, 2009 and 2008

(U.S. dollars)

	2010	2009	2008
	\$	\$	\$
Operating activities			
Net income for the year	160,855	353,960	167,383
Items not affecting cash			
Allowance for doubtful accounts	(50,005)	61,434	52,573
Deferred income taxes	(18,561)	(16,204)	72,532
Depreciation of software	15,000	15,000	-
Net change in non-cash working capital items (see below)	14,156	(164,624)	(104,198)
Net cash provided by operating activities	121,445	249,566	188,290
Financing activities			
Change in due to parent company	227,235	228,475	63,553
Decrease in obligations under settlement agreement	-	-	(25,000)
Net cash provided by financing activities	227,235	228,475	38,553
Investing activities			
Acquisition of computer software	-	-	(45,000)
Net increase in due from companies under common ownership	(359,669)	(266,196)	(131,115)
Net cash used in investing activities	(359,669)	(266,196)	(176,115)
Net cash (outflow) inflow	(10,989)	211,845	50,728
Cash, beginning of year	362,557	150,712	99,984
Cash, end of year	351,568	362,557	150,712
Net change in non-cash working capital items			
Accounts receivable	56,956	(25,102)	(116,190)
Notes receivable	(57,253)	(126,549)	(6,244)
Prepaid expenses	(32,141)	(13,847)	45,660
Accounts payable	-	-	(20,298)
Accrued liabilities			
Salaries and wages	8,741	834	(1,303)
Other	37,853	40	(5,823)
	14,156	(164,624)	(104,198)
Supplemental disclosure of cash flow information			
Cash receipts for interest	13,296	5,771	764

Novus Franchising, Inc.

Notes to the financial statements

December 31, 2010, 2009 and 2008

(U.S. dollars)

1. Continuing operations

Novus Franchising Inc. (the "Company") is a wholly-owned subsidiary of Trans America Glass Inc. and its ultimate parent is TCG International Inc. The Company was incorporated in the State of Washington on December 1, 1993 and commenced operations as a franchiser of windshield repair systems on December 10, 1993.

2. Significant accounting policies

(a) *Basis of presentation*

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

(b) *Revenue recognition*

(i) Products sales

Revenue from the sale of products is recognized upon delivery when all material conditions related to the sale have been substantially performed by the Company and collectability is reasonably assured.

(ii) Franchise, continuing, and other fees

Upon execution of a franchise agreement, the Company receives an initial or transfer franchise fee from the purchaser for the right to use the Company's products for the term of the franchise agreement. These fees are recorded as revenue in the year in which the agreement is executed when all material conditions related to the agreement have been substantially performed by the Company and collectability is reasonably assured.

Throughout the term of the franchise agreement, the Company receives a monthly continuing fee from the franchisee equal to the greater of a stated percentage of the franchisee's gross sales and a stated minimum. The minimum fees are recorded as revenue in the month they are due, and percentage fees are recorded as revenue when reported by the franchisee.

Other fees relate to ancillary services provided to franchisees and are recorded as revenue when the services are provided.

(c) *Computer software*

Computer software consists of the Company's website development which was completed in December 2008 and is carried at cost less accumulated amortization. Amortization is provided using straight-line method over the estimated useful life of three years. The Company reviews the carrying amount of computer software for impairment whenever changes in circumstances indicate the carrying amount may not be recoverable. The determination of any impairment would be based on a comparison of estimated future cash flows anticipated to be generated during the remaining life of the asset to the net carrying value of the asset. If impairment is determined, the assets are written down to their fair value.

The Company did not recognize any impairment loss in 2010 and 2009.

Novus Franchising, Inc.

Notes to the financial statements

December 31, 2010, 2009 and 2008

(U.S. dollars)

2. Significant accounting policies (continued)

(d) Goodwill

Goodwill represents the excess of the purchase price over the fair market value of the net assets acquired. Goodwill is not amortized but is tested for impairment on an annual basis. An impairment loss is recognized when the carrying value of goodwill exceeds its fair value. The Company did not recognize any impairment loss in 2010, 2009 and 2008.

(e) Income taxes

The Company accounts for income taxes using the liability method. Under this method, deferred income taxes are recorded for temporary differences between the financial reporting and tax bases of the Company's assets and liabilities. These deferred taxes are measured using rates per the provisions of currently enacted tax laws.

The Company is a member of a group, consisting of its parent company and other companies under common control, that files its income tax return on a consolidated basis. Current and deferred income taxes are allocated to the member as if each were a separate taxpayer. Any tax effect of the Company's operating activity is passed to its parent company for equal consideration if the tax effect can be realized using the consolidated approach.

(f) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used for, but not limited to, accounting for doubtful accounts, goodwill, income taxes, revenue recognition and contingencies. Actual results could differ from those estimates.

(g) Financial instruments

The Company classifies its cash as held for trading which is recorded at fair value. Accounts and notes receivable and due from companies under common ownership are classified as loans and receivables and are recorded at fair value at inception and are measured at amortized cost. Accounts payable and accrued liabilities are classified as other liabilities and each are measured at fair value at inception and are subsequently measured at amortized cost. Long-term liabilities are classified as other financial liabilities and after the initial fair value measurement they are measured at amortized cost using the effective interest method.

Where the Company acquires a financial asset or incurs a financial liability classified other than held for trading, it records direct transaction costs in the determination of the initial carrying amount.

Novus Franchising, Inc.

Notes to the financial statements

December 31, 2010, 2009 and 2008

(U.S. dollars)

2. Significant accounting policies (continued)

(h) Adoption of issued accounting standards

(i) Accounting for transfers of financial assets

In June 2009, the Financial Accounting Standards Board (FASB) issued ASC 860 (formerly SFAS No. 166, *Accounting for Transfers of Financial Assets*). The new rules require greater transparency and additional disclosures for transfers of financial assets and the entity's continuing involvement with them and change the requirements for derecognizing financial assets. The new accounting rules are effective for financial asset transfers occurring after the beginning of the Company's first fiscal year that begins after November 15, 2009. The adoption of this standard did not have a material impact on the financial statements of the Company, as no financial asset transfers occurred in 2010.

(ii) Consolidation - variable interest entities

In June 2009, the FASB issued ASC 810-10-65 (formerly SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)*), related to the accounting and disclosure requirements for the consolidation of variable interest entities. The new accounting rules are effective for the Company's first fiscal year that begins after November 15, 2009. The adoption of this standard did not have a material impact on the financial statements of the Company. The Company does not have any variable interest entities.

(iii) Fair value measurements

In January 2010, the FASB issued new accounting guidance related to the disclosure requirements for fair value measurements and that provides clarification for existing disclosure requirements. More specifically, this update provides amendments to ASC Topic 820, Fair Value Measurements and Disclosures, and requires (a) an entity to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and to describe the reasons for the transfers, and (b) information about purchases, sales, issuances and settlements to be presented separately, on a gross basis rather than net, in the reconciliation for fair value measurements using significant unobservable inputs (Level 3 inputs). This guidance clarifies the existing disclosure requirements for the level of disaggregation used for classes of assets and liabilities measured at fair value for both recurring and nonrecurring fair value measurements using Level 2 and Level 3 inputs. The new disclosures and clarification of existing disclosure were effective beginning January 1, 2010 except for the disclosure requirements related to the purchases, sales, issuances and settlements in the rollforward activity of Level 3 fair value measurements, which are effective for fiscal years ending after December 31, 2010. The adoption of the amendments to ASC Topic 820 did not have a material impact on the Company's financial statements.

Novus Franchising, Inc.

Notes to the financial statements

December 31, 2010, 2009 and 2008

(U.S. dollars)

2. Significant accounting policies (continued)

(h) Adoption of issued accounting standards (continued)

(iv) Business combinations

In December 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2010-29, *Disclosure of Supplementary Pro Forma Information for Business Combinations* (Accounting Standards Codification ("ASC") Topic 805-10). The objective of this update is to address diversity in practice about the interpretation of the pro forma revenue and earnings disclosure requirements for business combinations. The amendments in this update specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments also expand the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The Company did not have any business combinations that are affected by this change.

(i) Reclassifications

To maintain consistency and comparability, certain amounts from previously reported financial statements have been reclassified to conform to the current year presentation.

3. Notes receivable

Notes receivable bear interest at 8% and have terms ranging from two to four and a half years with payments due on a monthly basis. They are secured by the borrower's present and future acquired equipment, furnishings, inventory, supplies and other personal property.

4. Related party transactions

The Company had the following transactions with its parent and companies under common ownership. These transactions occur in the normal course of business and are recorded at the exchange amount being the amount of consideration paid or received as established and agreed to by the related parties.

(a) Parent company

	2010	2009	2008
	\$	\$	\$
Administration fees paid	78,955	42,879	74,378

Novus Franchising, Inc.

Notes to the financial statements

December 31, 2010, 2009 and 2008

(U.S. dollars)

4. Related party transactions (continued)

(b) Companies under common ownership

	2010	2009	2008
	\$	\$	\$
Sales of materials	29,626	16,766	5,351
Sale of intellectual property	-	-	55,000
Continuing fees	83,751	68,978	73,214
Purchases of materials	179,772	153,185	101,811
Marketing - rent and utilities paid	68,005	59,251	71,222
Administration fee	36,000	36,000	36,000

Amounts due to/from companies under common ownership presented in the balance sheets include:

	2010	2009
	\$	\$
Due from companies under common ownership:		
Novus Inc.	1,378,901	1,078,694
Novus Glass Inc.	336,732	244,119
Other	1,001	1,001
	1,716,634	1,323,814
Due to companies under common ownership:		
SRP Paint Restoration Systems, Inc.	98,696	98,696
Speedy Auto Glass, Inc.	48,034	30,299
Apollo Sign and Millwork	16,250	834
	162,980	129,829

The amounts due to/from companies under common ownership as shown in these financial statements are unsecured, bear no interest and have no fixed terms of repayment.

Novus Franchising, Inc.

Notes to the financial statements

December 31, 2010, 2009 and 2008

(U.S. dollars)

5. Due to parent companies

	2010	2009
	\$	\$
Trans America Glass Inc.	209,088	308,060
TCG International Inc.	425,005	98,798
	634,093	406,858

For tax return purposes, the Company is included in Trans America Glass Inc. (the "Parent"), which files a consolidated tax return. Due to consolidated losses available to the Parent, the Company will not be subject to federal income tax as there are sufficient net operating losses from the Parent to offset against the Company's taxable income for 2010. The usage of the Parent's net operating losses is charged as an intercompany balance for the purposes of disclosure at the entity level.

The amount due to Trans America Glass Inc. includes \$113,540 (2009 - \$149,780; 2008 - \$17,848) in respect of income taxes for 2010.

The advances are unsecured, have no fixed terms for repayment and are non-interest bearing.

6. Capital stock

Authorized

50,000 common shares with no par value

Issued

	2010	2009
	\$	\$
1,000 common shares	1,000	1,000

7. Income taxes

Income tax expense consists of the following:

	2010	2009	2008
	\$	\$	\$
Current	113,540	149,780	17,848
Deferred	(18,561)	(16,204)	72,532
	94,979	133,576	90,380

Novus Franchising, Inc.

Notes to the financial statements

December 31, 2010, 2009 and 2008

(U.S. dollars)

7. Income taxes (continued)

Income tax expense attributable to net income differs from the amounts computed by applying the combined United States federal and state income tax rate of 34% (2009 and 2008 - 34%) to income before income taxes as follows:

	2010	2009	2008
	\$	\$	\$
Net income before income taxes	255,834	487,536	257,763
Expected tax expense	86,984	165,762	87,639
Tax effect of			
Other	7,995	(32,186)	2,741
	94,979	133,576	90,380

The tax effect of the significant temporary differences, which comprise tax assets and liabilities are as follows:

	2010	2009
	\$	\$
Deferred income tax liabilities		
Goodwill	204,000	204,000
Computer software	2,550	2,550
Other	13,422	5,353
Total deferred income tax liabilities	219,972	211,903
Deferred income tax assets		
Accounts receivable	102,494	86,608
Notes receivable	15,602	5,936
Vacation payable	3,771	2,693
Total deferred income tax assets	121,867	95,237
Total deferred income tax liabilities, net	98,105	116,666

8. Pension plan

The Company sponsors a defined contribution pension plan up to a maximum of the lesser of 1% (2009 and 2008 - 4%) of annual salary or \$1,000 (2009 and 2008 - \$4,000) per employee. An amount of \$2,418 (2009 - \$11,638; 2008 - \$11,046) was expensed during the year.

Novus Franchising, Inc.

Notes to the financial statements

December 31, 2010, 2009 and 2008

(U.S. dollars)

9. Financial instruments

(a) Fair values

As at December 31, 2010 and 2009, the carrying values of cash, accounts receivable and accounts payable reflected in the balance sheet approximate their respective fair values due to their immediate or short term to maturity.

The estimated fair values of the amounts due to and from companies under common ownership and due to parent company are not determinable due to the uncertainty associated with the timing of the cash flows. The carrying value of notes receivable approximate their fair values as the interest rates approximate current market rates for notes with similar maturities and credit quality.

(b) Financial risks

(i) Credit risk

The Company's primary financial instruments exposure is credit risk with cash and accounts and notes receivable. Maximum exposure is represented by amounts reported for those balances. Credit risk is managed by engaging only pre-approved franchisees and financial instrument counterparties.

Normal terms to the Company's customers range from 30 to 60 days. Management reviews accounts receivable past due and contacts with customers on an ongoing basis with the objective of identifying matters that could potentially delay the collection of funds at an early stage.

In establishing the appropriate allowance for doubtful accounts, assumptions are made with respect to the future collectability of the receivables. Assumptions are based on an individual assessment of a customer's credit quality as well as subjective factors and trends. Management believes the allowance is adequate.

The following tables provide the aging analysis of accounts receivable:

Accounts receivable:

	2010	2009
	\$	\$
Current	86,335	75,199
31 to 60 days	39,903	22,397
61 to 90 days	28,715	26,209
91 days +	187,567	275,670
Total accounts receivable	342,520	399,476
Less: Allowance for doubtful accounts	(181,392)	(261,693)
	161,128	137,783

Novus Franchising, Inc.

Notes to the financial statements

December 31, 2010, 2009 and 2008

(U.S. dollars)

9. Financial instruments (continued)

(b) Financial risks (continued)

(i) Credit risk (continued)

The following tables reflect the movement in the allowance for doubtful accounts for accounts receivable and notes receivable:

Accounts receivable:

	2010	2009
	\$	\$
Balance, beginning of year	261,693	200,259
Addition to allowance	54,958	61,434
Reduction due to receivable write-off	(135,259)	-
Balance, end of year	181,392	261,693

Notes receivable:

	2010	2009
	\$	\$
Balance, beginning of year	17,459	17,459
Addition to allowance	30,296	-
Reduction due to receivable write-off	-	-
Balance, end of year	47,755	17,459

(ii) Liquidity risk

The Company does not have significant liquidity risk as at December 31, 2010 and 2009, reflecting its considerable capital and the related party nature of significant liabilities. The Company does not have significant currency, commodity or interest rate risk, reflecting the nature of its operations.

NOVUS FRANCHISING, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B: LIST OF OPERATIONAL FRANCHISEES

LIST OF OPERATIONAL FRANCHISEES
AS OF DECEMBER 31, 2010

FRANCHISEE	ADDRESS	CITY	STE	ZIP	PHONE
Moser, Dennis & David	8515 Corbin St.	Anchorage	AK	99507	907-344-3672
Moser, Dennis & David	8515 Corbin St.	Anchorage	AK	99507	907-344-3672
Moser, Dennis & David	8515 Corbin St.	Anchorage	AK	99507	907-344-3672
Wenger, Wesley & Boeckner, Cameron	PO Box 1302	Atmore	AL	36504	850-327-6030
Johnson, Wayne & Lisa	1928 County Rd. 16	Greensboro	AL	36744	334-624-9988
Godwin Industries, LLC	36276 Alexandria Trace	Stapleton	AL	36578	251-490-0075
High Ground, Inc.	615 Swingbridge Road	Beebe	AR	72012	903-244-1194
Reely, Richard W.	580 Rose Hill	Berryville	AR	72616	870-654-3133
Bass, Roy & Delena	PO Box 5861	Fort Smith	AR	72913	479-646-6887
Bass, Roy	PO Box 5861	Fort Smith	AR	72913	479-646-6887
Bass, Roy & Delena	PO Box 5861	Fort Smith	AR	72903	479-646-6887
Glass Max, LLC	4321 Lochmoor Circle	Jonesboro	AR	72401	870-972-8101
High Ground, Inc.	1560 W. Beebe Caps, Suite C257	Searcy	AR	72143	501-268-4441
Reely, Richard W.	PO Box 94012	N Little Rock	AR	72190	501-565-7100
Sneva, Scott & Connie	PO Box 2961	Flagstaff	AZ	86003	928-779-0666
Arizona Glass Works LLC	2729 E. Indian School Road	Phoenix	AZ	85016	800-503-5035
Arizona Glass Works LLC	15812 N. 32 nd Street, Building B-8	Phoenix	AZ	85032	800-503-5035
S and S Enterprise LLC	14256 W. Pointsettia Drive	Surprise	AZ	85379	623-937-7278
Arizona Glass Works LLC	637 S McClintock Drive, Suite A & B	Tempe	AZ	85281	800-503-5035
Fleming II, John D.	2149 S. Factor Ave. #5	Yuma	AZ	85365	928-329-1710
Del Carlo, Dan	PO Box 4468	Chico	CA	95927	530-343-0180
Terra, David	7090 E. Fedora Avenue	Fresno	CA	93727	559-304-4159
Jantz, Travis S.	13329 West Longview Avenue	Livingston	CA	95334	209-394-0120
Glass Dunn Right, Inc.	429 S. Power Avenue	Manteca	CA	95336	209-482-3301
Peterson, Dennis & Constance	PO Box 673	Orange	CA	92856	714-538-5714
Peterson, Dennis & Constance	PO Box 673	Orange	CA	92856	714-538-5714
Peterson, Dennis & Constance	PO Box 673	Orange	CA	92856	714-538-5714
Koehn, Russell & Kristal	175 Provenza Drive	Oroville	CA	95966	530-934-7234
Hazen, William J.	PO Box 9434	Salinas	CA	93915	831-757-5800
Sonnixsen, Wayne C.	PO Box 421154	San Diego	CA	92124	858-279-4049

LIST OF OPERATIONAL FRANCHISEES
AS OF DECEMBER 31, 2010

FRANCHISEE	ADDRESS	CITY	STE	ZIP	PHONE
Wheel Turning Precision, Inc.	15026 Avenida Montuosa Unit A	San Diego	CA	92129	619-309-6690
S.S. Capital, Inc.	2049 Glen Una Avenue	San Jose	CA	95125	408-857-3500
Zamansky, David	180 Fiou Lane Suite 102	Basalt	CO	81621	970-927-5350
Brown, Michael R.	1501 Dove Haven Lane	Berthoud	CO	80513	970-532-3112
Nichols & Nichols, Inc.	PO Box 333	Castle Rock	CO	80104	380-663-1800
LG Enterprises, Inc.	4996 Chariot Drive	Colorado Springs	CO	80923	719-266-1883
Lawson, Christopher	PO Box 270635	Ft. Collins	CO	80527	970-227-1234
Lawson, Christopher	PO Box 270635	Ft. Collins	CO	80527	970-227-1234
Villanueva Enterprises, LLC	44 South Lupine Street	Golden	CO	80401	303-918-6178
TLCM, L.L.C.	P.O. Box 3597	Pagosa Springs	CO	81147	970-264-2566
Glass Peddler, L.L.C.	288 South Lagrange Circle	Pueblo West	CO	81007	719-545-2328
Hilferty, Kent & Judy	PO Box 1134	Sterling	CO	80751	888-326-6887
Moore, Steve	PO Box 3495	Vail	CO	81658	970-471-0338
Gaboardi, Kathleen	118 Osborne St. #2-D	Danbury	CT	06810	203-792-2661
Hamer, David	35 Division Street	Danbury	CT	06810	914-686-9646
Hamer, David	35 Division Street	Danbury	CT	06810	914-686-9646
Hamer, David	35 Division Street	Danbury	CT	06810	914-686-9646
Dulis, Alan	607 S Central Ave	Laurel	DE	19956	302-258-6420
Schaich, Kevin	7951 Delta Post Drive South	Jacksonville	FL	32244	904-545-9268
Ellis, Ruel	1065 Brenton Avenue	Lehigh	FL	33974	239-284-7000
Blue Sky Services Inc.	4259 Wecoma Avenue	North Port	FL	34287	803-606-9925
Woods, James E.	3401 Riverside Drive	Pensacola	FL	32514	850-473-0011
Triple K Auto Glass, Inc.	PO Box 108	Bowersville	GA	30516	706-376-1717
Auto Care Specialties, LLC	PO Box 1600	Wrens	GA	30833	478-625-9182
Sieverding, Craig J.	201 John Street	Bellevue	IA	52031	800-684-6488
Midwest Paint & Body, Inc.	221 Black Forest Rd	Hull	IA	51239	800-548-2447
Shaws of Okoboji II, L.L.C.	1796 N. Highway 71	Okoboji	IA	51355	712-332-9800
Lefever, Bret	200 Corene Avenue	Waukee	IA	50263	515-494-7145
Torgerson, Paul E.	PO Box 1866	Coeur d'Alene	ID	83816	208-664-1320
Unruh, Delbert & Jennifer	1349 S 2250 E	Hazelton	ID	83335	208-678-3309
Sherman, David	PO Box 540	Star	ID	83669	208-559-5607
Roach, Kay	2237 North Meridian Road	Ghana	IL	61015	815-964-3500
Roach, Kay	2237 North Meridian Road	Ghana	IL	61015	815-964-3500

LIST OF OPERATIONAL FRANCHISEES
AS OF DECEMBER 31, 2010

FRANCHISEE	ADDRESS	CITY	STE	ZIP	PHONE
Blankenheim, Roger A.	1640 Kingsdale Road	Hoffman Estates	IL	60195	847-885-9378
Bass, Bernard	PO Box 4	Northbrook	IL	60062	847-564-1060
Greiman, Gregory H.	10300 S Cecero Ave # 281	Oaklawn	IL	60453	708-460-3464
Palmer, Rex	2336 150 Knox Road E	Rio	IL	61472	563-322-0236
Palmer, Rex	2336 150 Knox Road E	Rio	IL	61472	563-322-0236
Palmer, Rex	2336 150 Knox Road E	Rio	IL	61472	563-322-0236
Becker, Daniel	5310 Hardinsburg-Livonia Rd	Campbelsburg	IN	47108	812-755-4049
Carpenter, Kent	7979 Meadowbrook Drive	Indianapolis	IN	46240	317-251-3573
Carpenter, Kent	7979 Meadowbrook Drive	Indianapolis	IN	46240	317-251-3573
Hamilton, Gary	501 S.W. 18 th Street	Richmond	IN	47374	937-344-9579
Robinson Auto Glass, LLC	2 Windmill Ct	Valley Center	KS	67147	620-662-3389
Robinson Auto Glass, LLC	2 Windmill Court	Valley Center	KS	67147	620-755-3700
Hurst, Danny	427 Hurst Road	Brooks	KY	40109	502-957-2019
Yoder, James	PO Box 55	Farmington	KY	42040	270-804-3109
Argent of Louisiana, LLC	PO Box 65027	Shreveport	LA	71136	318-798-2422
Hollier, Jerry & Vera	1590 Maplewood Drive	Sulphur	LA	70663	318-527-7540
Hollier, Jerry & Vera	1590 Maplewood Drive	Sulphur	LA	70663	337-527-7540
Hollier, Jerry & Vera	1590 Maplewood Drive	Sulphur	LA	70663	318-527-7540
Cole, Allan	PO Box 922	Dennis Port	MA	02639	508-489-0092
Brown, Dante M.	5705 Crecy Court	Bryans Road	MD	20616	301-768-3157
Ford, Randy	390 Catocin Avenue	Frederick	MD	21701	301-524-8994
S & J Donley Enterprises, LLC	6 Carriage Hill Dr	Hagerstown	MD	21742	301-991-8330
Archambault, Stephen E.	PO Box 66701	Falmouth	ME	04105	207-878-9984
Oliver, Rock	1807 Mattamascontis Rd	Mattamascontis TWP	ME	04457	207-794-3240
Parlin, Ivan	PO Box 578	North Turner	ME	04266	207-224-7943
Morin, Steven M.	19 Cortland Avenue	Turner	ME	04282	207-754-1816
Henry, Michael	PO Box 1045	Jackson	MI	49204	517-782-5611
Lewis, John & Catherine	1191 Brookmark SE	Kentwood	MI	49508	616-249-9325
Long Companies, LLC	5950 MacMillan Way	Lansing	MI	48911	517-887-0885
Owens Jr., Chester	3036 West Albain Road	Monroe	MI	48161	734-269-1340
Owens Jr., Chester	3036 West Albain Road	Monroe	MI	48161	734-269-1340
Buccilli, Dorothy M.	25875 Ryan Road	Warren	MI	48091	810-756-4400

LIST OF OPERATIONAL FRANCHISEES
AS OF DECEMBER 31, 2010

FRANCHISEE	ADDRESS	CITY	STE	ZIP	PHONE
Squeaky Clean Wash, Inc.	302 N. Nokomis, Suite 2	Alexandria	MN	56308	320-763-4513
Larson, Durwood	10117 Abbott Avenue South	Bloomington	MN	55431	952-897-1280
A Clear Solution Glass Repair, LLC	2800 E Cliff Rd Ste 240	Burnsville	MN	55337	952-746-7509
Stoa, Steve	1311 Richwood Road	Detroit Lakes	MN	56501	218-846-1695
Porcher, Hans	3536 - 17th Avenue South	Minneapolis	MN	55407	612-926-8585
Gary Fix and Son, Inc.	2100 Highway 65	Mora	MN	55051	320-679-4177
Gary Fix and Son, Inc.	2100 Highway 65	Mora	MN	55051	320-679-4177
Gary Fix and Son, Inc.	2100 Highway 65	Mora	MN	55051	320-679-4177
Hansmann, Cynthia A.	16871 US Hwy 2	Warba	MN	55793	218-492-1747
Anderson, Terrence	3590 Dell CT North	White Bear	MN	55110	651-204-1924
Bright, David N.	463 Wallflower Court	Ballwin	MO	63021	314-598-1593
CNJ Nix, Inc.	100 Tannin Trace Rd	Branson	MO	65616	417-339-4827
AmJo, LLC	7047 Pless Drive	Cedar Hill	MO	63016	636-887-4888
Pero, David	PO Box 1066	Fenton	MO	63026	636-225-6530
Mahon, Scott	2021 Chickadee Road	Jefferson City	MO	65101	573-690-0497
Mahon, Scott	2021 Chickadee Road	Jefferson City	MO	65101	573-690-0497
Coffman, Ernest T.	1112 State Road V	Linn Creek	MO	65052	573-368-1053
Wibbenmeyer Enterprises, LLC	255 Rolling Hills Lane	Perryville	MO	63775	573-943-1952
Brendel, Robert & Linda	8823 Gravois Road	St. Louis	MO	63123	314-352-1239
Cook, Chester D. & Kristine M.	5212 Camelot Estates Drive	St. Louis	MO	63129	314-845-9931
Tri-Co Systems, Inc.	PO Box 5275	Brandon	MS	39047	601-946-1000
Tri-Co Systems, Inc.	PO Box 5275	Brandon	MS	39047	601-946-1000
Tri-Co Systems, Inc.	PO Box 5275	Brandon	MS	39047	601-946-1000
Pearson, Paul	525 Third Street	Clarksdale	MS	38614	662-627-7871
Ensz, Roderick	PO Box 106	Macon	MS	39341	662-726-0065
Gregory Nave, LLC	729 Front Street Ext	Meridian	MS	39301	601-553-8463
Powers, Lee	PO Box 17902	Natchez	MS	39120	601-442-2533
Koehn, Lindale R.	57252 Logan Road	Charlo	MT	59824	406-644-7041
Linscott, James M.	PO Box 1299	Dillon	MT	59725	406-683-2846
Black Sheep Performance 4x4, Inc.	926 First Avenue N	Great Falls	MT	59401	406-727-2091
Lane Enterprises, LLC	1470 Ryanns Lane	Helena	MT	59602	406-443-0330
Horner, Clarence G.	306 1/2 South F Street	Livingston	MT	59047	406-539-7663

LIST OF OPERATIONAL FRANCHISEES
AS OF DECEMBER 31, 2010

FRANCHISEE	ADDRESS	CITY	STE	ZIP	PHONE
Wunderlich, Glen R.	Box T, Highway 93 North	Ronan	MT	59864	406-676-5811
Guinan, Jeffrey & McIntyre, Kristy	2387 Millhouse Lane	Matthews	NC	28104	631-624-1293
Dirks, Gregory & Becky	PO Box 405	Morven	NC	28119	704-851-3880
The Paull Corp.	220 Woodland Drive	Wilmington	NC	28403	910-620-5604
Kuck, Denise Mary	PO Box 186	Bertrand	NE	68927	308-472-5243
Bogner, Jeffrey L. & James L.	804 East 36 th Street	Kearney	NE	68847	308-380-9051
Sattler, David	PO Box 933	Keamey	NE	68848	308-234-1049
Parral, Inc.	5047 N 25th Street	Lincoln	NE	68521	402-521-0006
Ross, Joseph G. & Anna L.	Highway 23 Box 125	Madrid	NE	69150	308-326-4235
Ross, Joseph G. & Anna L.	Highway 23 Box 125	Madrid	NE	69150	308-326-4235
Schinck, Alan	307 North Charde	Oakland	NE	68045	402-685-6560
Rust, Rodney & Kimberiy	RR 2, Box 9	Spencer	NE	68777	402-340-5483
Mafera, John	64 Pine Knoll Village	Lee	NH	03824	603-659-3014
Doughty, Robert	PO Box 41	Colts Neck	NJ	07722	732-332-9200
Goins, Jr., Arthur W.	143 State Street	Teaneck	NJ	07666	201-837-1858
Lopez, John & Lorraine	1380 Santa Rosa Drive	Santa Fe	NM	87505	505-988-7447
Holguin, Michael	11 Hermana Street	Silver City	NM	88061	505-388-9290
Perkins, James H.	8170 South Eastern Avenue, Suite 4-503	Las Vegas	NV	89123	702-598-3335
Perkins, James H.	8170 South Eastern Avenue, Suite 4-503	Las Vegas	NV	89123	702-598-3335
Perkins, James H.	8170 South Eastern Avenue, Suite 4-503	Las Vegas	NV	89123	702-598-3335
Perkins, James H.	8170 South Eastern Avenue, Suite 4-503	Las Vegas	NV	89123	702-598-3335
B & E Games Family Co., LLC	10580 N McCarran Blvd	Reno	NV	89503	775-747-7802
Rice, Mark	5369 Torchwood Loop East	Columbus	OH	43229	614-899-0382
Rice, Mark	5369 Torchwood Loop East	Columbus	OH	43229	614-899-0382
Dyck, Waldo	117 County Road 2575	Lakeville	OH	44638	419-908-8957
Kwiecien, Beth	6150 Brownstone Court	Mentor	OH	44060	440-429-2222
FLIN LLC	3700 E. Covell Road	Edmond	OK	73034	405-341-5299
Nixon Sales & Services, Inc.	62923 E. 255 Court	Grove	OK	74344	918-786-8387
Bauer, Robert S.	4203 Ashley Lane	Eugene	OR	97402	541-607-1700
Leonard Windshield Inc.	1035 SW Rummel Street	McMinnville	OR	97128	503-463-6262

LIST OF OPERATIONAL FRANCHISEES
AS OF DECEMBER 31, 2010

FRANCHISEE	ADDRESS	CITY	STE	ZIP	PHONE
Fritz Family, LLC	2600 Loma Vista Drive	Roseburg	OR	97471	541-863-6469
Gostnell, F. Craig	PO Box 50	Williams	OR	97544	541-474-5646
Gostnell, F. Craig	PO Box 50	Williams	OR	97544	541-474-5646
Gohn, Cletus	737 Good Road	Ariville	PA	17302	717-244-6907
Miller, Richard	25 Clydesdale Ct.	Bangor	PA	08848	908-963-3137
Riss-Way, LLC	110 Woodside Drive	Clarks Summit	PA	18411	570-586-3544
Mock, Lyle R.	299 Pine Street	Meadville	PA	16335	814-724-2442
Itei Auto Glass, Inc.	2550 S 11th St.	Philadelphia	PA	19148	215-790-1984
Bortz III, Lawrence S.	PO Box 35	Reading	PA	19607	610-376-9772
Hemmerly, Ernest	2836 Penn Ave West	Warren	PA	16365	814-563-7776
Lantini, Gilbert	23 Rotary Drive	Johnston	RI	02919	401-946-0088
AA All Glass Auto, Inc.	104 Stewart Street	Goose Creek	SC	29445	843-572-3870
In-House, LLC	268 Georgia Queen Drive	Woodruff	SC	29388	864-303-5228
Hast, Inc.	3419 Hall St.	Rapid City	SD	57702	605-348-9612
Hoffman, Kevin	2305 Cameron Drive	Rapid City	SD	57702	605-347-4287
Sedlacek, Craig & Jan	PO Box 144	Sioux Falls	SD	57104	605-334-1122
Jasper Enterprises, L.L.C.	2512 Roosevelt Circle	Sioux Falls	SD	57106	605-929-3918
C.O.'s Supply Company	P.O. Box 505	Spearman	TX	79081	806-659-3781
Brockbank, Gary N.	343 North Mainstreet	Bountiful	UT	84010	801-298-7700
Brockbank, Gary N.	343 North Mainstreet	Bountiful	UT	84010	801-298-7700
Brockbank, Gary N.	343 North Mainstreet	Bountiful	UT	84010	801-298-7700
Brockbank, Gary N.	343 North Mainstreet	Bountiful	UT	84010	801-298-7700
Brockbank, Gary N.	343 North Mainstreet	Bountiful	UT	84010	801-298-7700
Brockbank, Gary N.	343 North Mainstreet	Bountiful	UT	84010	801-298-7700
Brockbank, Gary N.	343 North Mainstreet	Bountiful	UT	84010	801-298-7700
Brockbank, Gary N.	343 North Mainstreet	Bountiful	UT	84010	801-298-7700
Task Family, LLC	PO Box 6515	Logan	UT	84321	435-740-0918
Sole Provider, Inc.	753 South 1740 West	St. George	UT	84770	435-656-2594
Badar Enterprises Incorporated	10286 Old Keeton Road	Ashland	VA	23005	804-550-3072
Dawson, Michael	10501 Runnymede Drive	Glen Allen	VA	23060	804-261-1193
D R Scott, Inc.	PO Box 15266	Newport News	VA	23608	757-369-9865
Dawson, John S., Mike L. & Mark A.	5220 Shelby Road	Rochelle	VA	22738	540-948-4563
Dawson, John S. & Margaret	5220 Shelby Road	Rochelle	VA	22738	540-948-4563

LIST OF OPERATIONAL FRANCHISEES
AS OF DECEMBER 31, 2010

FRANCHISEE	ADDRESS	CITY	STE	ZIP	PHONE
Morris Enterprises of VA LLC	202 Oliver Ridge Lane	Troy	VA	22974	434-589-4031
Rennert, Thomas	83-1 Bryant Circle	Brandon	VT	05733	802-747-0220
Best Auto Glass, LLC	2219 Commercial Avenue	Anacortes	WA	98221	360-293-8647
Rain-Cap, Inc.	4469 Meridian Street	Bellingham	WA	98226	360-676-8100
Cox, Samuel R. & Carrie L.	1200 NW Maryland	Chehalis	WA	98531	360-748-3784
Cox, Samuel R. & Carrie L.	1200 NW Maryland	Chehalis	WA	98531	360-748-3784
Cox, Samuel R. & Carrie L.	1200 NW Maryland	Chehalis	WA	98531	360-748-3784
Cox, Samuel R. & Carrie L.	1200 NW Maryland	Chehalis	WA	98531	360-748-3784
Cox, Samuel R. & Carrie L.	1200 NW Maryland	Chehalis	WA	98531	360-748-3784
Pullen, Carma Sue	5623 West Clearwater	Kennewick	WA	99336	509-783-3500
Pullen, Carma Sue	5623 West Clearwater	Kennewick	WA	99336	509-783-3500
Munn, James	18930 Highway 99	Lynnwood	WA	98036	877-996-6887
Parker, Steve	3401 B Hwy 25 N	North Port	WA	99157	509-732-6034
Larson Glass Technology, Inc.	851 Bethel Ave.	Port Orchard	WA	98366	360-895-0243
Larson Glass Technology, Inc.	851 Bethel Ave.	Port Orchard	WA	98366	360-895-0243
Larson Glass Technology, Inc.	851 Bethel Ave.	Port Orchard	WA	98366	360-895-0243
Restoration Glass, Inc.	81 Hooker Rd, Ste I	Sequim	WA	98382	360-681-7776
Anderson, Matthew & Christina	16311 East Euclid, Suite E.	Spokane Valley	WA	99216	509-228-9000
Anderson, Matthew	16311 East Euclid, Suite E.	Spokane Valley	WA	99216	509-228-9000
Big River Auto Glass, LLC	1208 A Walnut	Wenatchee	WA	98801	509-662-3695
Buehler, David B.	5802 Glacier Way	Yakima	WA	98908	509-248-7672
Jers Repairs, LLC	806 West Commercial Street	Appleton	WI	54914	920-991-1996
Leuck, Thomas Richard	5210 186th Street	Chippewa Falls	WI	54729	715-720-2290
The Knight Corporation	2623 N. Lake Dr.	Milwaukee	WI	53211	414-962-3186
Schlender, Kyle	N378 N5877 Valley Rd	Oconomowoc	WI	53066	800-374-1119
Grantco, Inc.	PO Box 21	Platteville	WI	53818	608-348-2255
Newman, Gerald	2255 East Main Street	Reedsburg	WI	53959	608-524-3546
Nelson, Todd	1871 N Stevens St.	Rhineland	WI	54501	715-365-5914
Superior Entrance Systems, Inc.	823 Belknap St. Suite 110	Superior	WI	54880	715-394-5588
Randrup, Travis	1651 1st St. S.	Wisconsin Rapids	WI	54494	715-424-2888
Ware, Roger	PO Box 2598	Elkins	WV	26241	304-636-1580
Eberhardt, Troy	200 E. 17th Street Suite D	Cheyenne	WY	82001	307-634-8087

LIST OF OPERATIONAL FRANCHISEES
AS OF DECEMBER 31, 2010

FRANCHISEE	ADDRESS	CITY	STE	ZIP	PHONE
Sullivan, Chris	3666 Cleveland	Rock Springs	WY	82901	307-371-4353
Windshield Doctor of Wyoming, Inc.	347 North Main	Sheridan	WY	82801	307-672-0139
Pixley, Mark, Terrell, Vanessa & Lytton, George	347 North Main	Sheridan	WY	82801	307-672-0139

LIST OF COMPANY-OWNED BUSINESSES
AS OF DECEMBER 31, 2010

NAME	ADDRESS	CITY	STE	ZIP	PHONE
Novus Glass, Inc.	3221 Denali Street	Anchorage	AK	99503	907-277-3464
Novus Glass, Inc.	229 Forty Mile Avenue	Fairbanks	AK	99701	907-456-6301
Novus Glass, Inc.	3100 North Stone Avenue, Suite 218	Tucson	AZ	85705	520-620-6077
Novus Glass, Inc.	2245 W. University, Suite 6	Tempe	AZ	85821	602-723-7392
Novus Glass, Inc.	12800 Highway 13 South, Suite 500	Savage	MN	55378	952-944-8000
Novus Glass, Inc.	122 SW 153 rd Street	Burien	WA	98166	206-244-2464
Novus Glass, Inc.	122 SW 153 rd Street	Burien	WA	98166	206-244-2464
Novus Glass, Inc.	122 SW 153 rd Street	Burien	WA	98166	206-244-2464
Novus Glass, Inc.	122 SW 153 rd Street	Burien	WA	98166	206-244-2464
Novus Glass, Inc.	122 SW 153 rd Street	Burien	WA	98166	206-244-2464
Novus Glass, Inc.	12815 N.E. 124 Street	Kirkland	WA	98034	425-821-7429

NOVUS FRANCHISING, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT C: LIST OF DISCONTINUED FRANCHISEES

FRANCHISEES TERMINATED/CANCELED/NOT RENEWED/TRANSFERRED
AS OF DECEMBER 31, 2010

FRANCHISEE	CITY	STE	PHONE
John Wenger	Atmore	AL	850-327-6030
Jireh, LLC	N Little Rock	AR	501-565-7100
Michael Howell	Glendale	AZ	602-353-9011
Automotive Accessories Plus, Inc.	Lake Havasu City	AZ	928-680-9076
Kendall Unruh & Steven Giesbrecht	Glenn	CA	530-934-7234
Free Solo, LLC	Grand Junction	CO	970-523-6824
Palm Springs Enterprises LLC	Palm Springs	FL	561-714-8904
Healy Duskin, Inc.	Cedar Rapids	IA	319-365-3131
Robert V. Shaw	Okoboji	IA	800-747-2447
Jeffrey and Betty Livengood	Clay Center	KS	785-632-5066
Robinson Auto Glass, LLC	Valley Center	KS	620-662-3389
Gary Fix	Braham	MN	320-396-3578
Gary Fix	Braham	MN	320-396-3578
Gary Fix	Braham	MN	320-396-3578
Spradco, Inc.	Dallas	NC	704-214-0044
Thomas Leonard	McMinnville	OR	503-463-6262
David Spring	Keizer	OR	503-463-6262
Misti Coyle & Jennifer Gutshall	Newville	PA	717-798-1836
Douglas & Jason Jasper	Sioux Falls	SD	605-929-3918
Mark & Joyce Dean	Victoria	TX	361-575-1616
Steven M. Iverson	Madison	WI	608-698-0883

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

NOVUS FRANCHISING, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D: NOVUS® FRANCHISE AGREEMENTS, ~~AFFILIATE~~AUTO DEALER LICENSE
AGREEMENT, AND RENEWAL (RETIREMENT) ADDENDUM

NOVUS FRANCHISING, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D-1: NOVUS FRANCHISING, INC. GLASS REPAIR
AND REPLACEMENT FRANCHISE AGREEMENT

**NOVUS® GLASS REPAIR AND REPLACEMENT
FRANCHISE AGREEMENT**

BETWEEN

NOVUS FRANCHISING, INC.
12800 Highway 13 South, Suite 500
Savage, Minnesota 55378
(952) 944-8000 FAX (952) 944-2542

AND

"FRANCHISEE" BUSINESS ADDRESS

Street

City State Zip Code

()
Area Code Telephone

AREA OF PRIMARY RESPONSIBILITY

TYPE OF FRANCHISE

(Retail or Mobile Location)

DATE OF FRANCHISE AGREEMENT

_____, 20____

NOVUS® GLASS REPAIR AND REPLACEMENT
FRANCHISE AGREEMENT
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NOVUS® GLASS REPAIR AND REPLACEMENT FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made, entered into and effective this _____ day of _____, 20__, by and between Novus Franchising, Inc., a Washington corporation (the "Franchisor," "us" or "we"), and _____, a(n) _____ (the "Franchisee," "you" or "your").

INTRODUCTION

We have the right to use and license a business concept under the names "Novus®" and other Marks for operating, franchising, and licensing retail businesses of a distinctive character and quality that specialize in installing and repairing automotive glass and windshields, and installing and repairing other glass products under the Novus business system.

You have told us you want to acquire the right to develop, own, and operate a business under the Marks at a Retail Location or in an assigned area. You have promised us that you will operate the business under our quality standards, which we may change from time to time, and under the terms and conditions of this Agreement. Based on that promise from you, we are willing to provide you with marketing, technology, design specifications, training, and other business information, "know-how" and specifications that have been developed over time at a significant cost, and to license to you the right to offer products and services under the Marks.

In recognition of this Introduction and in consideration of the mutual promises set forth in this Agreement, you and we agree as follows:

ARTICLE 1. DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions:

1.1 Abandon.

"Abandon" means any action or inaction on your part that suggests your willingness, desire or intent to discontinue operating the Business under the quality standards, uniformity requirements and the Business System as set forth in this Agreement and the Operations Manual, including your failure to operate the Business for seven consecutive days without our prior written consent.

1.2 Accompanying Equipment Package.

"Accompanying Equipment Package" means the glass repair tools, supplies and equipment, apart from the Initial Equipment Package, that you must purchase from us for the initial operation of the Business.

1.3 1.2-Administrative Expenses.

"Administrative Expenses" means all overhead, including salaries for executives, in-house legal counsel, and employees, fringe benefits, commissions, attorneys' fees, accountants' fees, transportation costs, travel expenses, food and lodging, training costs, supplies, marketing costs, long distance telephone calls, and all other overhead expenses.

1.4 ~~1.3~~ ANSI/AGRSS Standards.

“ANSI/AGRSS Standards” means the ANSI/AGRSS 002-2002 Automotive Glass Replacement Safety Standard or subsequent standard established by the Automotive Glass Replacement Safety Standards Council and the American National Standards Institute.

1.5 ~~1.4~~ Approved Suppliers.

“Approved Suppliers” means those the suppliers and distributors that we approve in writing to supply certain Products and Services we specify in the Operations Manual and will include those suppliers and distributors we approve at your request.

1.6 ~~1.5~~ Business.

“Business” means the business we license to you under this Agreement.

1.7 ~~1.6~~ Business Assets.

“Business Assets” means (a) the Business, (b) the Retail Location, (c) the lease for the Retail Location, (d) the land and building (if any) for the Retail Location, (e) this Agreement, (f) the furniture, fixtures, vehicles, supplies, equipment and all other assets used in or by the Business; (g) any Ownership Interests in the Business, and (h) all of the other contract and lease agreements you have in connection with the operation of the Business.

1.8 ~~1.7~~ Business System.

“Business System” means the distinctive automotive and other glass repair, replacement and installation Products and Services associated with the Marks, and the business methods, uniformity requirements, defined product offerings, automotive and other glass installation and repair methods, specialized training, standards of quality and service, procedures, specifications and instructions that we establish from time to time.

1.9 ~~1.8~~ Claims and Damages.

“Claims and Damages” means all losses, damages, judgments, liabilities, fines, penalties, assessments, and all related expenses, including: (a) damages to real and personal property and damages for loss of use of real and personal property, (b) damages for lost profits, (c) special, consequential, exemplary and punitive damages, (d) personal injury damages, (e) damages resulting from the death of a person or persons, including wrongful death damages, (f) Costs and Expenses, (g) amounts paid in settlement of any disputed claims or litigation, (h) product liability damages, (i) amounts paid because of any court judgment or court decree, resulting from any civil or criminal claims, demands, allegations, lawsuits, arbitration proceedings, administrative actions or other legal proceedings, and (j) damages assessed under any federal, state or local statutes, rules, regulations or ordinances.

1.10 ~~1.9~~ Costs and Expenses.

“Costs and Expenses” means all costs and expenses incurred in prosecuting or defending any claims or litigation, including court filing fees, witness expenses, deposition costs, investigation expenses, court reporter fees, attorneys’ fees, expert witness fees, Salaries and Travel Expenses.

1.11 ~~1.10~~-Designated Supplier.

“Designated Supplier” means the only and exclusive supplier or distributor we approve to supply certain Products and Services we specify in the Operations Manual, including certain windshield repair resins and certain equipment.

1.12 ~~1.11~~-Financial Records.

“Financial Records” means financial statements (including all balance sheets and income statements), computer records, bank statements, deposit records, general and special ledgers, sales records, work papers, accounts, federal and state tax returns, financial memos, and other business and financial information relating to the Business.

1.13 ~~1.12~~-Financial Statements.

“Financial Statements” means a balance sheet, profit and loss statement, statement of cash flow and explanatory footnotes prepared in accordance with generally accepted accounting principles applied on a consistent basis.

1.14 ~~1.13~~-Glass Repair.

“Glass Repair” means automotive windshield repair Products and Services and all automotive and other glass repair Products and Services.

1.15 ~~1.14~~-Glass Replacement.

“Glass Replacement” means automotive windshield replacement and installation Products and Services and all automotive and other glass replacement and installation Products and Services.

1.16 ~~1.15~~-Gross Revenues.

“Gross Revenues” means the total gross dollar amount received, billed or generated by, in connection with, or from the Business from all cash, credit and charge sales made to your customers or clients for all Products and Services sold to them including all amounts from or relating to automotive windshield repair or replacement Products and Services, automotive Glass Repair or replacement Products and Services, automotive glass installation Products and Services, other Glass Repair, replacement and installation Products and Services, building contract glazing Products and Services, the construction, repair, or replacement of any other glass products, and all other Products and Services of any kind unless we specifically exclude them from the definition of “Gross Revenues” in the Operations Manual or otherwise in writing. “Gross Revenues” includes all sales for Products and Services as of the time that the Products and Services are sold to or completed for your customer or client so as to entitle you to payment, regardless whether or when you receive payment. For purposes of determining “Gross Revenues,” there will be no deduction for bad debts or doubtful accounts. However, “Gross Revenues” will not include any sales, use or gross receipts tax imposed by any federal, state, municipal or governmental authority directly upon sales, if (a) the amount of the tax is added to the selling price and is expressly charged to the customer, (b) a specific record is made at the time of each sale of the amount of such tax, and (c) the amount of the tax is paid to the appropriate taxing authority.

1.17 ~~1.16~~-Home Page.

The “Home Page” means the home page that we establish for you on our website.

1.18 ~~1.17~~ Immediate Family.

"Immediate Family" means an individual Franchisee's (or an Owner's) child (including the spouse of a child), spouse, parent, grandchild or sibling.

1.19 ~~1.18~~ Including.

The word "including" means, "including but not limited to", and "including but not by way of limitation."

1.20 ~~1.19~~ Initial Equipment Package.

"Initial Equipment Package" means the Glass Repair and Glass Replacement, supplies and products and equipment we specify that you must purchase lease for the initial operation of the Business.

1.21 ~~1.20~~ Key Employee.

"Key Employee" means a full-time management employee of the Business who has successfully completed all Required Training Programs.

1.22 ~~1.24~~ Manager.

"Manager" means the person who is responsible, on a full-time basis, for the day to day operations and the overall management of the Business.

1.23 ~~1.20~~ Marks.

"Marks" means and includes all of the trademarks, service marks, trade names, logos and commercial symbols we own or that are licensed to us that we license to you for use in the Business, including "Novus[®]," "NOVUS Auto Glass[®]," "Novus Auto Glass Repair and Replacement[®]," and "Novus Glass[™]".

1.24 ~~1.23~~ Mobile.

"Mobile" means that you will operate the Business exclusively from vehicles and will not maintain a Retail Location.

1.25 ~~1.24~~ Novus Social Media Site.

"Novus Social Media Site" means any Social Media Site that includes all or part of the "Novus[®]," name, any of the Marks, or a word, phrase or symbol confusingly similar thereto or a variation thereof, as part of the domain name, user name, account name, account profile or page reference.

1.26 ~~1.25~~ Operations Manual.

"Operations Manual" means the confidential manuals we develop that describe the operational standards and specifications, and the service and quality standards associated with the Marks and the Business System, whether distributed in hard copy or electronically or otherwise.

1.27 ~~1.20~~ Owner.

"Owner" means any person or entity that has an Ownership Interest in the Franchisee.

1.28 ~~1.27~~ Ownership Interest.

"Ownership Interest" means (a) shares of capital stock in the Franchisee, if you are a corporation, (b) a general partnership interest in the Franchisee, if you are a partnership, (c) a

membership interest in the Franchisee if you are a limited liability company or a limited liability partnership, and (d) any other type of membership or other equity interest in the Franchisee.

1.29 ~~1.38~~ Payments.

“Payments” means all payments, compensation and/or other remuneration we receive from any Designated Supplier or Approved Supplier for any purchases of Products or Services you and/or any other franchisees of ours make, including payments in the form of (a) rebates, (b) volume discounts, (c) advertising and marketing allowances, (d) co-operative advertising, (e) price discounts, (f) signing bonuses or initial payments, (g) promotions, (h) co-branding of any products or services, (i) product development and testing, (j) market research, (k) public relations, (l) endorsements of any Products or Services, (m) goods or services of any kind, (n) administrative contributions and/or (o) any other form of benefit or consideration. “Payments” also means any payments, compensation and/or other remuneration we receive for attaining sales goals or market share in any market in which we or our franchisees operate.

1.30 ~~1.29~~ Products and Services.

“Products and Services” means (a) all products and services you sell to customers of the Business, including Glass Repair and Glass Replacement products and services, and (b) all supplies, inventory, equipment and technology you use in the Business, including the Initial Equipment Package, other Glass Repair and Glass Replacement equipment, maintenance kits, drill systems, pumps, sprayers, tools, and all other supplies, equipment and technology we may require you to use in the operation of the Business.

1.31 ~~1.30~~ Required Training Programs.

“Required Training Programs” means the training programs referred to in Articles 10.1, 10.2, 10.3 and 10.6 of this Agreement.

1.32 ~~1.31~~ Retail Location.

“Retail Location” means real estate at a fixed location where you offer Products and Services to your customers.

1.33 ~~1.33~~ Salaries and Travel Expenses.

“Salaries and Travel Expenses” means salaries, fringe benefits, federal and state payroll and employment taxes, lodging, food, automobile rental, transportation costs, travel costs and all other related travel expenses.

1.34 ~~1.33~~ Sale or Transfer.

“Sale or Transfer,” “Sell or Transfer,” and “Sold or Transferred” means to sell, assign, trade, give away, transfer, pledge, lease, sub-lease or otherwise dispose of

1.35 ~~1.34~~ Secure Website.

“Secure Website” means a password protected site on the World Wide Web that we control and is accessible only with our permission.

1.36 ~~1.35~~ Social Media Site.

A “Social Media Site” shall mean and include any social networking and/or social media website, profile or account relating to or making reference to us, to your Business or to the Business System in any manner.

1.37 ~~1.36~~ Taxes or Tax.

"Taxes" or "Tax" means all federal, state, city and local taxes including individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, unemployment taxes, inventory taxes, personal property taxes, real estate taxes and other taxes you incur in operating the Business.

**ARTICLE 2.
GRANT OF FRANCHISE**

2.1 Type of Franchise Granted.

(a) We give our franchisees the option to operate as either a Retail Location business or a Mobile business. You have elected and agree to operate the Business as a _____ business.

(b) If you have elected and agreed to operate the Business as a Mobile business, then the provisions in this Agreement that apply solely to a Retail Location will not apply to you or the Business unless and until you convert to a Retail Location.

(c) You agree to operate the Business using the Marks (and no other trade name, trademarks, service marks, logos, or commercial symbols), and in conformity with the Business System.

2.2 Retail Location.

If you have elected and agreed to operate the Business as a Retail Location business, then you will have the nonexclusive personal right to own and operate the Business at the following single Retail Location: _____

(Street)

(City)

(State)

(Zip Code)

If the Retail Location has not been determined at the time this Agreement is signed, then the address, city and state, of the Retail Location will be inserted and initialed by each of us at a later date, or will be described in an exhibit we both sign.

2.3 Area of Primary Responsibility.

You will only have the right to use the Marks and the Business System in the following geographic area: _____

(the "Area of Primary Responsibility" or "APR"). We may further define the Area of Primary Responsibility in a writing, map or drawing attached to this Agreement and signed by each of us. You do not have the right to operate the Business or to sell any Products and Services under the Marks outside of the APR, except with our written permission, which we may give and withdraw at our sole discretion. You may not change your APR without our prior written approval, which approval we may withhold in our sole discretion. If we approve a change in your APR, then this Article 2.3 will be amended to set forth the new APR but the new APR will not take effect until we have each signed the amendment, and then only after you pay us an APR Modification Fee of \$1,500, which fee will be due within 10 days after we approve the new APR.

2.4 Operation of the Business.

You have the right to own and operate one Business within your APR. If the Business is conducted as a Retail Location business, then you will provide to the public, on a full-time basis during normal business hours that we may determine, all Glass Repair and Glass Replacement Products and Services, all other automotive and other glass related Products and Services, and all other Products and Services we prescribe or approve, throughout the term of this Agreement. For either a Mobile business or a Retail Location business, you must operate at least one (but in the case of a Mobile business, not more than four) vehicle(s) fully equipped to provide Glass Repair and Glass Replacement Products and Services, all other automotive and other glass related Products and Services, and all other Products and Services we prescribe or approve, throughout the term of this Agreement. The vehicles you operate under this Agreement may be operated only in your APR.

If a customer or potential customer requests any glass product or service that you do not offer at your Business—but that is offered at other businesses operating in the Business System, or any protective wrap or restoration product or service that you do not offer in your Business under a specific Protection and Restoration Addendum with us, but the product or service is offered at another Novus[®] business within your APR or an APR that is adjacent to your APR, then you must refer the customer to another Novus[®] business in the Business System for the provision of these products or services before referring that customer elsewhere. If there is a Novus[®] business operating within your APR, then you must refer the customer to that business (if there is more than one, then you must refer the customer to the Novus[®] business that is closest to the customer's home or place of business). If there is not a Novus[®] business in the Business System operating within your APR, then you must refer the customer to a Novus[®] business in the Business System operating within an APR that is adjacent to your APR (if there is more than one, then you must refer the customer to the Novus[®] business that is closest to either the customer's home or place of business). If there are no other Novus[®] businesses located within these areas, then you may refer the customer to anyone you choose. You will not be paid for these referrals.

2.5 Nonexclusive Agreement.

We have the right to franchise, license, own, operate, and/or manage retail location or mobile Novus[®] businesses that are operated under the Marks (or under any other name or brand) and/or under the Business System, both within and outside of the APR, even if these businesses compete for customers with the Business. In addition, we and our affiliates may sell, license or otherwise distribute any Products or Services to third parties who are not Novus[®] businesses through any channel of distribution (including direct marketing, wholesale, infomercials, fleet, Internet, or electronic distribution), even if these third parties compete for customers with the Business. However, if you elected to operate as a Retail Location in Article 2.1, then during the term of this Agreement, we will not operate or grant a franchise for the operation of another retail location auto Glass Repair and Glass Replacement business using the Marks that is located within two miles of your Retail Location; provided, however, that you recognize we may have granted one or more affiliate license agreements to existing businesses in the APR, that these license agreements allow the business to offer Novus[®] Glass Repair and replacement products and services through their existing businesses that may be located within two miles of your Retail Location, and those licensees will be able to continue to offer Novus[®] Glass Repair and

replacement products and services under their existing agreements (including having the right to renew those agreements and to transfer their rights to any purchaser of their Novus[®] business).

2.6 Quarterly Minimum Gross Revenues.

Each year during the term of this Agreement, the Business must attain the following minimum quarterly Gross Revenues for Glass Repair and Glass Replacement Products and Services, respectively (the “Quarterly Minimum Gross Revenues”):

Retail Location Quarterly Minimum Gross Revenues

<u>Year of Agreement</u>	<u>Glass Repair</u>	<u>Glass Replacement</u>	<u>Total</u>
1	\$3,750	\$7,500	\$11,250
2	\$5,000	\$12,500	\$17,500
3 and each subsequent year	\$6,250	\$18,750	\$25,000

Mobile Unit Quarterly Minimum Gross Revenues

<u>Year of Agreement</u>	<u>Glass Repair</u>	<u>Glass Replacement</u>	<u>Total</u>
1	\$3,750	\$7,500	\$11,250
2	\$5,000	\$12,500	\$17,500
3 and each subsequent year	\$5,500	\$13,250	\$18,750

A year will be measured from the first day of the month following the month you sign this Agreement. If you have entered this Agreement by way of an option to reacquire, renew or extend, then you must always, during every quarter of the term of this Agreement, attain the Quarterly Minimum Gross Revenues applicable to Year 3 in the table above. “Quarterly” will mean calendar quarters beginning on the date of the first full three months after the date of this Agreement. If you do not generate the Quarterly Minimum Gross Revenues during any quarter of this Agreement, then we will have the right to terminate this Agreement under the terms of Article 18.

2.7 Conditions.

You agree to operate the Business in the APR in compliance with the terms of this Agreement for the entire term of this Agreement. The rights and privileges we grant to you under this Agreement are personal in nature; you do not have the right to franchise, sub-franchise, license, sublicense or subcontract any of your rights under this Agreement, except as otherwise specifically provided for herein. You also do not have the right to Sell or Transfer this Agreement, your rights under this Agreement, or the Business, except as specifically provided for in this Agreement.

ARTICLE 3. TERM AND RE-FRANCHISE RIGHTS

3.1 Term.

The term of this Agreement will be for 10 years, and will begin on the date of this Agreement and end on the date that is 10 years from the date of this Agreement (the "Expiration Date").

3.2 Your Option to Re-Franchise.

At the end of the term of this Agreement, you will have the option to re-franchise the Business in the APR for one additional 10 year term, provided that you have (a) given us written notice at least 210 days prior to the end of the term of this Agreement of your intention to re-franchise the Business-in-the-APR, (b) complied with all of the terms and conditions of this Agreement and with our operating and quality standards throughout the term of this Agreement, (c) paid all monetary obligations you owe to us and to our affiliates before the end of the term of this Agreement, and have timely paid all those obligations throughout the term of this Agreement, (d) agreed in writing to make the reasonable capital expenditures necessary to replace and modernize the equipment, vehicles, and technology so that the Business will conform to our then-current Business System, and (e) signed the form of Franchise Agreement we are then offering to new stand-alone glass repair and replacement franchisees (the "New Agreement"). However, our pre-opening obligations will be waived and instead of paying an Initial Fee or any new initial training fee, you will pay a Re-Franchise Fee of \$2,500. If, at the same time you re-franchise one Novus[®] franchise, you re-franchise other Novus[®] franchises you own, we will charge you one additional Re-Franchise Fee of \$1,500 for all the additional franchises you re-franchise at the same time. In any case, you must pay the Re-Franchise Fee at the time you sign the New Agreement. You will also be required to pay the Royalty Fees and all other fees at the rates specified in the New Agreement, and to pay all additional fees required by the terms of the New Agreement. You acknowledge that the terms, conditions, and economics of the New Agreement may vary in substance and form from the terms, conditions, and economics of this Agreement.

3.3 Your Option to Convert From or To a Mobile Business.

If at any time during the term of this Agreement, you are either: (i) operating a Mobile business and desire to convert to a Retail Location, or (ii) operating a Retail Location and desire to convert to a Mobile business; then, you will have the option to convert your Business, provided that you (a) give us written notice of your desire to convert your Business, (b) have complied with all of the terms and conditions of this Agreement and with our operating and quality standards throughout the term of the Agreement, (c) have timely paid all monetary obligations you owe to us and to our affiliates throughout the term of this Agreement, (d) agree in writing to make the capital expenditures necessary in order to convert your Business to conform to our then-current Business System, and (e) sign our form of New Agreement (as defined in Section 3.2 above). However, our pre-opening obligations will be waived and instead of paying a new Initial Fee, you will pay a Conversion Fee of \$1,500 at the time you sign the New Agreement. We will also waive any required initial training fee. The term of your agreement will be as set forth in the New Agreement, and you will also be required to pay the Royalty Fees and all other fees, and any additional fees, at the rates specified in the New Agreement. You acknowledge that the terms, conditions, and economics of the New Agreement may vary in substance and form from the terms, conditions, and economics of this Agreement.

ARTICLE 4.

LICENSING OF MARKS AND BUSINESS SYSTEM TO YOU

4.1 Ownership of Marks.

We warrant to you that we have the right to (a) use and license the Marks and the Business System in the United States, and (b) grant you the right to use the Marks and the Business System. Any and all improvements you make relating to the Marks or the Business System will be our sole and absolute property, and we will have the exclusive right to register and protect all such improvements in our name. Your use of the Marks and the Business System, as well as any goodwill arising from such use, will belong exclusively to us, and you will not be paid anything for those improvements. You will not take any action to contest the validity of our ownership of, the Marks, the Business System, or the goodwill associated with the Marks or the Business System.

4.2 Conditions to License of Marks.

Your nonexclusive personal right to use any of the Marks as the name of the Business and your rights to use the Marks and the Business System will exist only so long as you fully perform and comply with all of the conditions, terms and covenants of this Agreement. You have the right to use the Marks and the Business System only in the manner we prescribe, direct, and approve in writing, and you will adopt and use all variations of the Marks we designate from time to time. If, in our judgment, your actions infringe upon or demean the goodwill, uniformity, quality or business standard associated with the Marks or the Business System, then you must, upon written notice from us, immediately modify your use of the Marks or the Business System in the manner we prescribe. You will not make any changes or amendments whatsoever to the Marks or the Business System unless we approve those changes in writing.

4.3 Changes; Adverse Claims to Marks.

If we decide to change any of the Marks, or if there is any claim by any party that its rights to any or all of the Marks are superior to ours, or if there is a determination by a court that any party's rights to the Marks are superior to ours, then upon written notice from us, you will immediately adopt and use the changes and amendments to the Marks that we specify. If so directed, you will immediately cease using the former Mark, and will, as soon as reasonably possible, begin using the new Marks or Marks we designate.

4.4 Defense or Enforcement of Rights to Marks or Business System.

You will have no right to and will not defend or enforce any rights associated with the Marks or the Business System in any court or other proceedings for or against imitation, infringement, prior use or for any other claim or allegation. You will give us prompt and immediate written notice of any and all claims or complaints made against or associated with the Marks and the Business System and will, without compensation for your time, cooperate in all respects with us in any lawsuits or other proceedings involving the Marks and the Business System. We will have the right to determine whether we will start or defend any litigation involving the Marks and/or the Business System.

4.5 Tender of Defense.

If you are named as a defendant or party in any action involving the Marks or the Business System solely because the plaintiff or claimant is alleging that you do not have the right to use

the Marks or the Business System, then you may tender the defense of the action to us and we will, at our expense, defend you in the action, provided that you have notified us of the action, and sent us all notices and pleadings you receive concerning the action, within 10 days after you receive them. We will have no other liability to you for any Costs and Expenses that you incur in any litigation involving the Marks and the Business System.

4.6 Your Right to Participate in Litigation.

You may, at your expense and without any obligation on our part to reimburse you for any Costs and Expenses, retain an attorney to represent you individually in all litigation and court proceedings in which you are named as a defendant that involve the Marks or the Business System. However, we and our attorneys will control all litigation involving the Marks and the Business System.

ARTICLE 5. INITIAL FEE

You will pay us an "Initial Fee" of \$10,000 for the first Business you acquire, but if you are an active member of the United States military at the time you sign this Agreement, or have been honorably discharged from the United States military within 3 years preceding your signing of this Agreement, we will reduce the fee to ~~\$5,000;~~7,000, provided you do not require us to finance any portion of this fee. In either case, you will pay us an Initial Fee of \$5,000 for the second and each subsequent Business you acquire. In all cases, the Initial Fee will be due and payable when you sign this Agreement. The Initial Fee, less (a) \$2,500 or (b) our actual out-of-pocket expenses related to approving you and performing our obligations under this Agreement, whichever is greater, will be refunded to you only in the event of termination of this Agreement by us under Article 9.2 or Article 10.5; otherwise the Initial Fee will be fully earned by us at the time you sign this Agreement and is not refundable. If you are an existing Novus[®] Glass Repair and Replacement franchisee that is re-franchising an existing business, you will not have to pay this Initial Fee but will instead pay a Re-Franchise Fee as set forth in Article 3.2. If you are an existing Novus[®] Glass Repair and Replacement franchisee that is converting from a Mobile business to a Retail Location, or from a Retail Location to a Mobile business, you will not have to pay this Initial Fee but will instead pay a Conversion Fee as set forth in Article 3.3.

ARTICLE 6. ROYALTY FEES

6.1 Calculation of Royalty Fees.

In addition to paying us the Initial Fee, you will, during the entire term of this Agreement, pay us monthly "Royalty Fees" equal to the greater of (a) the Minimum Monthly Royalty Fees set forth in Article 6.2, or (b) the total amount of the monthly Royalty Fees calculated under Article 6.1 (a) through (c).

(a) **Glass Repair Royalty Fees.** You will pay us monthly Royalty Fees equal to 8% of your Gross Revenues from the sale of all Glass Repair Products and Services.

(b) **Glass Replacement Royalty Fees.** You will pay us monthly Royalty Fees equal to 3% of your Gross Revenues from the sale of all Glass Replacement Products and

Services up to the following amounts (the "Base Revenues"), and 8% of your Gross Revenues from the sale of all Glass Replacement Products and Services in excess of the Base Revenues each month:

January	\$ _____	July	\$ _____
February	\$ _____	August	\$ _____
March	\$ _____	September	\$ _____
April	\$ _____	October	\$ _____
May	\$ _____	November	\$ _____
June	\$ _____	December	\$ _____

(c) Royalty Fees for Other Products and Services. You will pay us monthly Royalty Fees equal to 8% of your Gross Revenues from the sale of any and all other Products and Services you sell in or from the Business for which Royalty Fees are not provided in Article 6.1(a) and (b).

6.2 Minimum Monthly Royalty Fee.

(a) Amount Payable. Except as provided for in Article 6.2(b), beginning in the 7th month after you sign this Agreement (but beginning in the first month if this Agreement is signed as part of a re-franchising or if you are converting an existing glass business to one that will be operating under this Agreement), the Minimum Monthly Royalty Fees you must pay us will be \$350.

(b) Determination of Royalty Fees Payable. If the actual monthly Royalty Fees calculated under Article 6.1 are greater than \$350, then you must pay us the amount of the actual monthly Royalty Fees payable for the month. If the actual monthly Royalty Fees calculated under Article 6.1 are less than \$350, then you must pay us \$350 as the Royalty Fees for that month.

6.3 Your Obligation to Pay.

You will pay the Royalty Fees to us on the 10th day of each month for the preceding month. Your failure to pay any monthly Royalty Fees to us on a timely basis will be a material breach of this Agreement. Your obligation to pay us the Royalty Fees is absolute and unconditional, and will remain in full force and effect until the term of this Agreement has expired or until this Agreement has been terminated in accordance with the terms and conditions of this Agreement. You may, with our written approval, pay your Royalty Fees by charging the amount to a credit card we approve.

6.4 Pre-Authorized Bank Debits.

Unless we agree to other arrangements, at our sole discretion, before you begin operating the Business, you must sign such documents as we require to provide your unconditional and irrevocable authority and direction to your bank authorizing and directing your bank to pay and deposit directly to our account, and to charge to your account, the amount of the Royalty Fees you owe us under this Agreement. The transfer will be made by the close of business on the 10th day of each month for the preceding month. The authorizations will be in the form our bank

requires and will permit us to designate the amount to be debited or drafted from your account for the monthly Royalty Fees. If you fail at any time to provide the Gross Revenues Report required under this Agreement, then we may estimate the amount of the Royalty Fees you owe us based on the highest of the last three monthly Royalty Fees you owed us. You must then at all times maintain a balance in your bank account sufficient to allow the appropriate amount to be debited from your account for payment of the monthly Royalty Fees you owe us.

6.5 Late Payment Charges on Unpaid Royalty Fees.

If you fail to timely pay any Royalty Fees due to us, then we may add a late payment charge to the unpaid and past due Royalty Fees. The late payment charge will equal the lesser of (a) the maximum legal interest rate allowable in the state in which the Business is located, or (b) 1½% per month.

ARTICLE 7. OPERATIONS MANUAL

7.1 Compliance with Operations Manual.

We will loan one copy of our Operations Manual to you when you successfully complete the Required Training Programs, or we will provide access to a Secure Website containing the Operations Manual. You acknowledge that the Operations Manual is designed to protect our standards and systems, and the Marks, and not to control the day-to-day operation of the Business. In order to protect our reputation and goodwill, and to maintain uniform operating standards under the Marks and the Business System, you will at all times operate the Business in compliance with our confidential Operations Manual and all standards we establish for the Business. You will conform to the common image and identity created by the Products and Services and associated with the Business System that are portrayed and described in the Operations Manual.

7.2 Confidentiality of Operations Manual.

You will at all times during and after the term of this Agreement treat the Operations Manual, any other manuals we create or approve for you to use in the operation of the Business as proprietary and confidential, and you will use all reasonable means to keep all information in these manuals confidential. You and your employees will not copy, duplicate, record or reproduce any portion of the Operations Manual or make it available to any unauthorized person. You will not use any portion of the Operations Manual to operate any other business or for any purpose except the operation of the Business.

7.3 Revisions to Operations Manual.

We reserve the right to revise the Operations Manual at any time. You will conform the Business to all changes and modifications we make to the Operations Manual, including the addition of new Products and Services, within a reasonable time as we determine in our sole discretion. You will at all times keep the Operations Manual current and up-to-date, and in the event of any dispute, the terms of the master copy of the Operations Manual we maintain, as amended from time to time, will be controlling in all respects. If we publish the Operations Manual on a Secure Website, then the Operations Manual as published will be the master copy and we will not be required to update any hard copy in your possession.

7.4 Confidentiality of Other Information.

We will be disclosing and providing you with certain confidential and proprietary information concerning the Business System and the procedures, operations and data used in connection with the Business System. You will not, during or after the term of this Agreement, communicate, disclose, copy, duplicate, reproduce, reverse engineer or use for the benefit of, any person or entity any such confidential and proprietary information, trade secrets, knowledge or know-how concerning the methods of operation which we communicate to you, or that relate to the operation of the Business, including any confidential and proprietary information, trade secrets, knowledge or know-how published on a Secure Website. You will disclose such confidential and proprietary information only to your employees who must have access to it in order to operate the Business, and you will, before providing any employee with access to our confidential or proprietary information, have that employee sign a confidentiality agreement. Any and all information, knowledge and know-how including drawings, products, processes, trade secrets, formulas, photographs and visual displays of products or processes, including video tapes, CD-ROM, digital recordings, and digitally stored materials, brochures, marketing materials, equipment, technology, methods, procedures, specifications, techniques, teaching methods, computer software programs, systems and other data that we copyright or designate as confidential or proprietary will be deemed confidential and proprietary for the purposes of this Agreement, including the reverse engineering of proprietary Novus® Resins and Related Products, as defined in Article 8.2 below.

7.5 Exclusive Property.

All materials, methods and systems relating to the Business System, including the Operations Manual, photographs and visual displays of products and processes, all confidential and proprietary information of ours, and any and all future developments by you of such materials, are and will be our sole and exclusive property. All of the information we or our affiliates obtain about the Business and all information in your records or ours concerning the customers of your Business, and all revenues we derive from this information, will also be our sole and exclusive property. You acknowledge that you have no rights in any of this property, except the right to use that property under this Agreement, and you may at any time during the term of this Agreement use in the operation of your Business (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your Business, such as customer data.

ARTICLE 8. PRODUCTS AND SERVICES; SUPPLIERS

8.1 Products and Services.

You will offer and sell all of the Products and Services we require to be sold as part of the Business System. You will, within a reasonable time after receiving written notice from us, add and offer any new Products and Services that we require to be sold as part of the Business System. You may also offer and sell any of the optional Products and Services that we approve to be sold in the Business System. You will not, under any circumstances, have the right to offer or sell any Products and Services that we do not authorize in writing or in our Operations Manual. We may add to or eliminate any of the foregoing Products and Services at any time upon notice to you, but if we eliminate any Products, we will give you a reasonable time to liquidate your inventory of those Products. You will maintain sufficient inventories of all

Products and Services necessary to realize the full economic potential of the Business and will maintain any minimum inventories of Products and Services we specify. You will offer for sale and will sell those Products and Services we require or approve for sale only on a retail basis (to the end user) and only within your APR. We may require that you purchase, and you will purchase, certain Products and Services we specify only according to our standards and specifications for such Products and Services, including standards and specifications consisting of only a nationally recognized brand name or specific manufacturer. However, unless we tell you otherwise in this Article 8, you may purchase these Products and Services from any supplier or distributor. To the extent we do tell you that you cannot purchase certain Products and Services from any supplier, those Products and Services will be available exclusively from us or from approved suppliers or distributors.

8.2 Limitations on Sales.

You will not sell any proprietary Products and Services, including Resins and Related Products as defined in Article 8.4, on a wholesale basis (for resale to another retailer or wholesaler) and will not sell any Products and Services or other products and services under any of the Marks or the Business System (a) on a retail basis at or from any other location, (b) by means of the Internet (other than from a website we approve), catalogue sales, mail order sales or infomercials, or (c) by any other means or methods of sales or distribution.

8.3 Pricing of Products and Services.

You have the right to sell the Products and Services to your customers at whatever prices and on whatever terms you determine.

8.4 Use of Novus® Resins.

You acknowledge that we have developed a unique, high quality line of windshield repair resins, equipment and other products and equipment to be used in performing windshield repair services ("Resins and Related Products"), and that we have developed certain national warranty programs relating to the quality of windshield repair services provided under the Novus® name. You further acknowledge that it is of paramount importance to maintaining the uniform high-quality image for windshield repair services associated by the public with the Marks and Business System that only Resins and Related Products be used by all businesses performing windshield repair services under the Novus® name. Therefore, in order to maintain and ensure the quality of the windshield repair services you provide to your customers under the Novus® name, and in order for us to allow you to participate in any warranty programs we offer, you will use only the Resins and Related Products that we designate or approve in writing. You will not resell any Resins and Related Products to any person or entity without our prior written consent.

8.5 Designated Suppliers.

You may only purchase Resins and Related Products from us or from our Designated Supplier. We may require, in our sole discretion, that you purchase, and you will purchase, certain other Products and Services we specify only from a Designated Supplier. We or our affiliates may be a Designated Supplier, and the only Designated Supplier, for certain Products and Services. You will not have the right to substitute any new supplier or distributor for any Designated Supplier or to require us to appoint or approve any new supplier or distributor as a Designated Supplier. We will have the right to require any Designated Supplier to sign a contract containing terms and conditions acceptable to us, including those relating to pricing, delivery, terms, product

availability, economic viability, service and quality and the right to modify at any time the terms or conditions of that contract. We may at any time add or remove a Designated Supplier or add, remove or modify in any manner any requirement that you purchase any given Products and Services only from a Designated Supplier.

8.6 Approved Suppliers.

We may require, in our sole discretion, that you purchase, and you will purchase, certain Products and Services we specify only from Approved Suppliers. If you desire to purchase any Products and Services that we require you to purchase from Approved Suppliers from other suppliers and distributors, then you must, at your expense, submit to us samples and specifications, and other business and product information we request, for review and/or product testing to determine whether the supplier or distributor and its Products and Services meet our standards and specifications. We will have the right to inspect the facilities of the proposed supplier or distributor. Within 10 days after being invoiced, you will reimburse us for the costs and expenses we incur to (a) analyze, review and test the products and/or services and the samples, and (b) conduct an inspection of the facilities of the proposed supplier or distributor, subject to a minimum fee we may set from time to time. We will complete all testing of all products and/or services, and notify you of our determination within 45 days after we receive all of the required information. We will have the right to require any new or existing Approved Supplier to sign a contract containing terms and conditions acceptable to us, including those relating to pricing, delivery, terms, product availability, economic viability, service and quality and the right to modify at any time the terms or conditions of that contract. We may at any time add or remove an Approved Supplier or add, remove or modify in any manner any requirement that you purchase any given Products and Services only from an Approved Supplier.

8.7 Initial-Equipment Package; Products and Services Used in the Business.

~~You must~~When you sign this Agreement, you must lease the Initial Equipment Package from our affiliate, and purchase the Initial Accompanying Equipment Package from us-when-you-sign-this Agreement. You will obtain, pay for and use in the Business, but not offer or sell, those Products and Services, including the Novus-resins-described-in-Article-8.2Resins and Related Products and the Initial Equipment Package and Accompanying Equipment Package, that we specify for use but not for sale in the Business, and at all times you will maintain a minimum inventory of such Products and Services that we specify. The Products and Services, Retail Location and vehicles (including all graphics on the vehicles) you use in the Business must conform to the quality standards, specifications and uniformity requirements we establish from time to time. All vehicles you operate in the Business must be kept clean, be properly maintained and be in good working order.

8.8 Branding of Products.

Except as we approve in the Operations Manual or otherwise in writing, you will not under any circumstances have the right to: (a) use or display the Marks on or in connection with any Product and Service; (b) acquire, develop, create, package or manufacture any product using the name "Novus®" or any of the Marks, or direct any other person or entity to do so; (c) acquire, develop or manufacture any product that has been developed or manufactured by or for us for use with the Business System and which is sold under any of the Marks, or direct any other person or entity to do so; or (d) use, have access to, or have any rights to any proprietary formulas or configurations for any Products and Services developed by us or on our behalf

8.9 Profit and Payments.

You acknowledge that we or our affiliates may make a profit on purchases of Products and Services you make from us. You also acknowledge that we or our affiliates may receive Payments based in whole or in part on purchases of Products and Services you make from a Designated Supplier, Approved Supplier or another third party. Any Payments we or our affiliates receive from a Designated Supplier, Approved Supplier or other third party as a result of your purchases from Designated Supplier or Approved Supplier or other suppliers or distributors will be our property and you will not have any right to any portion of those Paymentspayments.

8.10 Purchases from Us, or From Designated Supplier or Approved Supplier.

We and our affiliates will have the right to change the prices, delivery terms, payment terms, and other terms relating to the Products and Services sold to you without giving you prior notice, and discontinue the sale of any Products and Services for any reason. We and our affiliates will not be liable to you for the unavailability of Products and Services from us or from a Designated Supplier or Approved Supplier, or for any delay in shipment or receipt of Products and Services from us, or from a Designated Supplier or Approved Supplier due to temporary product shortages, order backlogs, production difficulties, delays, unavailability of transportation, tire, strike, work stoppage, or other causes beyond the control of us or our affiliates.

8.11 National or Regional Accounts.

From time to time, we may offer you the opportunity to provide services to a national or regional insurance company, fleet account, or other account in your APR. If we do so, you have the right to accept the account, provided you comply with all of our procedures for servicing the account (which may include pricing and service policies, as negotiated with the account). If you decide not to service the account, or if the account expresses dissatisfaction with your servicing of the account, then we have the right to permanently assign the right to service that account in your APR to another Novus business, including one owned by us or our affiliates, or to other service providers.

ARTICLE 9. RETAIL LOCATION SITE SELECTION

9.1 Site Selection.

You will hire an experienced commercial real estate agent to advise you on all real estate matters related to a Retail Location. You will be responsible for selecting a site for the Retail Location, for purchasing or leasing the real estate, and for constructing or remodeling the building premises. At your request, we will meet with you and your commercial real estate agent or expert to discuss any proposed sites for your Retail Location. If you request a meeting with us, you must reimburse us for all Salaries and Travel Expenses we or our employees or agents incur to review any proposed sites in your APR. You acknowledge that our review of any proposed site, the lease, and the plans and specifications for your Retail Location, and any information that we may provide in the selection or development of the site, is not a representation, warranty or guaranty by us that the Business will be economically successful or profitable if it is operated at that site, and you will assume all responsibility for the business and economic risks associated with the selection of the site.

9.2 Failure to Locate Suitable Site.

If you elect to operate as a Retail Location business and fail to either purchase or lease a site for the Retail Location within 90 days from the date of this Agreement, unless you choose to begin operating as a Mobile business, then we will have the right to terminate this Agreement under the terms of Article 18.

9.3 Lease.

If your Retail Location is leased, then you are responsible for negotiating and obtaining a lease for a term that is consistent with the term of this Agreement. You must pay all costs and expenses incurred for any construction or remodeling of the Retail Location and premises.

9.4 Construction or Renovation.

You are responsible for inspecting the Retail Location during construction or renovation to ensure that the premises are being constructed or renovated according to your plans and specifications. You are also responsible for complying with all local, state and federal laws, ordinances, statutes and building codes, and for acquiring all licenses, building permits and other permits required by all federal, state, city, municipal and local laws in connection with the operation, construction or renovation of the Retail Location.

9.5 Our Option to View Retail Location.

You will submit plans and specifications for the Retail Location to us for our review before beginning construction or remodeling. We may, at our expense, view the Retail Location during construction or renovation at such times as we deem necessary for the purpose of determining the progress of construction or renovation and to determine whether the interior and exterior of the premises have the physical appearance generally associated with the Marks and Business System. Our review of your plans and specifications, and our viewing of the Retail Location during construction or renovation will not be for the purposes of determining that the Retail Location is being constructed or renovated (a) according to the plans and specifications, (b) in compliance with applicable laws or ordinances, or (c) in a quality manner. We will have no responsibility or liability to you or to any other party if the Retail Location is not constructed or renovated according to the plans and specifications, in compliance with applicable federal, state or local laws or ordinances, or in a workmanlike manner.

9.6 Relocation.

You may, with our prior written approval, relocate the Retail Location to another location in the APR during the term of this Agreement, provided that the proposed new location is not within two miles of any stand-alone (as opposed to approved affiliate) Novus[®] business that is managed, owned, or operated by us or by any franchisee of ours. However, the "new" location, including the building and premises, must comply with all applicable provisions of this Agreement and with our then-current specifications. Relocation of the Retail Location under this provision will not change or alter the APR.

9.7 Catastrophes.

If the Retail Location is damaged or destroyed by fire or other casualty, then you will, within 30 days after the damage or destruction, initiate the repairs and reconstruction necessary to restore and reopen the premises.

ARTICLE 10. TRAINING

10.1 Initial Training.

We will provide an initial training program (the "Initial Training Program") for you and one employee you designate (provided your employee takes the training at the same time you do). The Initial Training program will be held at a Novus regional training center in Minneapolis, Minnesota, or at another location we designate. The Initial Training Program will include classroom and/or hands-on instruction in basic business operations, understanding the automotive industry, accounting and bookkeeping procedures, reporting requirements, business planning and goal setting, selling and marketing techniques, customer service, quality control, equipment operation and maintenance, conducting sales calls and presentations, and other business, financial and marketing topics we select. If you are not serving as the full-time manager of the Business, the Business must at all times be under the supervision of a full-time manager who has completed the Initial Training Program.

10.2 Initial Glass Repair Training.

We will provide initial Glass Repair training (the "Initial Glass Repair Training") for you and one employee you designate (provided your employee takes the training at the same time you do). The Initial Glass Repair Training will be held in Minneapolis, Minnesota, or at another location we designate. It will include classroom and on the job training in Glass Repair, including varieties and types of windshield damage, repair capabilities, the Novus® system for Glass Repairs and related services. The Initial Glass Repair Training will last between five and one-half and eight days.

10.3 Initial Glass Replacement Training.

We will provide initial Glass Replacement training (the "Initial Glass Replacement Training") for you and one employee you designate (provided your employee takes the training at the same time you do). The Initial Glass Replacement Training will be held at a Novus regional training center. The Initial Glass Replacement Training will include hands-on instruction in glass replacement, understanding the automotive glass replacement industry, quality control, equipment operation and maintenance, and other topics we select. The purpose of the Initial Glass Replacement Training will be to teach the fundamentals of glass replacement and the glass replacement business. The trainee will not become an expert in glass replacement over the course of this training program, but will be taught basic techniques and methods and will be provided with criteria for hiring experienced glass replacement installers. We recommend that you initially hire an experienced glass replacement installer. The Initial Glass Replacement Training must be completed within 60 days after the Initial Glass Repair Training; provided, however, that if for any reason this training has not been completed within this time period, then you must pay an additional \$500 training fee for this Training. The Initial Glass Replacement Training will be for a minimum of two consecutive weeks.

10.4 Initial Training Fee.

You must pay us a nonrefundable training fee of \$8,000 (the "Initial Training Fee") for the Initial Training Program, the Initial Glass Repair Training and the Initial Glass Replacement Training (collectively the "Required Training Programs"). However, if the principal owner/operator of the Business is an experienced National Glass Association ("NGA") certified master auto glass

technician who passes our glass replacement test, we will waive the requirement for the Initial Glass Replacement Training, and give you a credit for ~~\$3,000 of the Initial Training Fee, as described below,~~ that you may use for product purchases, or to apply against the principal of any initial financing we provide to you. In addition, if the principal owner/operator does not meet these requirements, but you have a full-time employee on staff at the time of the opening of the Business who is an experienced NGA certified master auto glass technician who passes our glass replacement test, we will postpone the training obligation, and if that person remains on staff full-time continuously for at least one year following the opening of the Business, we will waive the obligation to attend training and issue this \$3,000-credit. We will offer the glass replacement test at the Retail Location, so long as you provide the vehicle and glass for the test, and you pay our out-of-pocket costs for travel and living expenses in connection with the provision of this training, or you can take it at our offices. The amount of the credit will be \$3,000, less \$750 for the test we provide, and less any travel and other out-of-pocket costs we incur if you want us to provide the testing outside of our offices.

10.5 Successful Completion of Required Training.

You and your managers, and any other of your employees that we designate must attend and successfully complete the Required Training Programs within 60 days of the date of this Agreement and before you open the Business.

10.6 Annual Programs.

We may require you to annually attend one additional training program (which could be our annual meeting or convention). Whether or not you attend this program, you must pay our then-current fee for attendance.

10.7 Additional Training.

You and the appropriate employees of yours must attend and successfully complete all additional Glass Repair and Glass Replacement and other technical training we require to (a) improve the quality and standards of Products and Services offered in connection with the Business System, (b) improve the operation of the Business, or (c) maintain the product and service consistency we require. You will pay us our then-current training fee for each employee who attends any additional training programs we conduct. In addition, you will register with and complete all training and other requirements to obtain registration from the Automotive Glass Replacement Safety Standards Council indicating that you meet ANSI/AGRSS Standards within 6 months of the registration eligibility, and provide us a copy of the registration within 10 days of your receipt of the certification, and within 10 days of any subsequent request on our part. If you are subject to validation or audit by AGRSS, you will provide us with the results of the audit within 10 days after your receipt of those results, and will promptly correct any deficiencies shown in the audit.

10.8 Payment of Salaries and Expenses, Release of Claims.

You will pay the Salaries and Travel Expenses for yourself and all your employees who attend any required training program. You, for yourself and all employees who attend the Required Training Programs and any additional training programs we conduct, hereby release and agree to hold us and our officers and directors harmless from and against any and all claims, liability, damages, or causes of action of any nature arising from the participation and attendance by you or any employee of yours in any of the training programs we approve, conduct, or require.

ARTICLE 11.
OPENING ASSISTANCE, INITIAL ADVERTISING

11.1 Opening Assistance.

After you and your employees have successfully completed all required training, we will, if this is your first Franchise Agreement with us, make a representative of ours available to you in the APR for up to five days to assist you in training your employees, implementing the Business System and evaluating initial business operations. In addition, after you complete your training (or if this is your second or subsequent Franchise Agreement with us then from the date of this Agreement), we will make a representative of ours available to you, by telephone, for 60 days to assist you in implementing the Business System.

11.2 Initial Advertising.

We will provide you with recommended advertising and promotional production materials for conducting an initial advertising and promotional campaign for the Business. The initial advertising and promotional campaign materials will generally include newspaper advertising, radio spots, television commercials (to be customized with "tag lines" by us at your expense), Yellow Pages advertisements, outdoor advertisements, Internet advertising, press releases, business announcements, direct mail advertisements, and other advertising and promotional materials that we deem appropriate. You will be responsible for all costs relating to the placement, distribution or mailing all advertising and promotional materials and are expected to spend a minimum of \$2,000 on your initial advertising and promotional campaigns.

ARTICLE 12.
OUR OBLIGATIONS

12.1 Business System.

Consistent with our uniformity requirements and quality standards, we or our authorized representative will (a) provide you with a written schedule of all supplies, technology and equipment we think is necessary for the operation of the Business, (b) recommend basic business and accounting procedures for the Business, (c) periodically review the Business and render written reports to you as we deem appropriate, (d) legally protect and enforce the Marks and the Business System for the benefit of all our franchisees and licensees in the manner we deem appropriate, (e) provide you with the Operations Manual and all supplements that may we may publish from time to time or provide you access to a Secure Website containing the Operations Manual and supplements, and (f) upon your reasonable request, render advisory services by telephone or in writing pertaining to the Business System and the operation of the Business as we deem appropriate, reasonable and necessary.

12.2 Our Marketing Expenditures.

Each calendar year during the term of this Agreement, we will make expenditures for general advertising, marketing, public relations and promotion of the Glass Replacement, Glass Repair and other Products and Services provided under the Marks (referred to in this Article as "Marketing Expenditures"). The amount we will spend on Marketing Expenditures will be equal to (i) 2% of the Gross Revenues on all Glass Repair Products and Services sold by our franchisees on which we are paid royalties, and (ii) 3% of the Gross Revenues of all other Products and Services on which we receive Royalty Fees of 8% or more from our franchisees.

Marketing Expenditures we make will be based on Gross Revenues and not on any Minimum Monthly Royalty Fee paid by you or any other franchisee. We will determine how, where, and when the Marketing Expenditures will be spent, including purchasing and paying for product research and development, sales and marketing materials, advertising materials, ad slicks, brochures, and radio and television commercials, services provided by advertising agencies, market research, media time and space advertising (including Internet, radio, television, newspaper, magazine and other print advertising), promotions, convention expenses, development and protection of our Marks, marketing, public relations, telemarketing, the establishment and maintenance of Internet sites promoting our brand, including Social Media Sites, the cost of providing toll-free and other telephone services for the benefit of our franchisees, and other national, regional and local advertising and promotion that we deem appropriate. We may also use the Marketing Expenditures to pay for long distance telephone charges, office rental, furniture, fixtures and equipment, leasehold improvements, Salaries and Travel Expenses, office supplies and other administrative costs we incur in connection with these marketing activities. We will have the absolute right to spend the Marketing Expenditures for advertising, marketing and promoting Glass Replacement services, Glass Repair services, and/or other Products and Services, in any manner or way that we choose, even if you do not offer some of the advertised Products and Services in the Business. We will have no obligation to spend any portion of the Marketing Expenditures in your APR. If you request, we will provide you with a report of the Marketing Expenditures within 120 days after the end of each calendar year.

ARTICLE 13. QUALITY CONTROL, UNIFORMITY AND STANDARDS REQUIRED OF FRANCHISEE

13.1 Standards of Quality and Service.

We will from time to time publish uniform standards of quality and service for the Business System to protect and maintain (for our benefit and for the benefit of all Novus® franchisees) the distinction, goodwill and uniformity represented and symbolized by the Marks and the Business System. You agree to comply with all such standards, which will include replacement of graphics, signage and equipment as necessary to comply with our then current standards.

13.2 Identification of Business.

You will operate the Business so that it is clearly identified and advertised under the Marks we specify. The style and form of the word “Novus®” and the Marks you use in your advertising, marketing, public relations, telemarketing, or promotional programs or campaigns, including but not limited to any Internet website, or Social Media Site, must comply with our specifications as set forth in the Operations Manual or otherwise. Further, you agree that you will:

- (a) Use the name “Novus®,” the Marks, the approved logo and all graphics commonly associated with the Business System on all advertising, public relations and promotional materials, including but not limited to on the Home Page or any Social Media Site approved by us, signage, vehicles, checks, stationery, paper supplies, business cards and other materials in the identical combination and manner we specify;
- (b) Purchase from us, at the time you sign this Agreement, an Initial Franchise Identification Package for the Business, which will include an initial supply of decals,

invoices, business cards, uniforms, and other logo items you will initially use in the operation of the Business;

(c) Not use or advertise any name or mark other than the Marks, and your individual or corporate name, on any vehicles or materials you use in the Business, and not use all or part of the “Novus®” name, any of the other Marks, or any similar name, word or symbol or variant thereof, in a domain name, account name, profile or URL, except as specifically approved by us; and

(d) At your expense, comply with all trademark, trade name, service mark, copyright, patent and other registration notices and notice markings that we require or that are required by applicable law.

If you fail to comply with any of our brand identity standards, and do not correct your noncompliance within 10 days after notice, then in addition to any other rights we may have, we may charge you an image fee, of up to \$500 per month, until you comply.

13.3 Compliance with Standards.

You will operate the Business and use the Marks and the Business System in compliance with the moral and ethical standards, quality standards, operating procedures, policies, specifications, requirements and instructions we set forth in the Operations Manual, as amended and supplemented from time to time. You will conform to all customer service standards and policies we specify.

13.4 Your Name.

You will not use the word “Novus®” or any words confusingly similar, or part or variant thereof, to any of the Marks in your corporate, partnership or sole proprietorship name. You will hold yourself out to the public as an independent contractor operating the Business under a franchise from us and you will clearly indicate on your business checks, stationery, business cards, invoices, receipts, advertising, public relations and promotional materials, including on your Home Page and any Social Media Site approved by us, and other written materials that you are a franchisee of ours. You will display signs at the Retail Location that are clearly visible to the general public indicating that the Business is independently owned and operated as a franchised business. You will file for a certificate of assumed name in the manner required by applicable state law so as to notify the public that you are operating the Business as an independent business under this Agreement.

13.5 Advertising and Promotion.

You will spend at least 4% of your Gross Revenues each calendar quarter for local advertising and to promote the Business in the APR, including Yellow Page advertising and other advertising and promotional programs we approve. In January of each year, you must provide us with information in a form we request showing the expenditures you made in the previous year on these advertising and promotional programs. If you did not spend the entire amount we required you to spend in that year, you must submit the difference to us, with your report, and we will add that money to the Marketing Expenditures we make under Article 12.2 of this Agreement. All advertising, marketing, public relations, telemarketing and promotional materials making use of the Marks must be approved by us prior to use or placement, and you

will not conduct any media advertising or promotion for the Business until we have given you our prior written approval. Any advertising or promotional materials we provide to you will be deemed approved. If more than one Novus[®] glass franchisee or licensee is authorized by us to operate in the APR, then we will have the right to require you to become a member of, participate in and contribute to a local cooperative advertising group. The local advertising group will, by the majority vote of its members, determine and carry out approved local advertising and promotion for the benefit of all of the franchisees in the APR, and will allocate the costs of local advertising and promotion, including Yellow Page advertising, among the members. Any amounts you contribute to the local advertising group will be credited towards your 4% local advertising obligation under this Article 13.5. You will not permit any third party to advertise its business, or its products and services, in conjunction with the Business, without obtaining our prior written approval.

13.6 Telephone and Telephone Directory Listing.

We may require you to obtain local telephone service from a supplier we designate. If we so require, we will pay the cost of the telephone number that we select for your business (and we will own that telephone number) as a Marketing Expenditure, but you will purchase and pay for your own local telephone service. You will continually advertise the Business in the Yellow Pages in the APR under all of the listings we designate or approve. The timing, size, form, content, layout, copy and presentation of all Yellow Pages advertising will conform to our specifications. You will participate in the Yellow Pages advertising programs and in such other directory advertising programs as we may specify from time to time. You will pay all costs for Yellow Pages and other directory advertising. If more than one franchisee is authorized to operate within any APR covered by a single directory, then you will, upon written notice from us, participate in a single cooperative advertisement and prepay your proportionate share of the placement of such cooperative advertisement. All Yellow Page advertising done in accordance with this Article will qualify as part of the 4% local advertising obligation set forth in Article 13.5.

13.7 Signage.

You will only display signage at the Retail Location and on your vehicles that meet our specifications, and you will not use or display any other signs of any kind or nature in connection with the Business without obtaining our prior written approval. If you operate a Retail Location business, you must either order your building signage from us (and pay for that signage) at the time you sign this Agreement, or, within 30 days after you sign this Agreement, you must provide us a copy of a paid receipt, evidencing that you have purchased and paid for signage that meets our requirements from a supplier we have approved. In addition, you must erect the building signage for the Business within 60 days of the date of this Agreement or within 15 days of the date you acquire possession of the Retail Location, whichever is later, but in any event, before you begin operating the Business. You will be responsible for all costs of acquiring and installing the signage. If you fail to install the required signage in the month you begin operating your business, you will then be responsible to pay us an additional image fee of \$500 per month, on the first day of each subsequent month, until the signage has been installed. You will not alter or redesign the signage without our prior written approval.

13.8 Maintenance of Equipment.

You will, at your expense, repair and keep in proper working condition the equipment and technology used in the Business. All such equipment and technology must at all times meet our quality standards. All replacement equipment, technology, supplies and other items you use in the Business must comply with our then-current standards and specifications.

13.9 Participation in Warranty Programs.

You will offer to the customers of the Business, and participate in, all product and service warranty programs we establish. You will also participate in the “warranty reciprocity program” and will accept and abide by all requirements and limits on warranty compensation we establish. You will reimburse any other franchised or company-owned Novus® business that satisfies any warranty or guaranty on work performed by you for the cost of all replacement parts and the labor charges we establish from time to time. You will submit to us written claims for warranty work you perform that result from Products and Services provided by other franchised or company-owned businesses. We will use reasonable efforts to timely notify you if you will not be reimbursed for providing warranty work.

13.10 Customer Records.

In order to comply with applicable federal and state laws, including any glass or other product recalls required by law, and to properly process warranty claims for customers who have purchased products and services from you or from other franchisees, you will maintain complete and accurate records of all sales and service for all products and services sold to your customers. You will, upon written request from us, provide us with: (a) the name, address, city, state, zip code and telephone number for each of your customers, together with a complete description of the Products and Services purchased by the customer, including, if applicable, brand and model numbers; (b) all warranty cards received from your customers; (c) any other customer information we require to comply with applicable laws or to provide required product or service information; and (d) all other reports we require, including accurate records for all customer service and repair calls made by you for any Products and Services.

13.11 Our Right to Review.

We may, after giving you three days written notice, inspect: (a) the Retail Location; (b) your vehicles; and (c) your inventory. We also have the right to review your business records and to examine your operating practices to determine whether they meet our quality and service standards. We have the right to take photographs, and make video, digital and/or audio recordings during the inspection.

13.12 Remodeling of Retail Location.

If you operate a Retail Location business, you must periodically make reasonable capital expenditures necessary to remodel, modernize and redecorate the Retail Location, and to replace and modernize your furniture, fixtures, signage, supplies and equipment so that the Retail Location will reflect the then-common image we want portrayed by businesses operating under the Marks (hereinafter referred to as “remodeling”). All remodeling of the Retail Location must be done in accordance with our standards and specifications and with our prior written approval. You must begin remodeling the Retail Location within three months after you receive written notice from us specifying the required remodeling, and you will diligently complete the remodeling within a reasonable time. Except as provided under Article 13.8, we will not require

you to remodel the Retail Location, or to replace or modernize your furniture, fixtures, supplies and equipment, more than once every five years.

13.13 Compliance with Applicable Laws.

You will, at your expense, comply with all federal, state, city, local and municipal laws, ordinances, rules and regulations pertaining to the operation of the Business, including all health and safety laws and regulations, all driving and vehicle laws, all environmental laws, and all employment laws. You will, at your expense, be responsible for determining all drivers and other licenses and permits required by law for the Business and for your employees, for obtaining all licenses and permits, and for complying with all applicable laws.

13.14 Payment of Taxes and Other Obligations.

You will be responsible for the prompt filing and payment of all Taxes. You will timely pay all of your liquidated obligations and liabilities due and payable to us, and to your suppliers, lessors and other creditors, including obligations to pay suppliers for Products and Services.

13.15 Reimbursement of Our Taxes.

We will pay our own corporate income and other taxes. However, if any "franchise" or other tax that is based on the Gross Revenues, receipts, sales, business activities or operation of the Business ("franchise tax") is imposed upon us by any taxing authority (including any sales, income or related tax imposed upon us by the state in which the Business is located as a result of any royalties or other fees you pay to us), then you will, upon receiving written notice, reimburse us in an amount equal to the amount of the tax and related costs imposed on us.

13.16 Standard Attire.

You and your employees will wear the uniforms and standard attire we specify, and maintain those uniforms in a clean condition. You will assure that all employees practice good personal hygiene.

13.17 Business Hours, Personnel.

The Business will be open for business (at a minimum) from 8:00 a.m. to 5:00 p.m. Monday through Friday, or during such other minimum business hours we specify. When you or your Manager are not on duty, you will have at least one employee on duty that has successfully completed the Required Training Programs necessary to be certified by us as "Factory Trained." At least half of your employees must at all times have successfully completed the training required to be certified by us as "Factory Trained." You will at all times have at least one full-time employee (who may be the Franchisee if the Franchisee is an individual) who has successfully completed the Required Training Programs. You will at all times have a sufficient number of adequately trained and competent personnel on duty to guarantee efficient service to your customers and clients to comply with our customer service standards.

13.18 Security Interest.

To secure the payment of the fees and your obligations set forth herein, you grant us security interest in the receivables, inventory, equipment, and other assets of the Business, whether now existing or hereinafter created, together with all proceeds of such assets. You authorize us to file one or more financing statements to evidence this security interest. This Agreement and the franchise granted to you under this Agreement may not be the subject of a security interest, lien,

levy, attachment or execution by your creditors or any financial institution, except with our prior written approval.

13.19 Notices of Default, Lawsuits or Other Claims.

You will immediately deliver to us a copy of any notice of default you receive from any mortgagee, trustee under any deed of trust, contract for deed holder, lessor or any other party related to the Business and copies of all lawsuits, consumer claims, employee claims, federal or state administrative proceedings or investigations, and other claims, actions or proceedings relating to the Business. You will provide us all additional information we request regarding any of those matters.

13.20 Fax Equipment.

You will obtain and maintain at all times during the term of this Agreement an electronic telephone facsimile ("fax") or such other telecommunications or information processing equipment we specify. Your fax equipment must be in operation to receive and send information at all times during business hours.

13.21 Office Equipment; Computer Hardware and Software.

You must obtain and maintain during the term of this Agreement such office equipment and software as we may from time to time require you to use in operating the Business, including (a) photocopy equipment, (b) a point of sale and accounting software package to perform customer and inventory management, data processing, and accounting functions, (c) computer hardware and peripheral equipment necessary to operate the point of sale and accounting software, and (d) the computer software necessary to provide the Products and Services we specify. You will, upon written notice from us, upgrade all computer equipment and all point of sale and accounting software used in the Business to the standards and specifications we specify. All office equipment and software must meet our standards and specifications.

13.22 Telephone Equipment.

In addition to standard telephone equipment, you must obtain and maintain during the term of this Agreement such mobile or portable cellular telephone equipment, paging equipment, and wireless communication devices as we may from time to time require you to use in the Business, which must meet the standards and specifications we specify. During the minimum business hours we specify, incoming telephone calls received by the Business must either be answered live by you or an employee, or by a telephone service that is answered by a person who is properly trained to schedule jobs and appointments and take messages for the Business.

13.23 E-Mail Address.

You must have access, during the term of this Agreement, to the World Wide Web, 24 hours a day, seven days a week, using a high speed Internet connection. We will provide one e-mail address to you for you to use in the operation of the Business, at no additional charge. You must use this e-mail address in the operation of the Business, and you may not separately establish any other e-mail addresses for the Business. If, however, you do want additional e-mail addresses, we will provide them to you at an additional cost of \$25 each. Your e-mail address will be used as a method for you and us to communicate with each other and to transmit documents and other information. Except as set forth in the Operations Manual, you will not use the word Novus® or any of the other Marks as any part of your e-mail address. You must review your e-mail at least

once during every business day and use reasonable efforts to respond to all e-mails from our employees and executives within 24 hours during business days and within 36 hours during weekends and holidays.

13.24 World Wide Web Home Page and Social Media.

We will establish a home page for you on our website. You will pay us an initial fee of \$300 to establish the Home Page when you sign this Agreement, and you must pay us a monthly maintenance fee to maintain the Home Page. You may not otherwise establish a website or home page on the World Wide Web, or establish, use, or maintain, or have established or maintained on your behalf, either alone or in concert with others, any other Social Media Site except as we may approve in our sole discretion. The Home Page and any Social Media Site approved by us must be operated and maintained by you in compliance with all provisions of this Agreement, including those regarding the use of confidential and proprietary information, as well as any and all operating procedures, policies, standards and requirements as we may specify from time to time. You also must operate and maintain the Home Page and any Social Media Site approved by us in compliance with all applicable laws, rules, and regulations, including but not limited to those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements. We reserve the right at any time, in our sole discretion, to require you to remove, delete or modify any website, homepage, Social Media Site, or any information, content or post thereon. We will retain sole ownership of any Novus Social Media Site, including any domain name related thereto and all content thereon.

13.25 Referral Programs.

From time to time, we may prescribe glass repair and/or glass replacement referral or marketing programs to you, whether Internet based or otherwise, and we may require that you participate in these programs (and pay all fees associated with such participation).

13.26 Entity Requirements Regarding Formation Documents.

If you operate as an entity, you must, at our request, provide us a copy of your Articles of Incorporation, Articles of Organization or other documents required by state law to form your entity.

13.27 Subcontracting.

You may subcontract Glass Replacement services only (not Glass Repair services) if you have obtained our prior written approval, which will be granted in our sole and absolute discretion, and which approval may be withdrawn at any time upon 10 days written notice to you. You must obtain our approval for each and every subcontractor to whom you wish to subcontract Glass Replacement services. If you do subcontract any Glass Replacement services, by doing so you agree that any and all subcontracting will be conducted only pursuant to the terms of this Agreement and will be subject to any and all rules and requirements regarding subcontracting that we establish from time to time, including but not limited to rules and regulations contained in our Operations Manual. In addition, you agree that you will be solely responsible for all invoicing and collection of payments related to any subcontracting of services, and you will continue to be directly responsible to us for all amounts under this Agreement as if you had performed such Glass Replacement services yourself. You must have obtained from all approved subcontractors adequate proof of worker's compensation insurance coverage in accordance with the statutory requirements of the state in which you are domiciled and in which

the services are performed. If at any time you subcontract Glass Replacement services for which you have not obtained our prior approval (or any Glass Repair services), it will be considered a breach of a material provision of this Agreement, and we will have the right to terminate this Agreement in accordance with Article 18.1(d) herein.

ARTICLE 14. INSURANCE

14.1 General Liability Insurance.

You must purchase and maintain general liability insurance with coverage of at least \$1,000,000 insuring you and your officers, directors, agents and employees, from and against any and all loss, liability, damage, claim and expense of any kind whatsoever, including bodily injury, personal injury, death, property damage, products liability and all other damages resulting from (a) the condition, operation, use, business or occupancy of the Business or the Retail Location and (b) the operation of any customer's vehicle by any of your employees.

14.2 Garage Keepers Liability Insurance.

You must purchase and maintain garage keepers insurance with coverage of at least the amounts set forth below insuring you and your officers, directors, agents and employees, from and against any and all loss, liability, damage, claim and expense of any kind whatsoever, including personal injury, death, property damage, tire and theft caused to any customer's vehicle in your care, custody and control as a result of tire, explosion, theft, vandalism, riot and civil commotion, and collision. The garage keepers insurance coverage must be written on a direct primary basis and be at least \$100,000 for a Retail Location and at least \$100,000 for a Mobile Unit.

14.3 Vehicle Liability Insurance.

You must purchase and maintain automobile liability insurance with coverage of at least \$1,000,000 (combined single limits) insuring you and your officers, directors, agents and employees, from any and all loss, liability, damage, claim and expense of any kind whatsoever resulting from the use, operation or maintenance of all automobiles or vehicles owned or used by you or any of your employees (including automobiles owned or leased by any of your employees) in connection with the Business. If offered, you will also have adequate uninsured motorist insurance coverage.

14.4 Property Insurance, Fire and Extended Coverage.

You must purchase and maintain "all risks" property insurance coverage, which must include tire and extended coverage, vandalism and malicious mischief coverage, and garage keepers' coverage for the Retail Location, inventory, machinery and equipment you own or lease for the Business. Your property insurance policy (including tire and extended coverage) must have coverage limits of at least "replacement" cost.

14.5 Umbrella Liability Coverage.

You must purchase and maintain umbrella liability insurance in the minimum amount of \$1,000,000 that will provide additional liability insurance coverage for any liability incurred by you in excess of the primary liability insurance coverage you carry under your general liability insurance, vehicle liability insurance and employer's liability insurance policies.

14.6 Worker's Compensation Insurance.

You must purchase and maintain worker's compensation insurance covering your employees who are injured in the course of employment, as well as employers liability insurance having primary limits of \$500,000 covering bodily injury by disease per employee, \$500,000 covering bodily injury by disease in aggregate, and \$500,000 covering bodily injury by accident.

14.7 Other Insurance.

The insurance coverage set forth in this Article only describes the minimum insurance we require you to obtain. It is your obligation to determine whether you need to carry other insurance, or higher levels of insurance either by law or because of the nature of your business or any contract you have signed. We also have the right to require you to obtain additional insurance coverages.

14.8 Our Rights.

All insurance policies we require you to obtain must name us as an additional named insured, and must provide that we will receive copies of all notices of changes in these policies, or cancellation, nonrenewal, or coverage reduction or elimination, at least 30 days before any cancellation, nonrenewal or change takes effect. Before operating the Business, and immediately after changing any insurance coverages, you must provide us with certificates of insurance confirming you have obtained all the insurance coverage we require. If you fail to maintain the insurance coverage we require, or fail to timely provide us evidence of this coverage, we have the right, but not the obligation, to obtain the required insurance coverage. You will promptly sign all applications and other documents required to obtain the required insurance, and will, upon receipt of an invoice, immediately reimburse us for the cost of obtaining the required insurance.

ARTICLE 15. FINANCIAL STATEMENTS AND REPORTING

15.1 Financial Statements.

You must give us semi-annual and annual Financial Statements for the Business within 90 days after (a) the end of each semi-annual period and (b) your fiscal year-end. All Financial Statements you provide to us must be prepared using a chart of accounts and format we specify.

15.2 Verification of Financial Statements.

If your annual or semi-annual Financial Statements are not prepared by an independent certified public accountant, then you (if you do not operate as an entity), or your senior executive officer, must certify the accuracy and completeness of the financial statements.

15.3 Gross Revenues Report.

You must maintain an accurate written record of the daily Gross Revenues for the Business. By the 10th day of each month, you must give us a signed statement of the Gross Revenues generated by the Business (the "Gross Revenues Report") in the preceding month, using the forms we specify.

15.4 Our Audit and Review Rights.

We have the right at any time to review and audit your Financial Records for the last five fiscal years. The review may be conducted by an employee of ours or by other people we designate. If

we elect to proceed with an audit of your Financial Records, then the audit will be conducted by a certified public accountant. You and your accountants will make all of your Financial Records available to us for review and audit at the Retail Location, or in the case of a Mobile business, at the place specified in Article 24.16 for notice to you. You will also provide our representative(s) with adequate facilities to conduct the review and audit. We and our representatives will have the right to make copies of all or any of the Financial Records and to copy and duplicate all Financial Records on your computer system. You should expect to have your Financial Records reviewed and/or audited by us at least once every five years. You will at all times store and maintain the Financial Records in a dry, safe and secure place. We will provide you with a written copy of the report prepared by the reviewer or auditor.

15.5 Audit/Review Costs.

If our audit or review results in a determination that you have overpaid monthly Royalty Fees or other amounts due to us, the amount of the overpayment will be refunded to you within 20 business days from the date of the report. If our audit or review results in a determination that you underpaid us, then you will, within 20 business days of receipt of an invoice, pay us the amount of all past due monthly Royalty Fees and other amounts owed to us, together with late payment charges as provided for in this Agreement. If our audit or review results in a determination that you underpaid the monthly Royalty Fees by more than \$500 during any 12 month period, then you must reimburse us for all costs and expenses we incurred in connection with the review and audit of your Financial Records, including payments made to the accounting firm conducting the review or audit and the Salaries and Travel Expenses incurred by our employees who were involved with or conducting the audit or review. If we had someone other than a certified public accountant review your Financial Records under Article 15.4 and the review shows an underpayment of the monthly Royalty Fees by more than \$500 during any 12 month period, you may contest the review and request an audit by an independent certified public accountant. You must pay for the audit by the independent certified public accountant, but if the audit reveals that you did not underpay the monthly Royalty Fees by more than \$500 during any 12 month period, then we will reimburse you for the cost of the audit.

ARTICLE 16. OUR RIGHT OF FIRST REFUSAL

16.1 Our Right of First Refusal.

You will not Sell or Transfer any interest in or any part of the Business Assets to any person or entity without first offering the same price and terms to us in a written offer that contains all material terms and conditions of the proposed transaction ("Price and Terms"). This provision will not apply to (i) the Sale or Transfer of Business Assets (with the exception of this Agreement) by you to a bank, financial institution or other recognized commercial lender in connection with the financing of the leasehold improvements, furniture, fixtures, supplies and equipment, and/or the real estate and building used in the Business, (ii) a Sale or Transfer of any Ownership Interest to a member of your Immediate Family, (iii) the Sale or Transfer of any Ownership Interest to a Key Employee following your death, or (iv) a Sale or Transfer of any inventory of the Business to the extent the Sale or Transfer occurred in the normal course of business and is not otherwise part of a Sale or Transfer of any other Business Assets.

16.2 Notice of Proposed Sale.

If we request additional information concerning the Business or the Price and Terms, you will immediately provide us with all other information pertaining to the Sale or Transfer, the Business Assets and the Price and Terms that we request. Once we receive this information, we will have 15 business days to notify you that we are exercising our right of first refusal to purchase the Business Assets according to the Price and Terms. If we waive our right of first refusal, then you will have the right to complete the Sale or Transfer of the Business Assets according to the Price and Terms, however, the Sale or Transfer must still comply with the terms and conditions of Article 17.2. However, if you do not complete Sale or Transfer on the Price and Terms previously presented to us within 45 days after we waived our right of first refusal (either because you did not complete the sale within that time period, or because you changed the Price and Terms), then before you can complete a Sale or Transfer, you must comply again with our right of first refusal as set forth in this Article 16. If we waive our right of first refusal or reject your written offer to Sell or Transfer the Business Assets, that will not change your obligations to us, or relieve you of your obligations under this Agreement, and the terms and conditions of this Agreement will remain in full force and effect.

16.3 Costs and Expenses.

If you notify us of your intent to Sell or Transfer the Business Assets and we state our interest in acquiring the Business Assets under Article 16.2 above, and if you subsequently determine not to Sell or Transfer the Business Assets, then you must reimburse us for all Administrative Expenses we incurred in evaluating the proposed transaction and attempting to acquire the Business Assets.

16.4 Transfer of Ownership Interest by Franchisee's Owners.

You acknowledge that an Ownership Interest is included within the definition of Business Assets, and therefore no Ownership Interest may be sold without first complying with the provisions of this Article 16. However, each of your Owners may Sell or Transfer their Ownership Interest to (i) members of his or her Immediate Family, (ii) any trust established for the members of his or her Immediate Family during his or her lifetime or upon death, or (iii) a Key Employee of yours upon death, without first offering it to us. The Owner must still give us prior written notice of any proposed Sale or Transfer and comply with the provisions of Article 17.2. The transferee owner must agree to personally guarantee this Agreement. Each proposed transferee owner who will be involved in the operation or management of the Business must also successfully complete the Required Training Programs. All Ownership Interests you issue to your Owners must bear the following legend:

“The Ownership Interest represented by this certificate is subject to a written Franchise Agreement which grants Novus Franchising, Inc. the right of first refusal to purchase these Ownership Interest from the Owner. Any person acquiring the Ownership Interest represented by this certificate will be subject to the terms and conditions of the Franchise Agreement which includes provisions containing covenants not to compete that apply to all Owners.”

16.5 Selling Owners Subject to Covenant Not to Compete.

Any Owner of yours that Sells or Transfers any Ownership Interest in the Franchisee will be subject to the provisions of Article 21.3 of this Agreement after the Sale or Transfer.

16.6 Our Right to Purchase Business Assets Upon Expiration.

If this Agreement expires at the end of its term and you do not exercise your option to re-franchise as provided in Article 3.2, then we will have the right, but not the obligation, to purchase all of the Business Assets, except for the Ownership Interests, in accordance with the provisions of this Article 16.6. Within 24 hours after this Agreement expires, you must give us written notice listing the cost and asking price for each one of the Business Assets. If you fail to give us notice of the cost and asking price for the Business Assets, or if we do not agree with your asking price, and you and we cannot agree on the price of the Business Assets, then either you or we will have the right to demand that the price of the Business Assets be determined by arbitration in accordance with the Code of Procedure of the National Arbitration Forum, Post Office Box 50191, Minneapolis, Minnesota 55405 (www.arb-forum.com), 1-800-474-2371. The arbitrator will not consider any value for goodwill associated with the name "Novus®" in determining the fair market value of the Business Assets since the right of purchase granted to us by this Article 16.6 only applies after this Agreement has expired. The arbitrator may not include the value of the lease for the Retail Location if we give the arbitrator written notice that we intend to assume the lease. If the arbitrator is unable to determine the fair market value of any of the Business Assets, then they will be valued at book value (cost less depreciation). We will have the right, but not the obligation, to purchase any or all of the Business Assets from you for cash within 20 days after the fair market value of the Business Assets has been established by the arbitrator in writing. However, we would also still have the right, whether or not we purchase the Business Assets, to recover any damages caused by any breach of this Agreement on your part, or any wrongful termination of this Agreement on your part, and we have the right to enforce all post-termination obligations you have in this Agreement, including the covenants not to compete contained in Article 21.3.

16.7 Our Right to Purchase Business Assets Upon Termination.

If this Agreement is terminated by either of us for any reason whatsoever, prior to its scheduled expiration, or if you at any time cease to do business in your APR, then we will have the right, but not the obligation, to purchase all of the Business Assets, except for the Ownership Interests, in accordance with the provisions of this Article 16.7. Within 24 hours after this Agreement is terminated, or after you stop operating the Business, you must give us written notice listing the cost and asking price for each one of the Business Assets. If you fail to give us notice of the cost and asking price for the Business Assets, or if we do not agree with your asking price, and you and we cannot agree on the price of the Business Assets, then we may purchase any or all of the Business Assets on the following terms:

- (a) We may purchase your interest in the leasehold for the premises in which the Business has been operated for a fee of \$1.00. If we exercise this right, you will assign such lease over to us and we will assume your remaining obligations under the lease or sublease, provided you are current under all obligations of the lease or sublease through the date of termination;
- (b) We may purchase any vehicles you were using in the Business for a price equal to the most recent NADA wholesale value of those vehicles, as published 30 days prior to the date of termination;

- (c) We may purchase any new or unused business inventory at the lower of your cost or market value, including the cost of freight;
- (d) We may purchase any equipment used in the Business at a price equal to its depreciated book value using a straight line depreciation over a period of five years, but with an aggregate price of not less than \$1.00;
- (e) We may purchase all goodwill, books and records, intellectual property, and all other intangible assets of the Business for \$1.00;
- (f) We may purchase all office supplies and other tangible assets of the Business at fair market value, not to exceed an aggregate of \$100.00;
- (g) We may purchase all accounts receivable of the Business as of the closing date at a price equal to 90% of the face value of all the accounts receivable that are under 30 days as of the closing date; and
- (h) We may purchase all furniture, fixtures, and any other assets used in the Business at the closing date, at a price equal to their depreciated book value using a straight line depreciation over a period of five years, but with an aggregate price of not less than \$1.00.

In no event will we assume any of your liabilities or obligations (except for lease obligations if we elect to purchase your leasehold interest). All of the assets we elect to purchase must be transferred to us, on forms we reasonably require, free and clear of all liens and encumbrances. In addition, we would still have the right, whether or not we purchase the Business Assets, to recover any damages caused by any breach of this Agreement on your part, or any wrongful termination of this Agreement on your part, and we have the right to enforce all post-termination obligations you have in this Agreement, including the covenants not to compete contained in Article 21.3.

ARTICLE 17. ASSIGNMENT

17.1 Assignment by Us.

This Agreement may be unilaterally Sold or Transferred by us without your approval or consent, and will inure to the benefit of our successors and assigns. We will give you written notice within 30 days after any Sale or Transfer, and the assignee will be required to fully perform our obligations under this Agreement.

17.2 Approval of Transfer.

This Agreement, or an Ownership Interest, or the Business, or the Business Assets, may be Sold or Transferred by you or the Owner only with our prior written approval. As long as you comply with the provisions of Article 16, we will not withhold our consent to the Sale or Transfer of this Agreement, or an Ownership Interest, or the Business, or the Business Assets, if:

- (a) All of your monetary obligations due to us and our affiliates have been paid in full, and you are not otherwise in default under this Agreement;

- (b) You and your Owners, in the case of a Sale or Transfer of an Ownership Interest, have signed and delivered a written agreement, in a form satisfactory to us, agreeing to be bound by the provisions of this Agreement, including the covenants not to compete contained in Article 21.3 of this Agreement;
- (c) The transferee does not own or operate, and is not involved in a business that competes directly or indirectly with or is similar to any Novus® business;
- (d) The transferee meets our managerial, financial and business standards for new franchisees, possesses a good business reputation and credit rating, and possesses the aptitude and ability to operate the Business in an economic and businesslike manner (as may be shown by prior related business experience or otherwise);
- (e) The transferee and all parties having an ownership interest in the transferee, including, if applicable, the transferee's owners, sign new agreements, in the form we then use in the grant of stand-alone repair and replacement franchises, including a new franchise agreement and personal guaranty; provided, however, that the transferee will not be required to pay a new Initial Fee or a Re-Franchise Fee;
- (f) The transferee agrees to acquire all additional items we require to identify the Business to ensure that the transferee's Business will comply in all respects with our then-current standards and specifications;
- (g) The transferee agrees to acquire all additional equipment we require to ensure that the equipment used by the transferee in the Business will comply in all respects with our then-current standards and specifications;
- (h) Before the Sale or Transfer occurs, the transferee agrees (i) that the transferee and the appropriate employees designated by the transferee will attend and successfully complete the Required Training Programs, (ii) to pay all required training fees to us, and (iii) to pay the Salaries and Travel Expenses for all persons who attend the Required Training Programs;
- (i) You sign a general release of all claims you may have against us;
- (j) You have paid us a transfer fee of \$2,500; and
- (k) You and the transferee have timely provided all of the information relating to the Sale or Transfer of this Agreement that we request to properly document the Sale or Transfer.

17.3 Acknowledgment of Restrictions.

You acknowledge and agree that the restrictions imposed by us on any Sale or Transfer in Articles 16 and 17 are reasonable and necessary to protect the goodwill associated with the Business System and the Marks, as well as our reputation and image, and are for the protection of us and all other franchisees that own and operate a Novus® business. Any Sale or Transfer permitted by this Article will not be effective until we receive fully signed copies of all

documents relating to the Sale or Transfer, and we have consented in writing to the Sale or Transfer.

ARTICLE 18.

OUR TERMINATION RIGHTS, DAMAGES

18.1 Termination for Your Breach.

In addition to our other rights of termination contained in this Agreement, we have the right to terminate this Agreement if: (a) you or any of your employees fail to successfully complete the Required Training Programs within the time periods specified in this Agreement, (b) if applicable, you fail to either purchase or lease a site for the Retail Location within 90 days from the date of this Agreement (c) you fail to open and begin operating the Business within six months from the date of this Agreement or when the Retail Location is ready for occupancy, whichever is earlier, (d) you violate any material provision, term or condition of this Agreement, including failure to timely pay any Royalty Fees or any other monetary obligations or fees due to us or our affiliates, or violate any material provision, term or condition of any other agreement with us or with any affiliate of ours, (e) you, or any of your partners, directors, officers or Owners are convicted of or pleads guilty to a charge of violating any civil or criminal law relating to the Business, (f) you fail to conform to the Business System or our standards of uniformity and quality for the Products and Services, (g) you fail to timely pay any of your obligations or liabilities to your landlord, employees, suppliers, banks, purveyors and other creditors, or to us or to our affiliates, under this Agreement or under any other agreement, (h) you are deemed insolvent within the meaning of any state or federal law, any involuntary petition for bankruptcy is filed against your, or you file for bankruptcy or are adjudicated a bankrupt under any state or federal law, (i) you make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of the Business Assets for the benefit of creditors, (j) any check you issue is dishonored because of insufficient funds (except where the check is dishonored because of an error in bookkeeping or accounting) or closed accounts, or you fail to maintain a balance in your bank account sufficient to allow payment of Royalty Fees to us by direct bank debit, (k) you fail to purchase or pay for the supplies, equipment and technology required for the Business, (l) you Abandon the Business, (m) you are involved in any act or conduct that impairs the goodwill associated with the Marks, or the Business System, (n) you refuse to fully cooperate with us or our designee in the performance of an audit of your financial records in accordance with Article 15.4, (o) you fail to file any required Tax return or fail to timely pay any Taxes when due, or (p) you do not generate the Quarterly Minimum Gross Revenues during any quarter of this Agreement.

18.2 Our Immediate Termination Rights.

Notwithstanding Article 18.3, we will have the right, unless precluded by applicable law, to immediately terminate this Agreement, by giving you written notice of immediate termination, if (a) you or any of your partners, directors, officers or Owners are convicted of or plead guilty to violating any law relating to the Business, or any gross misdemeanor or felony, (b) you are insolvent within the meaning of any state or federal law, any involuntary petition for bankruptcy is filed against you, or the you file for bankruptcy or are adjudicated a bankrupt under any state or federal law, (c) you make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of the Business Assets for the benefit of creditors, (d) you Abandon the Business, (e) you are involved in any act or conduct that materially impairs the

goodwill associated with the Marks or the Business System and you fail to correct the breach within 24 hours of receiving written notice of the breach from us, or within the time specified by law, or (f) you fail or refuse to produce your financial and business records for audit by us as required by Article 15.4.

18.3 Notice and Opportunity to Cure.

Except as provided in Article 18.1 and/or Article 18.2, we will not have the right to terminate this Agreement unless and until we give you (a) written notice setting forth the alleged breach in detail, and (b) you fail to correct the alleged breach within the period of time specified by applicable law. If applicable law does not specify a time period to correct an alleged breach, then you will have 30 days after receiving the written notice to correct the alleged breach (or 90 days in the case of your failure to generate the Quarterly Minimum Gross Revenues during any quarter of this Agreement), except where the written notice states that you are delinquent in the payment of any Royalty Fees or other amounts payable to us under this Agreement or under any other agreement, in which case you will have 15 days after receiving the written notice to correct the breach by making full payment (including any applicable interest or late payment charges).

18.4 Notice of Termination.

If we have complied with the provisions of this Article 18 and you have not corrected the alleged breach set forth in the written notice within the time period specified in this Agreement, then we may terminate this Agreement by giving you written notice of termination. The effective date of termination will be the date the written notice of termination is received, as specified in Article 24.16, or such later date as is specified in the notice.

18.5 Other Remedies.

Nothing in this Article or this Agreement will preclude us from seeking other remedies against or damages from you under state or federal laws, common law, or under this Agreement, including attorneys' fees and injunctive relief. If we terminate this Agreement under this Article, or if you breach this Agreement by a wrongful termination or a termination that does not comply with the terms and conditions of Article 19 of this Agreement, then we will be entitled to seek recover from you all damages that we have sustained and will sustain in the future as a result of your breach of this Agreement.

**ARTICLE 19.
YOUR TERMINATION RIGHTS**

19.1 Termination for Our Breach.

You have the right to terminate this Agreement if you comply fully with this Article 19 and we violate any material provision, term or condition of this Agreement.

19.2 Notice and Opportunity to Cure.

You will not have the right to terminate this Agreement unless and until (a) you give us written notice setting forth the alleged breach in detail, and (b) we fail to correct the alleged breach within 30 days after receiving this written notice.

19.3 Notice of Termination.

If you have complied with the provisions of this Article 19 and we have not corrected the alleged breach set forth in the written notice within the time period specified in this Agreement, then you may terminate this Agreement by giving us written notice of termination. The effective date of termination will be the date set forth in your written notice of termination, provided that the notice will be ineffective unless it provides that the termination will be effective no earlier than 10 days after we receive the notice of termination.

19.4 Compliance With Post-Termination Obligations.

If you exercise your right to terminate the Agreement under this Article 19, you must still comply with all post-termination obligations in Articles 20 and 21 of this Agreement.

ARTICLE 20.

YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION

20.1 Termination of Use of Marks.

Upon termination or expiration of this Agreement for any reason, you (a) will not have any further right to use the name "Novus[®]," the other Marks and/or the Business System in connection with your business operations, (b) will immediately cease using the name Novus[®] and the Marks in all advertising, marketing and promotional materials, including promotional materials on the World Wide Web and any Social Media Site, (c) will take all other actions relating to the name Novus[®] and the Marks as we may request, and (d) not hold yourself out, or advertise the Business, as formerly a Novus[®] business or by any other means that suggests you had a prior relationship with us. You agree and acknowledge that your continued use of the name Novus[®] and the Marks after the expiration or termination of this Agreement will be without our consent and will constitute an "exceptional case" under federal trademark law (15 U.S.C. §1117) entitling us to recover treble damages, costs and attorneys' fees.

20.2 Other Obligations Upon Termination.

If this Agreement expires or is terminated for any reason you will immediately comply with all applicable provisions of this Agreement, and within five days after termination (a) submit to us Gross Revenues Reports for all periods through the date of expiration or termination that have not previously been provided; (b) pay all Royalty Fees and all other amounts you owe us or our affiliates, including, if this Agreement terminates for any reason prior to the Expiration Date, Minimum Monthly Royalty Fees and equipment lease payments for all periods through the Expiration Date, (c) return to us by first class prepaid United States mail the Operations Manual, all Glass Repair, Glass Replacement, and other equipment leased from us, and all advertising materials, signage, and other printed materials pertaining to the Business System, (d) provide us with a copy of all your customer records, (e) inform your suppliers in writing of the expiration or termination and send us a copy of all such communications, (f) change the exterior and interior appearance of the Retail Location and any vehicles used in connection with the Business so that they will be easily distinguished from the appearance of retail locations and vehicles used in Novus[®] businesses, and (g) cancel any assumed name or similar registration tiled under Article 13.4.

20.3 Assignment of Telephone Directory Listings, Domain Names and Other Electronic Information.

You acknowledge and agree that we have the absolute right and interest in and to all telephone numbers and directory listings associated with the Marks, and you hereby authorize us to direct the telephone company and all listing agencies to transfer and assign to us or our designee the telephone numbers and directory listings for your Business upon our request at any time following expiration or termination of this Agreement, in our sole and absolute discretion. Upon execution of this Agreement, you will deliver to us an executed assignment in blank, in the form required by us, assigning all telephone numbers for your Business to us or our designee. By execution of this Agreement, you authorize us to deliver this assignment to the telephone company at any time following termination or expiration of this Agreement, or if we acquire your Business, as determined by us in our sole and absolute discretion, and to notify the telephone company and all listing agencies of the termination or expiration of your right to use all telephone numbers and all classified and other directory listings for the Business, and to authorize the telephone company and all listing agencies to assign and transfer to us or our designee all telephone numbers and directory listings of your Business. The telephone company and all listing agencies have the right to accept either this Agreement or the assignment in blank delivered upon execution of this Agreement, as evidence of our exclusive rights to such telephone numbers and directory listings and the authority from you for the telephone company and listing agencies to transfer all such telephone numbers and directory listings to us or our designee. By execution of this Agreement, you also hereby agree to execute and deliver and any all documents as we may require to assign and transfer to us or our designee all telephone numbers and directory listings of your Business. This Agreement will be your release of the telephone company and listing agencies from any and all claims, actions and damages that you may at any time have the right to allege against them in connection with the transfer of your telephone numbers and directory listings to us. You also acknowledge and agree that we have the absolute right and interest in and to the Home Page and any Novus Social Media Site, including, but not limited to, any domain name associated therewith or content thereon, and you agree to take any and all actions as may be necessary to assign and transfer access to and the registration or listings thereof to us upon termination or expiration of this Agreement.

ARTICLE 21.

FRANCHISEE'S COVENANTS NOT TO COMPETE

21.1 Your Acknowledgments.

You, acknowledge that, under this Agreement, you, your Owners and your employees will receive specialized training, "know-how," current and future marketing and advertising plans, business plans and strategies, business information, concepts, proprietary technology, formulas, marketing and promotional techniques, confidential information and trade secrets from us pertaining to the Business System and the operation of the Business. You also acknowledge that we have advised you that this Article 21 is a material provision of this Agreement, and that we would not grant a Novus® franchise to you or provide you with our Business System, technology, business information and "know-how," proprietary concepts, and experience if you intended to own, operate or be involved in a business that competes directly or indirectly with the Business or the Business System. For the purposes of this Article 21, any business that offers or provides, directly or indirectly, automotive windshield repair or replacement products and services, automotive glass repair or replacement products and services, automotive glass

installation products and services, other glass repair, replacement and installation products and services, building contract glazing products and services, and the construction, repair, or replacement of any other glass products, any glass repair products and services, or any glass replacement or installation products and services, will be considered competitive with or similar to the Business System and the Business.

21.2 In-Term Covenant Not-to-Compete.

You agree that you, your Owners, the Personal Guarantors of your obligations under this Agreement (the "Personal Guarantors"), and the members of your and their Immediate Families will not, during the term of this Agreement, for your or their own account, or as an employee, agent, consultant, partner, officer, director, member, or owner of any other person, firm, entity, partnership, company, or corporation, (a) seek to employ any person who is at that time employed by us or by any Novus® franchisee without the prior consent of their employer, or (b) own, operate, lease, franchise, license, conduct, engage in, consult with, be connected with, have any interest in, or assist any person or entity engaged in any business that is in any way competitive with or similar to the Business System or the Business (including any glass repair and/or glass replacement or installation business).

21.3 Post-Term Covenant Not-to-Compete.

You agree that you, your Owners, the Personal Guarantors, and the members of your and their Immediate Families will not, for a period of two years after the termination or expiration of this Agreement, for your or their own account or as an employee, agent, consultant, partner, officer, director, member, or owner of any other person, firm, entity, partnership, company, or corporation (a) seek to employ any person who is at that time employed by us or by any Novus® franchisee without the prior consent of their employer, (b) own, operate, lease, franchise, license, conduct, engage in, consult with, be connected with, have any interest in, or assist any person or entity engaged in any or other business that is in any way competitive with or similar to the Business System or the Business (including any glass repair and/or glass replacement or installation business) if that business is located within (i) your APR, (ii) any area of primary responsibility we grant to any other Novus® glass repair and/or replacement franchise or business, or (iii) within 10 miles of any business location of any Novus® glass repair and/or replacement franchise or business in the United States and its possessions. You, your Owners, and the Personal Guarantors expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect us and our franchisees if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to permit us the opportunity to resell and/or develop a new Novus® glass repair and/or replacement business within your APR. You also agree that if you, your Owners, the Personal Guarantors, or the members of your or their Immediate Families violate this covenant not to compete, the term of the non-compete will be extended for any person engaged in violating this covenant not to compete, until two years after the violation has ceased.

ARTICLE 22. NATURE OF OUR RELATIONSHIP

22.1 Independent Relationship.

You are an independent business owner and, as a consequence, there is no employer-employee or principal-agent relationship between us and you. You will not have the right to and will not

make any agreements, representations or warranties in our name or on our behalf or represent that our relationship is other than that of franchisor and franchisee. Neither of us will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties. You will take all reasonable steps necessary to inform the public, clients, customers, suppliers, lenders and other business establishments that the Business is independently owned and operated by you.

22.2 Operation of Business.

You will be totally and solely responsible for the operation of the Business, and will control, supervise and manage all the employees, agents and independent contractors who work for or with you or at the Retail Location. You will be solely responsible for the acts of your employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that they comply with all federal, state and local laws, rules and regulations. We will not have any right, obligation or responsibility to control, supervise or manage the Business, or your employees, agents or independent contractors.

ARTICLE 23. INDEMNIFICATION

23.1 Indemnification by You.

We are not responsible for Claims or Damages arising out of, from, or in connection with your operation of the Business. You agree to indemnify us and our affiliates against, and reimburse us and our affiliates for, all Claims or Damages we incur in defending any claim brought against us or in any action in which we are named as a party arising out of, from, as a result of, or in connection with the Business, the Retail Location, and/or the operation of the Business, including Claims or Damages arising from (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission by you or your employees, agents or representatives, (b) any failure on your part to comply with any federal, state or local laws or regulations, (c) your failure to pay any of your debts or obligations, or (d) your failure to comply with any requirement or condition of this Agreement or any other agreement with us or our affiliates. We will have the right to defend, at your expense, any claim made against us arising as a result of or from the Business.

23.2 Indemnification by Us.

We agree to indemnify you against, and to reimburse you for, any obligation or liability for Claims or Damages to persons other than you or your owners that is attributable to our agreements or representations, or that is caused by our negligent or willful action, including the obligation to defend any litigation brought against you that is attributable to our agreements or representations, or caused by our negligent or willful action. We will have the right to participate in and to control any litigation or proceeding that might result in liability of or expense to you subject to indemnification by us.

23.3 Collection and Enforcement Costs.

You will pay us for any and all Costs and Expenses we incur for the collection of past due Royalty Fees or other amounts due to us or our affiliates. In addition, you will pay all Costs and Expenses we incur in successfully enforcing any term, condition or provision of this Agreement,

in successfully enjoining any violation of this Agreement by you, or in successfully defending any lawsuit you bring against us.

ARTICLE 24.

INTERPRETATION AND ENFORCEMENT OF AGREEMENT

24.1 Injunctive Relief.

You, your Owners and the Personal Guarantors agree that, notwithstanding any other provision of this Agreement, we will have the right to petition a court of competent jurisdiction for the entry of temporary restraining orders, temporary and permanent injunctions and orders of specific performance (a) enforcing the provisions of this Agreement relating to (i) the Marks and the Business System, (ii) your obligations on termination or expiration of this Agreement, (iii) your Sale or Transfer of this Agreement, the Business Assets, or any Ownership Interest, (iv) the confidentiality of the Operations Manual and other confidential information, and/or (v) any covenants not to compete, and (b) enjoining any act or omission by you or your employees that (i) is a violation of any law, ordinance or regulation, (ii) is dishonest or misleading to the clients or customers of the Business or other Novus[®] businesses, (iii) is a danger to the employees, public, guests, clients or customers of the Business, or (iv) may impair the goodwill associated with the Marks or the Business System. You agree that we will be entitled to obtain this injunctive relief without posting a bond or, if a court nevertheless requires a bond, by posting a bond set by the court in an amount not to exceed \$5,000.

24.2 Waiver of Punitive Damages.

Each of us (and your Owners and Personal Guarantors) agree to waive, in the fullest extent permitted by law, any right to, or claim for, any punitive or exemplary damages against each other and against our respective affiliates, employees or agents, and agree that in the event of a dispute between us, each of us will be limited to the recovery of any actual damages we sustain, and/or to injunctive relief, as permitted by the court.

24.3 Severability.

All provisions of this Agreement, including those relating to covenants not to compete, are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not included in this Agreement, and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement or the taking of some other action not required in this Agreement, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement or any of our specifications, standards or operating procedures are invalid or unenforceable, then the period of notice or other action required by that law or rule will be substituted for the notice requirements in this Agreement, or the invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent, but only to the extent, required to be valid and enforceable.

24.4 Waiver of Obligations.

Neither you nor we will be considered to have waived any obligation of or restriction on the other person unless the waiver is in writing and signed by each of us. Our acceptance of any payment by you, or our failure, refusal or neglect to exercise any right under this Agreement or

to insist on full compliance by you of your obligations under this Agreement, including any mandatory specification, standard or operating procedure, will not be considered a waiver by us of any provision of this Agreement. However, if either of us fails to notify the other in writing of any alleged misrepresentation, violation of law, deficiency, or breach of this Agreement, within one year from the date that we have knowledge of, believe, determine or are of the opinion that there has been a misrepresentation, violation of law, deficiency or breach by the other party, then the alleged misrepresentation, violation of law, deficiency or breach will be considered waived; provided, however, that this provision will not apply to your underreporting of Gross Revenues, or under payment of any fees you owe us that are tied to the amount of your Gross Revenues.

24.5 Payments to Us, Rights of Offset.

Your payment obligations under this Agreement are absolute and unconditional. You may not, for any reason, withhold, escrow or offset any Royalty Fees or other payments due to us or our affiliates. We do, however, have the right to offset any payments we owe you against any amounts you may owe us.

24.6 Effect of Wrongful Termination.

If either of us takes any action to terminate this Agreement, or you take any action to convert the Business to another business, without first complying with the terms and conditions (including the written notice and opportunity to cure provisions) of Article 18 or Article 19 of this Agreement, as applicable, then that action will not relieve or release either of us from any of our respective obligations under this Agreement, and the terms and conditions of this Agreement will remain in full force and effect until this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law.

24.7 Cumulative Rights.

Your rights and our rights under this Agreement are cumulative and no exercise or enforcement by either of us of any right or remedy permitted under this Agreement will preclude the exercise or enforcement by either of us of any other right or remedy permitted under this Agreement or which we are entitled by law to enforce.

24.8 Venue and Jurisdiction.

Except as set forth in the last sentence of this Article 24.8, unless prohibited by applicable law, all lawsuits, court proceedings and other actions initiated by us, by you, or by the Owners and the Personal Guarantors will be venued exclusively in Hennepin County, Minnesota. You, your Owners and the Personal Guarantors acknowledge that you have had substantial business and personal contacts with us in Minnesota and you hereby agree and submit to personal jurisdiction in the State of Minnesota in connection with any lawsuit or proceeding brought to enforce or construe the terms of this Agreement, or to resolve any dispute or controversy arising under this Agreement, and you agree that except as set forth in the last sentence of this Article 24.8, all lawsuits, proceedings, hearings or other actions will be exclusively venued and held in Hennepin County, Minnesota. However, if we seek injunctive relief to enforce any provision of this Agreement, or to restrain any violation of this Agreement, we may, at our option, bring that action in the county in which the Retail Location is located or, if there is no Retail Location, then the county to which notices are to be delivered to you under Article 24.15 of this Agreement.

24.9 Jury Waiver.

TO THE EXTENT EITHER OF US INITIATES LITIGATION INVOLVING THIS AGREEMENT OR ANY ASPECT OF THE RELATIONSHIP BETWEEN US (EVEN IF OTHER PARTIES OR OTHER CLAIMS ARE INCLUDED IN THE LITIGATION), YOU AND WE EACH WAIVE OUR RIGHT TO A TRIAL BY JURY. THIS WAIVER WILL APPLY TO ALL CAUSES OF ACTION THAT ARE OR MIGHT BE INCLUDED IN THE LITIGATION, INCLUDING CLAIMS RELATED TO THE ENFORCEMENT OR INTERPRETATION OF THIS AGREEMENT, ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR SIMILAR CAUSES OF ACTION, AND IN CONNECTION WITH ANY LEGAL ACTION BROUGHT FOR THE RECOVERY OF DAMAGES BETWEEN OR AMONG US OR BETWEEN OR AMONG ANY OF OUR OWNERS, AFFILIATES, OFFICERS, EMPLOYEES OR AGENTS.

24.10 Survival of Obligations.

All obligations that are to be performed or may be performed following the expiration or termination of this Agreement will remain in effect following expiration or termination of this Agreement, including your indemnification obligations and your obligations under Articles 20 and 21.

24.11 Binding Agreement.

This Agreement is binding on you and on us, and on our respective executors, administrators, heirs, assigns and successors in interest.

24.12 Entire Agreement.

This Agreement supersedes and terminates all prior agreements, either oral or in writing, between you and us involving this franchise relationship. All representations alleged by either you or by us that are not contained in this Agreement or in our Franchise Disclosure Document delivered to you prior to your execution of this Agreement will not be enforceable. This Agreement, including the Introduction, is the entire agreement between us, and there are no other oral or written understandings or agreements between us relating to the subject matter of this Agreement except those agreements and contracts, if any, that are signed by each of us concurrently with this Agreement; provided, however, nothing in this Agreement or any related agreement is intended to disclaim any representations made in the Franchise Disclosure Document you acknowledge having received at least 14 calendar days prior to the execution of this Agreement.

24.13 Joint and Several Liability.

If more than one person is listed as the Franchisee in this Agreement, then the liability of all those people will be joint and several.

24.14 Headings, Terms.

The headings of the Articles of this Agreement are for convenience only and do not in any way define, limit or constme the contents of those Articles. The term "you" or "Franchisee" as used in this Agreement applies to one or more individuals, a corporation, company or partnership, as the case may be. References to "you," "Franchisee," "assignee" and "transferee" that apply to an individual or individuals will mean the principal owner or owners of your equity or operating

control and any assignee or transferee if you or an assignee or transferee is a corporation, company or partnership.

24.15 No Oral Modification.

No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made except by a written agreement signed by duly authorized officers of the party that is alleged to have given the modification, change, rescission, release, amendment, waiver, approval, consent or authorization. Neither of us has the right to amend or modify this Agreement orally or verbally, and any attempt to do so will be void.

24.16 Notices.

All notices to us must be in writing, must comply with applicable law, and must be addressed to our General Manager at 12800 Highway 13 South, Suite 500, Savage, Minnesota 55378, or such other address as we designate in writing, with copies (which shall not be considered official notice) to the Legal Department, TCG International, Inc., 28th Floor, 4710 Kingsway, Burnaby, British Columbia, V5H 4M2, Canada. All notices to you must be in writing and addressed to you at the address set forth on the cover page of this Agreement, or such other address as you designate in writing. Unless provided to the contrary by applicable law, all notices under this Agreement must be delivered by (a) personal service, (b) prepaid certified United States Mail, (c) by a recognized overnight delivery service (e.g., Federal Express, United States Express Mail or UPS) that requires a written receipt signed by the addressee or (d) by facsimile transmission. Notice by mail will be effective on the third day after it is deposited in the mail, notice by personal service will be effective upon delivery, notice by overnight delivery service will be effective on the date of delivery (as confirmed by written receipt), and notice by facsimile will be effective when confirmation is received at the point of transmission.

ARTICLE 25. ACKNOWLEDGMENTS, DISCLAIMER

25.1 Our Disclaimer.

We do not warrant or guarantee to you that you will earn any profit from the Business, or that we will refund all or part of the Initial Fee or the price you pay for the Business or repurchase any of the Products and Services supplied or sold by us, a Designated Supplier or Approved Suppliers, if you are unsatisfied with the Business. We expressly disclaim the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Gross Revenues, business or financial success, or value of the Business.

25.2 Your Acknowledgments.

You acknowledge that (a) you have had a full and adequate opportunity to read and review this Agreement and to be thoroughly advised of the terms and conditions of this Agreement by an attorney or other personal advisor, (b) you have had sufficient time to evaluate and investigate the Business System, the financial requirements and the economic and business risks associated with the owning and operating the Business, (c) you have conducted an independent investigation of the Novus[®] glass business concept and recognize that the business venture contemplated by this Agreement involves business and economic risks, (d) the financial, business and economic success of the Business will be primarily dependent on your personal

efforts and the efforts of your management and your employees, and on economic conditions in the APR and in general, and (e) you have not received from us or our agents or affiliates any estimates, projections, representations, warranties or guaranties, express or implied, regarding actual or potential sales, Gross Revenues, income, profits, earnings, expenses, financial or business success, value of the Business, or other economic matters pertaining to the Business or any other Novus® glass business that were not expressly set forth in our Franchise Disclosure Document that you acknowledge receiving.

25.3 Other Franchisees.

You acknowledge that other franchisees of ours have been or will be granted franchises at different times, different locations, under different economics and in different situations, and you acknowledge that the economics, area of primary responsibility, terms, and conditions of those franchises may vary substantially in form and substance from those contained in this Agreement and that you are not entitled to any amendment of this Agreement or other concessions as a result of such variances.

25.4 Waiver of Collateral Estoppel.

Each of us agrees that we should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which we are involved with third parties, without having those disputes directly affect the contract or relationship between us. We and you therefore agree that a decision of an arbitrator or court of law to which one of us is not a party will not prevent the person that was a party to that action from making similar arguments, or taking similar positions, in any action between us, and we each waive any claim of collateral estoppel we might assert.

25.5 Receipt of Agreement and Franchise Disclosure Document.

You acknowledge that you received a copy of our Franchise Disclosure Document at least 14 days before you signed this Agreement or paid any money to us.

25.6 Your Legal Counsel.

You acknowledge that this Agreement is a legal document that grants certain rights to and imposes certain obligations upon you. We have advised you to retain an attorney or other advisor before you sign this Agreement to (a) review our Franchise Disclosure Document, (b) review this Agreement in detail, (c) review all legal documents, including leases, purchase agreements and construction agreements, (d) review the economics, operations and other business aspects of the business concept, (e) advise you regarding your economic risks, liabilities, obligations and rights under this Agreement, and (f) advise you on Tax issues, financing matters, applicable state and federal laws, health and safety laws, environmental laws, employee issues, insurance, structure of the Business, and other business matters.

ARTICLE 26.

GOVERNING LAW, STATE MODIFICATIONS

26.1 Governing Law.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 *et seq.*), this Agreement and the relationship between us will be governed by the laws of Minnesota, but if you are not a resident of Minnesota or the APR does not include a portion of Minnesota, then the Minnesota Franchises Act will not apply to this Agreement.

26.2 State Modifications.

If the APR is located in any one of the states indicated below in this Article 26.2, or if the laws of any of these states are otherwise applicable, then the designated provisions of this Agreement will be amended and revised as follows:

(a) California. If this Agreement is governed by the laws of California, then (i) the covenant not to compete upon termination or expiration of this Agreement contained in Article 21.3 may be unenforceable, except in certain circumstances provided by law; and (ii) provisions of this Agreement giving us the right to terminate in the event of your bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. Sec. 101, *et seq.*).

(b) Illinois. If this Agreement is governed by the laws of Illinois, then (i) any provision of this Agreement that designates jurisdiction or venue in a form outside Illinois is void, but that inapplicability in Illinois will not mean that venue in Hennepin County, Minnesota is improper, or that you, your Owners and Personal Guarantors are not subject to jurisdiction in Hennepin County, Minnesota or in any other state, and (ii) any condition, stipulation or provision of this Agreement purporting to bind any person acquiring a Novus® Franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act may be void, and therefore, any acknowledgments or releases contained in this Agreement or any addendum to this Agreement may be unenforceable against you.

(c) Indiana. If this Agreement is governed by the laws of Indiana, then (i) the provisions of Article 10.7 requiring a release of claims arising from your participation in our training programs will not apply to claims under the Indiana Deceptive Franchise Practices Act (the "Indiana Law"), (ii) you will have the right to petition a Court of competent jurisdiction for injunctive relief relating to the alleged improper termination of this Agreement by us or our alleged unreasonable refusal to consent to your Sale or Transfer of this Agreement under Article 17.2 (iv) any provisions of this Agreement or any addendum to this Agreement requiring a release of claims as a condition of Sale or Transfer or renewal of the Franchise will not apply, but you will still be bound by the other terms and conditions of this Agreement and any addendum thereto, (v) a Court of competent jurisdiction will determine (1) whether damages alone can adequately compensate us if there is a violation of Article 21 by you, your Owners or the Personal Guarantors, and (2) whether we will be required to post a bond or other security, and the amount of that bond or other security, in any injunctive proceeding we bring against you, your Owners or the Personal Guarantors, (vi) we each recognize that the Indiana Law prohibits us (1) from unfairly competing against you in the APR, or (2) from enforcing the covenant not to compete set forth in Article 21.3 beyond a reasonable distance from your Retail Location or APR, (vii) Article 23.1 is amended to provide that you are not obligated to indemnify us for any liability caused by your proper reliance on or use of procedures or materials we provide to you, or for liability arising from our negligence, however this amendment of Article 23.1 will not affect in any way your obligation to obtain and maintain insurance coverage in accordance with Article 14, (viii) the acknowledgment by you of substantial business contacts with us in Hennepin County, Minnesota and the consent by you to jurisdiction and venue in Hennepin County,

Minnesota contained in Article 24.8 may not apply, but that does not mean that venue in Hennepin County, Minnesota is improper, or that you, your Owners and the Personal Guarantors are not subject to jurisdiction in Hennepin County, Minnesota or in any other state, (ix) the provisions of Article 24.8 requiring litigation to take place in Hennepin County, Minnesota will not apply if there is litigation between you and us, (x) you will always have up to two years to bring an action against us for a violation of the Indiana Deceptive Franchise Practices Act, and up to three years from the date of discovery to bring an action against us for a violation of the Indiana Law, (xi) any lease agreement, promissory note, security agreement or other agreement between us and you will be governed by and construed in accordance with the laws of Indiana and the substantive laws of Indiana will govern the rights and obligations of and the relationship between us and you, (xii) you do not, by signing this Agreement, waive your rights under Indiana Law with respect to any representations we made before the date of this Agreement.

(d) Maryland. If your APR is located in, or you are a resident of Maryland, then this Agreement will be governed by the laws of Maryland, and this Agreement will be amended and revised as follows (i) the acknowledgments made by you in Article 25 of this Agreement or any Franchisee Disclosure Questionnaire you sign will not act as a waiver of your rights under the Maryland Franchise Registration and Disclosure Law, Md. Ann. Code, Article—Business Regulation, Title 14, Section 14-201 *et seq.* (the “Maryland Law”), (ii) Section 14-216(c)(25) of Maryland Law requires us to file an irrevocable consent to be sued in Maryland and so your consent to jurisdiction and venue in Hennepin County, Minnesota contained in Article 24.8 will not apply, and you may sue us in Maryland for claims arising under the Maryland Law; (iii) any provisions of this Agreement or any addendum to this Agreement requiring a release of claims as a condition of the Sale or Transfer or renewal of the Franchise will not apply to any liability under the Maryland Law; however, in that case, you will remain liable under the Franchise Agreement and any addendum thereto; and (iv) any provision of this Agreement that requires you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would be a violation of the Maryland Law in order to purchase the Franchise will not act as a release, estoppel or waiver of any liability we have under the Maryland Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years of the grant of the Franchise.

(e) Minnesota. If this Agreement is governed by the Minnesota Franchise Act, then (i) Article 3 of this Agreement will be amended to provide that, except in certain circumstances specified by law, we must give you at least 180 days prior written notice of nonrenewal of the Franchise; (ii) Article 18.3 will be amended to require that, except as set forth in Article 18.2 if we give you notice that you have breached this Agreement, that notice will be given to you at least 90 days before we terminate this Agreement, and you will have 60 days after receiving that notice to correct the breach specified in the notice; (iii) a court of competent jurisdiction will determine whether we are required to post a bond or other security to obtain an injunction against you, your Owners or Personal Guarantors, and the amount of the bond or other security; and (iv) Article 24.2 will be deleted from this Agreement.

(f) New York. If this Agreement is governed by the laws of New York, then (i) Article 23.1 will be amended to provide that you are not required to indemnify us against claims arising out of our breach of contract, negligence or other civil wrong, however the amendment of Article 23.1 will not affect in any way your obligation to obtain and maintain insurance coverage in accordance with Article 14, (ii) any modifications to the Operations Manual we make will not unreasonably increase your obligations under this Agreement and will not place an excessive economic burden on the Business, and (iii) any release required in this Agreement or any addendum to this Agreement and the choice of law provisions of this Agreement will not be considered a waiver of any right you are given under the Article 33 of the General Business Law of the State of New York.

(g) North Dakota. If this Agreement is governed by the laws of North Dakota, then (i) Article 18.3 of this Agreement will be amended to require that if we give you notice that you are delinquent in the payment of any fees or other payments you owe us, you will have 30 days after receiving notice to correct the breach by making full payment to us (including any applicable interest or late payment charges), (ii) the covenant not to compete upon termination or expiration of this Agreement contained in Article 21.3 may not be enforceable, except in certain circumstances provided by law, (iii) Article 23.3 is amended to provide that the prevailing party in any enforcement action will be entitled to recover its costs, expenses and attorneys' fees, (iv) your consent to jurisdiction and venue in Hennepin County, Minnesota contained in Article 24.8 may not apply, but that does not mean that venue in Hennepin County, Minnesota is improper, or that you, your Owners, and Personal Guarantors are not subject to jurisdiction in Hennepin County, Minnesota, or in any other state, (v) Article 24.2 of this Agreement is deleted, and (vi) Article 24.9 of this Agreement is deleted.

(h) Rhode Island. If this Agreement is governed by the laws of Rhode Island, then any provision of this Agreement restricting jurisdiction or venue to a fomm outside Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

(i) South Dakota. If this Agreement is governed by the laws of South Dakota, then (i) Article 18.3 of this Agreement will be amended to require that if we give you notice that you are delinquent in the payment of any fees or other payments you owe us, you will have 30 days after receiving notice to correct the breach by making full payment to us (including interest or late payment charges), (ii) the covenant not to compete upon termination or expiration of this Agreement contained in Article 21.3 may not be enforceable, except in certain circumstances provided by law, (iii) any provision of this Agreement that designates jurisdiction or venue outside of South Dakota or requires you to agree to jurisdiction or venue in a fomm outside of South Dakota is void as to any cause of action that is otherwise enforceable in South Dakota, (iv) the provisions of Article 24.8 requiring litigation to take place in Hennepin County, Minnesota will not apply and any litigation between us will be conducted in South Dakota or at a mutually agreed upon location, and (v) under South Dakota Coditied Laws ("SDCL") 37-5A-86, any acknowledgment provision, disclaimer or integration clause or other provision having a similar effect in this Agreement will not negate or act to remove from judicial

review any statement, misrepresentation or action that violates SDCL Chapter 37-5A or a rule or order under Chapter 37-5 A.

(j) **Washington.** If this Agreement is governed by the laws of Washington, then (i) if there is a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Washington Act"), will prevail, (ii) a release or waiver of rights you sign will not include rights under the Washington Act, except when signed in connection with a negotiated settlement after this Agreement is in effect and where we are each represented by separate counsel, (iii) any provisions of this Agreement that unreasonably restrict or limit the statute of limitations period for claims under the Washington Act, or rights or remedies under the Washington Act like a right to a jury trial may not be enforceable, and (iv) transfer fees we charge must reflect our reasonable estimated or actual costs in effecting a Sale or Transfer.

(k) **Wisconsin.** If this Agreement is governed by the laws of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of this Agreement.

26.3 **Severability.**

The severability provisions of this Agreement contained in Article 24.3 of this Agreement will pertain to all of the applicable laws that conflict with or modify the provisions of this Agreement, including the provisions of this Agreement specifically addressed in Article 26.2 above.

IN WITNESS WHEREOF, you, your Owners, and we have each signed this Agreement effective as of the day and year appearing on the first page.

"FRANCHISOR"

NOVUS FRANCHISING, INC.

By: _____
Its: _____

"FRANCHISEE"

Legal Name of Franchisee

By: _____

Print Name

Its: _____

~~4361226-1~~ 1361226.1

The Owners signing below hereby agree to comply with all terms and conditions of this Agreement that apply to Owners.

<u>Print Name</u>	<u>Signature</u>	<u>Percent of Ownership Interest</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

PERSONAL GUARANTY

In consideration for, and to induce Novus Franchising, Inc. (the "Franchisor") to sign the Franchise Agreement to which this Guaranty is attached (the "Franchise Agreement"), each person signing this Guaranty, jointly and severally guarantees to the Franchisor and to the Franchisor's successors and assigns the payment of all fees required to be paid to the Franchisor or its affiliates by the Franchisee identified in the Franchise Agreement, whether provided for in the Franchise Agreement or under any other agreement between the Franchisor and the Franchisee, and the performance by the Franchisee of all of the provisions of such agreements. The people signing this Guaranty also specifically agree to be individually bound by all covenants, obligations and commitments of the Franchisee contained in the Franchise Agreement to the same extent as if each of the people signing this Guaranty had personally signed the Franchise Agreement as Franchisee.

Each of the people signing this Guaranty understand and agree that any modification of the Franchise Agreement, including any addendum or addenda to the Franchise Agreement, or waiver by the Franchisor of the performance by the Franchisee of any of its obligations under the Franchise Agreement, or the giving by the Franchisor of any extension of time for the performance of any of the obligations of the Franchisee under the Franchise Agreement, or any other forbearance on the part of the Franchisor or any failure by the Franchisor to enforce any of its rights under the Franchise Agreement, including any addendum or addenda to the Franchise Agreement, or any release by the Franchisor of any of the obligations of the Franchisees, will not in any way release any of the people signing this Guaranty from liability under this Guaranty or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of the Franchisee is so released, terminated, or affected or diminished. Notice to the people signing this Guaranty of any such modification, waiver, extension or forbearance under the terms thereof is hereby waived.

No defense available to the Franchisee, except the Franchisee's full performance of its obligations, will be a defense for any of the people signing this Personal Guaranty or release of these people from their guarantees. This Guaranty will be enforceable upon 10 days' written notice by the Franchisor to any of the people signing this Guaranty of any default by the Franchisee of any of its covenants under the terms of the Franchise Agreement and addendum or addenda to the Franchise Agreement, and any other agreement between the Franchisor and the Franchisee.

Each of the people signing this Guaranty hereby waive any and all notice of default on the part of the Franchisee; waive exhausting of remedies or recourse against the Franchisee; and consent to any assignment of the Franchise Agreement, in whole or in part, that the Franchisor or its successors may make.

IN WITNESS WHEREOF, each of the people signing this Guaranty have done so effective as of the date appearing next to their names.

Dated:

Individually

Address

City

State

Zip Code

Telephone

Dated:

Individually

Address

City

State

Zip Code

Telephone

Dated:

Individually

Address

City

State

Zip Code

Telephone

4361226-11361226.1

NOVUS FRANCHISING, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D-2: NOVUS FRANCHISING, INC. GLASS REPAIR ONLY
FRANCHISE AGREEMENT

**NOVUS® GLASS REPAIR
FRANCHISE AGREEMENT**

BETWEEN

NOVUS FRANCHISING, INC.
12800 Highway 13 South, Suite 500
Savage, Minnesota 55378
(952) 944-8000 FAX (952) 944-2542

AND

"FRANCHISEE" BUSINESS ADDRESS

Street

City

State

Zip Code

(_____)

Area Code

Telephone

AREA OF PRIMARY RESPONSIBILITY

TYPE OF FRANCHISE

(Retail or Mobile Location)

DATE OF FRANCHISE AGREEMENT

_____, 20__

NOVUS® GLASS REPAIR
FRANCHISE AGREEMENT
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NOVUS® GLASS REPAIR FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made, entered into and effective this _____ day of _____, 20____, by and between Novus Franchising, Inc., a Washington corporation (the "Franchisor," "us" or "we"), and _____, a(n) _____ (the "Franchisee," "you" or "your").

INTRODUCTION

We have the right to use and license a business concept under the names "Novus®" and other Marks for operating, franchising, and licensing retail businesses of a distinctive character and quality that specialize in the repair of automotive glass and windshields, and the repair and installation of other glass products under the Novus business system.

You have told us you want to acquire the right to develop, own, and operate a business under the Marks at a Retail Location or in an assigned area. You have promised us that you will operate the business under our quality standards, which we may change from time to time, and under the terms and conditions of this Agreement. Based on that promise from you, we are willing to provide you with marketing, technology, design specifications, training, and other business information, "know-how" and specifications that have been developed over time at a significant cost, and to license to you the right to offer products and services under the Marks.

In recognition of this Introduction and in consideration of the mutual promises set forth in this Agreement, you and we agree as follows:

ARTICLE 1. DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions:

1.1 Abandon.

"Abandon" means any action or inaction on your part that suggests your willingness, desire or intent to discontinue operating the Business under the quality standards, uniformity requirements and the Business System as set forth in this Agreement and the Operations Manual, including your failure to operate the Business for seven consecutive days without our prior written consent.

1.2 Accompanying Equipment Package.

"Accompanying Equipment Package" means the glass repair tools, supplies and equipment, apart from the Initial Equipment Package, that you must purchase from us for the initial operation of the Business.

1.3 L2-Administrative Expenses.

"Administrative Expenses" means all overhead, including salaries for executives, in-house legal counsel, and employees, fringe benefits, commissions, attorneys' fees, accountants' fees, transportation costs, travel expenses, food and lodging, training costs, supplies, marketing costs, long distance telephone calls, and all other overhead expenses.

1.1 ~~1.3~~ Approved Suppliers.

“Approved Suppliers” means those the suppliers and distributors that we approve in writing to supply certain Products and Services we specify in the Operations Manual and will include those suppliers and distributors we approve at your request.

1.5 ~~1.4~~ Business.

“Business” means the business we license to you under this Agreement.

1.6 ~~1.5~~ Business Assets.

“Business Assets” means (a) the Business, (b) this Agreement, (c) the furniture, fixtures, vehicles, supplies, equipment and all other assets used in or by the Business; (d) any Ownership Interests in the Business, and (e) all of your other contract and lease agreements. If you have a Retail Location, then the Business Assets will also include (a) the Retail Location, (b) the lease for the Retail Location, and (c) the land and building (if any) for the Retail Location.

1.7 ~~1.6~~ Business System.

“Business System” means the distinctive automotive and other glass repair Products and Services associated with the Marks, and the business methods, uniformity requirements, defined product offerings, automotive and other glass repair methods, specialized training, standards of quality and service, procedures, specifications and instructions that we establish from time to time.

1.8 ~~1.7~~ Claims and Damages.

“Claims and Damages” means all losses, damages, judgments, liabilities, fines, penalties, assessments, and all related expenses, including: (a) damages to real and personal property and damages for loss of use of real and personal property, (b) damages for lost profits, (c) special, consequential, exemplary and punitive damages, (d) personal injury damages, (e) damages resulting from the death of a person or persons, including wrongful death damages, (f) Costs and Expenses, (g) amounts paid in settlement of any disputed claims or litigation, (h) product liability damages, (i) amounts paid because of any court judgment or court decree, resulting from any civil or criminal claims, demands, allegations, lawsuits, arbitration proceedings, administrative actions or other legal proceedings, and (j) damages assessed under any federal, state or local statutes, rules, regulations or ordinances.

1.9 ~~1.8~~ Costs and Expenses.

“Costs and Expenses” means all costs and expenses incurred in prosecuting or defending any claims or litigation, including court filing fees, witness expenses, deposition costs, investigation expenses, court reporter fees, attorneys’ fees, expert witness fees, Salaries and Travel Expenses.

1.10 ~~1.9~~ Designated Supplier.

“Designated Supplier” means the only and exclusive supplier or distributor we approve to supply certain Products and Services we specify in the Operations Manual, including certain windshield repair resins and certain equipment.

1.11 ~~1.10~~ Financial Records.

“Financial Records” means financial statements (including all balance sheets and income statements), computer records, bank statements, deposit records, general and special ledgers,

sales records, work papers, accounts, federal and state tax returns, financial memos, and other business and financial information relating to the Business.

1.12 ~~1.11~~ Financial Statements.

“Financial Statements” means a balance sheet, profit and loss statement, statement of cash flow and explanatory footnotes prepared in accordance with generally accepted accounting principles applied on a consistent basis.

1.13 ~~1.13~~ Glass Repair.

“Glass Repair” means automotive windshield repair Products and Services and all other glass repair Products and Services.

1.14 ~~1.13~~ Gross Revenues.

“Gross Revenues” means the total gross dollar amount received, billed or generated by, in connection with, or from the Business from all cash, credit and charge sales made to your customers or clients for all Products and Services sold to them including all amounts from or relating to automotive windshield repair Products and Services, the repair of any other glass products, and all other Products and Services of any kind unless we specifically exclude them from the definition of “Gross Revenues” in the Operations Manual or otherwise in writing. “Gross Revenues” includes all sales for Products and Services as of the time that the Products and Services are sold to or completed for your customer or client so as to entitle you to payment, regardless whether or when you receive payment. For purposes of determining “Gross Revenues,” there will be no deduction for bad debts or doubtful accounts. However, “Gross Revenues” will not include any sales, use or gross receipts tax imposed by any federal, state, municipal or governmental authority directly upon sales, if (a) the amount of the tax is added to the selling price and is expressly charged to the customer, (b) a specific record is made at the time of each sale of the amount of such tax, and (c) the amount of the tax is paid to the appropriate taxing authority.

1.15 ~~1.14~~ Home Page.

The “Home Page” means the home page that we establish for you on our website.

1.16 ~~1.15~~ Immediate Family.

“Immediate Family” means an individual Franchisee’s (or an Owner’s) child (including the spouse of a child), spouse, parent, grandchild or sibling.

1.17 ~~1.16~~ Including.

The word “including” means, “including but not limited to”, and “including but not by way of limitation.”

1.18 ~~1.17~~ Initial Equipment Package.

“Initial Equipment Package” means the Glass Repair, supplies and products and equipment we specify in the Operations Manual that you must purchase~~lease~~ for the initial operation of the Business.

1.19 ~~1.18~~ Key Employee.

“Key Employee” means a full-time management employee of the Business who has successfully completed all Required Training Programs.

1.20 ~~1.19~~ Manager.

“Manager” means the person who is responsible, on a full-time basis, for the day to day operations and the overall management of the Business.

1.21 ~~1.20~~ Marks.

“Marks” means and includes all of the trademarks, service marks, trade names, logos and commercial symbols we own or that are licensed to us that we license to you for use in the Business, including “Novus[®],” “NOVUS Auto Glass[®]” and “Novus Glass[™]”.

1.22 ~~1.21~~ Mobile.

“Mobile” means that you will operate the Business exclusively from vehicles and will not maintain a Retail Location.

1.23 ~~1.22~~ Novus Social Media Site.

“Novus Social Media Site” means any Social Media Site that includes all or part of the “Novus[®]” name, any of the Marks, or a word, phrase or symbol confusingly similar thereto or a variation thereof, as part of the domain name, user name, account name, account profile or page reference.

1.24 ~~1.22~~ Operations Manual.

“Operations Manual” means the confidential manuals we develop that describe the operational standards and specifications, and the service and quality standards associated with the Marks and the Business System, whether distributed in hard copy or electronically or otherwise.

1.25 ~~1.24~~ Owner.

“Owner” means any person or entity that has an Ownership Interest in the Franchisee.

1.26 ~~1.25~~ Ownership Interest.

“Ownership Interest” means (a) shares of capital stock in the Franchisee, if you are a corporation, (b) a general partnership interest in the Franchisee, if you are a partnership, (c) a membership interest in the Franchisee if you are a limited liability company or a limited liability partnership, and (d) any other type of membership or other equity interest in the Franchisee.

1.27 ~~1.26~~ Payments.

“Payments” means all payments, compensation and/or other remuneration we receive from any Designated Supplier or Approved Supplier for any purchases of Products or Services you and/or any other franchisees of ours make, including payments in the form of (a) rebates, (b) volume discounts, (c) advertising and marketing allowances, (d) co-operative advertising, (e) price discounts, (f) signing bonuses or initial payments, (g) promotions, (h) co-branding of any products or services, (i) product development and testing, (j) market research, (k) public relations, (l) endorsements of any Products or Services, (m) goods or services of any kind, (n) administrative contributions and/or (o) any other form of benefit or consideration. “Payments” also means any payments, compensation and/or other remuneration we receive for attaining sales goals or market share in any market in which we or our franchisees operate.

1.28 ~~1.27~~ Products and Services.

“Products and Services” means (a) all products and services you sell to customers of the Business, including repair and glass replacement products and services, and (b) all supplies, inventory, equipment and technology you use in the Business, including the Initial Equipment

Package, other Glass Repair and Glass Replacement equipment, maintenance kits, drill systems, pumps, sprayers, tools, and all other supplies, equipment and technology we may require you to use in the operation of the Business.

1.29 ~~1.28~~ Required Training Programs.

"Required Training Programs" means the training programs referred to in Articles 10.1, 10.2, 10.3 and 10.6 of this Agreement.

1.30 ~~1.29~~ Retail Location.

"Retail Location" means real estate at a fixed location where you offer Products and Services to your customers.

1.31 ~~1.30~~ Salaries and Travel Expenses.

"Salaries and Travel Expenses" means salaries, fringe benefits, federal and state payroll and employment taxes, lodging, food, automobile rental, transportation costs, travel costs and all other related travel expenses.

1.32 ~~1.31~~ Sale or Transfer.

"Sale or Transfer," "Sell or Transfer," and "Sold or Transferred" means to sell, assign, trade, give away, transfer, pledge, lease, sub-lease or otherwise dispose of

1.33 ~~1.32~~ Secure Website.

"Secure Website" means a password protected site on the World Wide Web that we control and is accessible only with our permission.

1.34 ~~1.33~~ Social Media Site.

A "Social Media Site" shall mean and include any social networking and/or social media website, profile or account relating to or making reference to us, to your Business or to the Business System in any manner.

1.35 ~~1.34~~ Taxes or Tax.

"Taxes" or "Tax" means all federal, state, city and local taxes including individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, unemployment taxes, inventory taxes, personal property taxes, real estate taxes and other taxes you incur in operating the Business.

ARTICLE 2. GRANT OF FRANCHISE

2.1 Type of Franchise Granted.

(a) We give our franchisees the option to operate as either a Retail Location business or a Mobile business. You have elected and agree to operate the Business as a _____ business.

(b) If you have elected and agreed to operate the Business as a Mobile business, then the provisions in this Agreement that apply solely to a Retail Location will not apply to you or the Business unless and until you convert to a Retail Location.

(c) You agree to operate the Business using the Marks (and no other trade name, trademarks, service marks, logos, or commercial symbols), and in conformity with the Business System.

2.2 Retail Location.

If you have elected and agreed to operate the Business as a Retail Location business, then you will have the nonexclusive personal right to own and operate the Business at the following single Retail Location: _____

(Street)

(City)

(State)

(Zip Code)

If the Retail Location has not been determined at the time this Agreement is signed, then the address, city and state, of the Retail Location will be inserted and initialed by each of us at a later date, or will be described in an exhibit we both sign.

2.3 Area of Primary Responsibility.

You will only have the right to use the Marks and the Business System in the following geographic area: _____

(the "Area of Primary Responsibility" or "APR"). We may further define the Area of Primary Responsibility in a writing, map or drawing attached to this Agreement and signed by each of us. You do not have the right to operate the Business or to sell any Products and Services under the Marks outside of the APR, except with our written permission, which we may give and withdraw at our sole discretion. You may not change your APR without our prior written approval, which approval we may withhold in our sole discretion. If we approve a change in your APR, then this Article 2.3 will be amended to set forth the new APR but the new APR will not take effect until we have each signed the amendment, and then only after you pay us an APR Modification Fee of \$1,500, which fee will be due within 10 days after we approve the new APR.

2.4 Operation of the Business.

You have the right to own and operate one Business within your APR. If the Business is conducted as a Retail Location business, then you will provide to the public, on a full-time basis during normal business hours that we may determine, all Glass Repair Products and Services, all other automotive and other glass related Products and Services, and all other Products and Services we prescribe or approve, throughout the term of this Agreement. For either a Mobile business or a Retail Location business, you must operate at least one (but in the case of a Mobile business, not more than four) vehicle(s) fully equipped to provide Glass Repair Products and Services, all other automotive and other glass related Products and Services, and all other Products and Services we prescribe or approve, throughout the term of this Agreement. The vehicles you operate under this Agreement may be operated only in your APR.

If a customer or potential customer requests any glass product or service that you do not offer at your Business ~~but that is offered at other businesses operating in the Business System, or any protective wrap or restoration product or service that you do not offer in your Business under a specific Protection and Restoration Addendum with us, but the product or service is offered at another Novus® business within your APR or an APR that is adjacent to your APR,~~ then you

must refer the customer to another Novus[®] business-in-the-Business-System for the provision of these products or services before referring that customer elsewhere. If there is a Novus[®] business operating within your APR, then you must refer the customer to that business (if there is more than one, then you must refer the customer to the Novus[®] business that is closest to the customer's home or place of business). If there is not a Novus[®] business in the Business System operating within your APR, then you must refer the customer to a Novus[®] business-in-the-Business-System operating within an APR that is adjacent to your APR (if there is more than one, then you must refer the customer to the Novus[®] business that is closest to either the customer's home or place of business). If there are no other Novus[®] businesses located within these areas, then you may refer the customer to anyone you choose. You will not be paid for these referrals.

2.5 Nonexclusive Agreement.

We have the right to franchise, license, own, operate, and/or manage retail location or mobile Novus[®] businesses that are operated under the Marks (or under any other name or brand) and/or under the Business System, both within and outside of the APR, even if these businesses compete for customers with the Business. In addition, we and our affiliates may sell, license or otherwise distribute any Products or Services to third parties who are not Novus[®] businesses through any channel of distribution (including direct marketing, wholesale, infomercials, fleet, Internet, or electronic distribution), even if these third parties compete for customers with the Business. However, if you elected to operate as a Retail Location in Article 2.1, then during the term of this Agreement, we will not operate or grant a franchise for the operation of another retail location auto glass repair business using the Marks that is located within two miles of your Retail Location; provided, however, that you recognize we may have granted one or more affiliate license agreements to existing businesses that operate in the APR, that these license agreements allow the business to offer Novus[®] Glass Repair and Glass Replacement products and services through their existing businesses that may be located within two miles of your Retail Location, and those licensees will be able to continue to offer Novus[®] Glass Repair and replacement products and services under their existing agreements (including having the right to renew those agreements and to transfer their rights to any purchaser of their Novus[®] business).

2.6 Annual Minimum Gross Revenues.

Each year during the term of this Agreement, the Business must attain minimum annual Gross Revenues for Glass Repair Products and Services of \$40,000 (the "Annual Minimum Gross Revenues").

A year will be measured from the first day of the month following the month you sign this Agreement. If you do not generate the Annual Minimum Gross Revenues during any year of this Agreement, then we will have the right to terminate this Agreement under the terms of Article 18.

2.7 Conditions.

You agree to operate the Business in the APR in compliance with the terms of this Agreement for the entire term of this Agreement. The rights and privileges we grant to you under this Agreement are personal in nature; you do not have the right to franchise, sub-franchise, license, sublicense or subcontract any of your rights under this Agreement. You also do not have the

right to Sell or Transfer this Agreement, your rights under this Agreement, or the Business, except as specifically provided for in this Agreement.

ARTICLE 3. TERM AND RE-FRANCHISE RIGHTS

3.1 Term.

The term of this Agreement will be for 10 years, and will begin on the date of this Agreement and end on the date that is 10 years from the date of this Agreement (the "Expiration Date").

3.2 Your Option to Re-Franchise.

At the end of the term of this Agreement, you will have the option to re-franchise the Business in the APR for one additional 10 year term, provided that you have (a) given us written notice at least 210 days prior to the end of the term of this Agreement of your intention to re-franchise the Business in the APR, (b) complied with all of the terms and conditions of this Agreement and with our operating and quality standards throughout the term of this Agreement, (c) paid all monetary obligations you owe to us and to our affiliates before the end of the term of this Agreement, and have timely paid all those obligations throughout the term of this Agreement, (d) agreed in writing to make the reasonable capital expenditures necessary to replace and modernize the equipment, vehicles, and technology so that the Business will conform to our then-current Business System, and (e) signed the form of Franchise Agreement we are then offering to "repair only" franchisees (the "New Agreement"). However, our pre-opening obligations will be waived and instead of paying an Initial Fee or any new initial training fee, you will pay a Re-Franchise Fee of \$2,500. If, at the same time you re-franchise one Novus® franchise, you re-franchise other Novus® franchises you own, we will charge you one additional Re-Franchise Fee of \$1,500 for all the additional franchises you re-franchise at the same time. In any case, you must pay the Re-Franchise Fee at the time you sign the New Agreement. You will also be required to pay the Royalty Fees and all other fees at the rates specified in the New Agreement, and to pay all additional fees required by the terms of the New Agreement. You acknowledge that the terms, conditions, and economics of the New Agreement may vary in substance and form from the terms, conditions, and economics of this Agreement.

3.3 Your Option to Convert From or To a Mobile Business.

If at any time during the term of this Agreement, you are either: (i) operating a Mobile business and desire to convert to a Retail Location, or (ii) operating a Retail Location and desire to convert to a Mobile business; then, you will have the option to convert your Business, provided that you (a) give us written notice of your desire to convert your Business, (b) have complied with all of the terms and conditions of this Agreement and with our operating and quality standards throughout the term of the Agreement, (c) have timely paid all monetary obligations you owe to us and to our affiliates throughout the term of this Agreement, (d) agree in writing to make the capital expenditures necessary in order to convert your Business to conform to our then-current Business System, and (e) sign our form of New Agreement (as defined in Section 3.2 above). However, our pre-opening obligations will be waived and instead of paying a new Re-Franchise Fee, you will pay a Conversion Fee of \$1,500 at the time you sign the New Agreement. We will also waive any required initial training fee. The term of your agreement will be as set forth in the New Agreement, and you will also be required to pay the Royalty Fees and all other fees, and any additional fees, at the rates specified in the New Agreement. You

acknowledge that the terms, conditions, and economics of the New Agreement may vary in substance and form from the terms, conditions, and economics of this Agreement.

ARTICLE 4.

LICENSING OF MARKS AND BUSINESS SYSTEM TO YOU

4.1 Ownership of Marks.

We warrant to you that we have the right to (a) use and license the Marks and the Business System in the United States , and (b) grant you the right to use the Marks and the Business System. Any and all improvements you make relating to the Marks or the Business System will be our sole and absolute property, and we will have the exclusive right to register and protect all such improvements in our name. Your use of the Marks and the Business System, as well as any goodwill arising from such use, will belong exclusively to us, and you will not be paid anything for those improvements. You will not take any action to contest the validity of our ownership of, the Marks, the Business System, or the goodwill associated with the Marks or the Business System.

4.2 Conditions to License of Marks.

Your nonexclusive personal right to use any of the Marks as the name of the Business and your rights to use the Marks and the Business System will exist only so long as you fully perform and comply with all of the conditions, terms and covenants of this Agreement. You have the right to use the Marks and the Business System only in the manner we prescribe, direct, and approve in writing, and you will adopt and use all variations of the Marks we designate from time to time. If, in our judgment, your actions infringe upon or demean the goodwill, uniformity, quality or business standard associated with the Marks or the Business System, then you must, upon written notice from us, immediately modify your use of the Marks or the Business System in the manner we prescribe. You will not make any changes or amendments whatsoever to the Marks or the Business System unless we approve those changes in writing.

4.3 Changes; Adverse Claims to Marks.

If we decide to change any of the Marks, or if there is any claim by any party that its rights to any or all of the Marks are superior to ours, or if there is a determination by a court that any party's rights to the Marks are superior to ours, then upon written notice from us, you will immediately adopt and use the changes and amendments to the Marks that we specify. If so directed, you will immediately cease using the former Mark, and will, as soon as reasonably possible, begin using the new Marks or Marks we designate.

4.4 Defense or Enforcement of Rights to Marks or Business System.

You will have no right to and will not defend or enforce any rights associated with the Marks or the Business System in any court or other proceedings for or against imitation, infringement, prior use or for any other claim or allegation. You will give us prompt and immediate written notice of any and all claims or complaints made against or associated with the Marks and the Business System and will, without compensation for your time, cooperate in all respects with us in any lawsuits or other proceedings involving the Marks and the Business System. We will have the right to determine whether we will start or defend any litigation involving the Marks and/or the Business System.

4.5 Tender of Defense.

If you are named as a defendant or party in any action involving the Marks or the Business System solely because the plaintiff or claimant is alleging that you do not have the right to use the Marks or the Business System, then you may tender the defense of the action to us and we will, at our expense, defend you in the action, provided that you have notified us of the action, and sent us all notices and pleadings you receive concerning the action, within 10 days after you receive them. We will have no other liability to you for any Costs and Expenses that you incur in any litigation involving the Marks and the Business System.

4.6 Your Right to Participate in Litigation.

You may, at your expense and without any obligation on our part to reimburse you for any Costs and Expenses, retain an attorney to represent you individually in all litigation and court proceedings in which you are named as a defendant that involve the Marks or the Business System. However, we and our attorneys will control all litigation involving the Marks and the Business System.

ARTICLE 5. INITIAL FEE

You do not have to pay an Initial Franchise Fee to us, but will instead pay a Re-Franchise Fee as set forth in Article 3.2.

ARTICLE 6. ROYALTY FEES

6.1 Calculation of Royalty Fees.

In addition to paying us the Initial Fee, you will, during the entire term of this Agreement, pay us monthly "Royalty Fees" equal to the greater of (a) the Minimum Monthly Royalty Fees set forth in Article 6.2, or (b) 8% of your Gross Revenues from the sale of any and all Products and Services you sell in or from the Business.

6.2 Minimum Monthly Royalty Fee.

If the actual monthly Royalty Fees calculated under Article 6.1 are greater than \$250, then you must pay us the amount of the actual monthly Royalty Fees payable for the month. If the actual monthly Royalty Fees calculated under Article 6.1 are less than \$250, then you must pay us \$250 as the Royalty Fees for that month.

6.3 Your Obligation to Pay.

You will pay the Royalty Fees to us by the 10th day of each month for the preceding month. Your failure to pay any Royalty Fees to us on a timely basis will be a material breach of this Agreement. Your obligation to pay us the Royalty Fees is absolute and unconditional, and will remain in full force and effect until the term of this Agreement has expired or until this Agreement has been terminated in accordance with the terms and conditions of this Agreement. You may, with our written approval, pay your Royalty Fees by charging the amount to a credit card we approve.

6.4 Pre-Authorized Bank Debits.

Unless we agree to other arrangements, at our sole discretion, before you begin operating the Business, you must sign such documents as we require to provide your unconditional and irrevocable authority and direction to your bank authorizing and directing your bank to pay and deposit directly to our account, and to charge to your account, the amount of the Royalty Fees you owe us under this Agreement. The transfer will be made by the close of business on the 10th day of each month for the preceding month. The authorizations will be in the form our bank requires and will permit us to designate the amount to be debited or drafted from your account for the Royalty Fees. If you fail at any time to provide the Gross Revenues Report required under this Agreement, then we may estimate the amount of the Royalty Fees you owe us based on the highest of the last three monthly Royalty Fees you owed us. You must then at all times maintain a balance in your bank account sufficient to allow the appropriate amount to be debited from your account for payment of the monthly Royalty Fees you owe us.

6.5 Late Payment Charges on Unpaid Royalty Fees.

If you fail to timely pay any Royalty Fees due to us, then we may add a late payment charge to the unpaid and past due Royalty Fees. The late payment charge will equal the lesser of (a) the maximum legal interest rate allowable in the state in which the Business is located, or (b) 1½% per month.

ARTICLE 7. OPERATIONS MANUAL

7.1 Compliance with Operations Manual.

We will loan one copy of our Operations Manual to you when you successfully complete the Required Training Programs, or we will provide access to a Secure Website containing the Operations Manual. You acknowledge that the Operations Manual is designed to protect our standards and systems, and the Marks, and not to control the day-to-day operation of the Business. In order to protect our reputation and goodwill, and to maintain uniform operating standards under the Marks and the Business System, you will at all times operate the Business in compliance with our confidential Operations Manual and all standards we establish for the Business. You will conform to the common image and identity created by the Products and Services and associated with the Business System that are portrayed and described in the Operations Manual.

7.2 Confidentiality of Operations Manual.

You will at all times during and after the term of this Agreement treat the Operations Manual, any other manuals we create or approve for you to use in the operation of the Business as proprietary and confidential, and you will use all reasonable means to keep all information in these manuals confidential. You and your employees will not copy, duplicate, record or reproduce any portion of the Operations Manual or make it available to any unauthorized person. You will not use any portion of the Operations Manual to operate any other business or for any purpose except the operation of the Business.

7.3 Revisions to Operations Manual.

We reserve the right to revise the Operations Manual at any time. You will conform the Business to all changes and modifications we make to the Operations Manual, including the

addition of new Products and Services, within a reasonable time as we determine in our sole discretion. You will at all times keep the Operations Manual current and up-to-date, and in the event of any dispute, the terms of the master copy of the Operations Manual we maintain, as amended from time to time, will be controlling in all respects. If we publish the Operations Manual on a Secure Website, then the Operations Manual as published will be the master copy and we will not be required to update any hard copy in your possession.

7.4 Confidentiality of Other Information.

We will be disclosing and providing you with certain confidential and proprietary information concerning the Business System and the procedures, operations and data used in connection with the Business System. You will not, during or after the term of this Agreement, communicate, disclose, copy, duplicate, reproduce, reverse engineer or use for the benefit of, any person or entity any such confidential and proprietary information, trade secrets, knowledge or know-how concerning the methods of operation which we communicate to you, or that relate to the operation of the Business, including any confidential and proprietary information, trade secrets, knowledge or know-how published on a Secure Website. You will disclose such confidential and proprietary information only to your employees who must have access to it in order to operate the Business, and you will, before providing any employee with access to our confidential or proprietary information, have that employee sign a confidentiality agreement. Any and all information, knowledge and know-how including drawings, products, processes, trade secrets, formulas, photographs and visual displays of products or processes, including video tapes, CD-ROM, digital recordings, and digitally stored materials, brochures, marketing materials, equipment, technology, methods, procedures, specifications, techniques, teaching methods, computer software programs, systems and other data that we copyright or designate as confidential or proprietary will be deemed confidential and proprietary for the purposes of this Agreement, including the reverse engineering of proprietary Novus® Resins and Related Products, as defined in Article 8.2 below.

7.5 Exclusive Property.

All materials, methods and systems relating to the Business System, including the Operations Manual, photographs and visual displays of products and processes, all confidential and proprietary information of ours, and any and all future developments by you of such materials, are and will be our sole and exclusive property. All of the information we or our affiliates obtain about the Business and all information in your records or ours concerning the customers of your Business, and all revenues we derive from this information, will also be our sole and exclusive property. You acknowledge that you have no rights in any of this property, except the right to use that property under this Agreement, and you may at any time during the term of this Agreement use in the operation of your Business (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your Business, such as customer data.

ARTICLE 8. PRODUCTS AND SERVICES; SUPPLIERS

8.1 Products and Services.

You will offer and sell all of the Products and Services we require to be sold as part of the Business System. You will, within a reasonable time after receiving written notice from us, add

and offer any new Products and Services that we require to be sold as part of the Business System. You may also offer and sell any of the optional Products and Services that we approve to be sold in the Business System. You will not, under any circumstances, have the right to offer or sell any Products and Services that we do not authorize in writing or in our Operations Manual. We may add to or eliminate any of the foregoing Products and Services at any time upon notice to you, but if we eliminate any Products, we will give you a reasonable time to liquidate your inventory of those Products. You will maintain sufficient inventories of all Products and Services necessary to realize the full economic potential of the Business and will maintain any minimum inventories of Products and Services we specify. You will offer for sale and will sell those Products and Services we require or approve for sale only on a retail basis (to the end user) and only within your APR. We may require that you purchase, and you will purchase, certain Products and Services we specify only according to our standards and specifications for such Products and Services, including standards and specifications consisting of only a nationally recognized brand name or specific manufacturer. However, unless we tell you otherwise in this Article 8, you may purchase these Products and Services from any supplier or distributor. To the extent we tell you that you cannot purchase certain Products and Services from any supplier, those Products and Services will be available exclusively from us or from approved-suppliers Approved Suppliers or distributors.

8.2 Replacement Services.

If you receive any inquiries concerning glass replacement services, you will provide to that person the name(s) and telephone number(s) of any Novus Repair and Replacement businesses in your APR or any other glass replacement business that we may approve in our sole discretion. If there are no Novus Repair and Replacement businesses in your APR, then you will provide to the person making the inquiry the name and telephone number of the closest Novus Repair and Replacement business to your APR (or another glass replacement business that we may approve in our sole discretion), unless there is not any such business located within 15 miles of the outer boundaries of your APR.

8.3 Limitations on Sales.

You will not sell any proprietary Products and Services, including Resins and Related Products as defined in Article 8.5, on a wholesale basis (for resale to another retailer or wholesaler) and will not sell any Products and Services or other products and services under any of the Marks or the Business System (a) on a retail basis at or from any other location, (b) by means of the Internet (other than from a website we approve), catalogue sales, mail order sales or infomercials, or (c) by any other means or methods of sales or distribution.

8.4 Pricing of Products and Services.

You have the right to sell the Products and Services to your customers at whatever prices and on whatever terms you determine.

8.5 Use of Novus® Resins.

You acknowledge that we have developed a unique, high quality line of windshield repair resins, equipment and other products and equipment to be used in performing windshield repair services ("Resins and Related Products"), and that we have developed certain national warranty programs relating to the quality of windshield repair services provided under the Novus® name. You further acknowledge that it is of paramount importance to maintaining the uniform high-quality

image for windshield repair services associated by the public with the Marks and Business System that only Resins and Related Products be used by all businesses performing windshield repair services under the Novus® name. Therefore, in order to maintain and ensure the quality of the windshield repair services you provide to your customers under the Novus® name, and in order for us to allow you to participate in any warranty programs we offer, you will use only the Resins and Related Products that we designate or approve in writing. You will not resell any Resins and Related Products to any person or entity without our prior written consent.

8.6 Designated Suppliers.

You may only purchase Resins and Related Products from us or from our Designated Supplier. We may require, in our sole discretion, that you purchase, and you will purchase, certain other Products and Services we specify only from a Designated Supplier. We or our affiliates may be a Designated Supplier, and the only Designated Supplier, for certain Products and Services. You will not have the right to substitute any new supplier or distributor for any Designated Supplier or to require us to appoint or approve any new supplier or distributor as a Designated Supplier. We will have the right to require any Designated Supplier to sign a contract containing terms and conditions acceptable to us, including those relating to pricing, delivery, terms, product availability, economic viability, service and quality and the right to modify at any time the terms or conditions of that contract. We may at any time add or remove a Designated Supplier or add, remove or modify in any manner any requirement that you purchase any given Products and Services only from a Designated Supplier.

8.7 Approved Suppliers.

We may require, in our sole discretion, that you purchase, and you will purchase, certain Products and Services we specify only from Approved Suppliers. If you desire to purchase any Products and Services that we require you to purchase from Approved Suppliers from other suppliers and distributors, then you must, at your expense, submit to us samples and specifications, and other business and product information we request, for review and/or product testing to determine whether the supplier or distributor and its Products and Services meet our standards and specifications. We will have the right to inspect the facilities of the proposed supplier or distributor. Within 10 days after being invoiced, you will reimburse us for the costs and expenses we incur to (a) analyze, review and test the products and/or services and the samples, and (b) conduct an inspection of the facilities of the proposed supplier or distributor, subject to a minimum fee we may set from time to time. We will complete all testing of all products and/or services, and notify you of our determination within 45 days after we receive all of the required information. We will have the right to require any new or existing Approved Supplier to sign a contract containing terms and conditions acceptable to us, including those relating to pricing, delivery, terms, product availability, economic viability, service and quality and the right to modify at any time the terms or conditions of that contract. We may at any time add or remove an Approved Supplier or add, remove or modify in any manner any requirement that you purchase any given Products and Services only from an Approved Supplier.

8.8 Initial Equipment Package Packages; Products and Services Used in the Business.

~~You must~~ When you sign this Agreement, you must lease the Initial Equipment Package from our affiliate, and purchase the Initial Accompanying Equipment Package from us when you sign this Agreement; provided, however, that we may, in our sole discretion, waive this requirement and instead allow you to upgrade your existing equipment at the time you sign this Agreement. You

will obtain, pay for and use in the Business, but not offer or sell, those Products and Services, including the ~~Novus resins described in Article 8.2~~ Resins and Related Products and the Initial Equipment Package and Accompanying Equipment Package, that we specify for use but not for sale in the Business, and at all times you will maintain a minimum inventory of such Products and Services that we specify. The Products and Services, Retail Location and vehicles (including all graphics on the vehicles) you use in the Business must conform to the quality standards, specifications and uniformity requirements we establish from time to time. All vehicles you operate in the Business must be kept clean, be properly maintained and be in good working order.

8.9 Branding of Products.

Except as we approve in the Operations Manual or otherwise in writing, you will not under any circumstances have the right to: (a) use or display the Marks on or in connection with any Product and Service; (b) acquire, develop, create, package or manufacture any product using the name "Novus®" or any of the Marks, or direct any other person or entity to do so; (c) acquire, develop or manufacture any product that has been developed or manufactured by or for us for use with the Business System and which is sold under any of the Marks, or direct any other person or entity to do so; or (d) use, have access to, or have any rights to any proprietary formulas or configurations for any Products and Services developed by us or on our behalf

8.10 Profit and Payments.

You acknowledge that we or our affiliates may make a profit on purchases of Products and Services you make from us. You also acknowledge that we or our affiliates may receive Payments based in whole or in part on purchases of Products and Services you make from a Designated Supplier, Approved Supplier or another third party. Any Payments we or our affiliates receive from a Designated Supplier, Approved Supplier or other third party as a result of your purchases from Designated Supplier or Approved Supplier or other suppliers or distributors will be our property and you will not have any right to any portion of those Paymentspayments.

8.11 Purchases From Us, or From Designated Supplier or Approved Supplier.

We and our affiliates will have the right to change the prices, delivery terms, payment terms, and other terms relating to the Products and Services sold to you without giving you prior notice, and discontinue the sale of any Products and Services for any reason. We and our affiliates will not be liable to you for the unavailability of Products and Services from us or from a Designated Supplier or Approved Supplier, or for any delay in shipment or receipt of Products and Services from us, or from a Designated Supplier or Approved Supplier due to temporary product shortages, order backlogs, production difficulties, delays, unavailability of transportation, tire, strike, work stoppage, or other causes beyond the control of us or our affiliates.

8.12 National or Regional Accounts.

From time to time, we may offer you the opportunity to provide services to a national or regional insurance company, fleet account, or other account in your APR. If we do so, you have the right to accept the account, provided you comply with all of our procedures for servicing the account (which may include pricing and service policies, as negotiated with the account). If you decide not to service the account, or if the account expresses dissatisfaction with your servicing of the account, then we have the right to permanently assign the right to service that account in your

APR to another Novus business, including one owned by us or our affiliates, or to other service providers.

ARTICLE 9. RETAIL LOCATION SITE SELECTION

9.1 Site Selection.

You will hire an experienced commercial real estate agent to advise you on all real estate matters related to a Retail Location. You will be responsible for selecting a site for the Retail Location, for purchasing or leasing the real estate, and for constructing or remodeling the building premises. At your request, we will meet with you and your commercial real estate agent or expert to discuss any proposed sites for your Retail Location. If you request a meeting with us, you must reimburse us for all Salaries and Travel Expenses we or our employees or agents incur to review any proposed sites in your APR. You acknowledge that our review of any proposed site, the lease, and the plans and specifications for your Retail Location, and any information that we may provide in the selection or development of the site, is not a representation, warranty or guaranty by us that the Business will be economically successful or profitable if it is operated at that site, and you will assume all responsibility for the business and economic risks associated with the selection of the site.

9.2 Failure to Locate Suitable Site.

If you elect to operate as a Retail Location business and fail to either purchase or lease a site for the Retail Location within 90 days from the date of this Agreement, then, unless you choose to begin operating as a Mobile business, we will have the right to terminate this Agreement under the terms of Article 18.

9.3 Lease.

If your Retail Location is leased, then you are responsible for negotiating and obtaining a lease for a term that is consistent with the term of this Agreement. You must pay all costs and expenses incurred for any construction or remodeling of the Retail Location and premises.

9.4 Construction or Renovation.

You are responsible for inspecting the Retail Location during construction or renovation to ensure that the premises are being constructed or renovated according to your plans and specifications. You are also responsible for complying with all local, state and federal laws, ordinances, statutes and building codes, and for acquiring all licenses, building permits and other permits required by all federal, state, city, municipal and local laws in connection with the operation, construction or renovation of the Retail Location.

9.5 Our Option to View Retail Location.

You will submit plans and specifications for the Retail Location to us for our review before beginning construction or remodeling. We may, at our expense, view the Retail Location during construction or renovation at such times as we deem necessary for the purpose of determining the progress of construction or renovation and to determine whether the interior and exterior of the premises have the physical appearance generally associated with the Marks and Business System. Our review of your plans and specifications, and our viewing of the Retail Location during construction or renovation will not be for the purposes of determining that the Retail

Location is being constructed or renovated (a) according to the plans and specifications, (b) in compliance with applicable laws or ordinances, or (c) in a quality manner. We will have no responsibility or liability to you or to any other party if the Retail Location is not constructed or renovated according to the plans and specifications, in compliance with applicable federal, state or local laws or ordinances, or in a workmanlike manner.

9.6 Relocation.

You may, with our prior written approval, relocate the Retail Location to another location in the APR during the term of this Agreement, provided that the proposed new location is not within two miles of any stand-alone (as opposed to affiliate) Novus® business that is managed, owned, or operated by us or by any franchisee of ours. However, the “new” location, including the building and premises, must comply with all applicable provisions of this Agreement and with our then-current specifications. Relocation of the Retail Location under this provision will not change or alter the APR.

9.7 Catastrophes.

If the Retail Location is damaged or destroyed by fire or other casualty, then you will, within 30 days after the damage or destruction, initiate the repairs and reconstruction necessary to restore and reopen the premises.

ARTICLE 10. TRAINING

10.1 Initial Training.

We will provide an initial training program (the “Initial Training Program”) for you and one employee you designate (provided your employee takes the training at the same time you do). The Initial Training program will be held in Minneapolis, Minnesota, or at another location we designate. The Initial Training Program will include classroom and/or hands-on instruction in basic business operations, understanding the automotive industry, accounting and bookkeeping procedures, reporting requirements, business planning and goal setting, selling and marketing techniques, customer service, quality control, equipment operation and maintenance, conducting sales calls and presentations, and other business, financial and marketing topics we select. If you are not serving as the full-time manager of the Business, the Business must at all times be under the supervision of a full-time manager who has completed the Initial Training Program.

10.2 Initial Glass Repair Training.

We will provide initial Glass Repair training (the “Initial Glass Repair Training”) for two employees you designate (provided your employee takes the training at the same time you do). The Initial Glass Repair Training will be held in Minneapolis, Minnesota, or at another location we designate. It will include classroom and on the job training in Glass Repair, including varieties and types of windshield damage, repair capabilities, the Novus® system for glass repairs and related services. The Initial Glass Repair Training will last between five and one-half and eight days.

10.3 Initial Training Fee.

You must pay us a nonrefundable training fee of \$4,000 (the "Initial Training Fee") for the Initial Training Program and the Initial Glass Repair Training (collectively the "Required Training Programs").

10.4 Successful Completion of Required Training.

You and your managers, and any other of your employees that we designate must attend and successfully complete the Required Training Programs within 60 days after the date of this Agreement and before you open the Business.

10.5 Annual Programs.

We may require you to annually attend one additional training program (which could be our annual meeting or convention). Whether or not you attend this program, you must pay our then-current fee for attendance.

10.6 Additional Training.

You and the appropriate employees of yours must attend and successfully complete all additional Glass Repair and other technical training we require to (a) improve the quality and standards of Products and Services offered in connection with the Business System, (b) improve the operation of the Business, or (c) maintain the product and service consistency we require. You will pay us our then-current training fee for each employee who attends any additional training programs we conduct. In addition, we may require you to obtain independent or third-party training, accreditation or certification, including compliance with ANSI Standards.

10.7 Payment of Salaries and Expenses, Release of Claims.

You will pay the Salaries and Travel Expenses for yourself and all your employees who attend any required training program. You, for yourself and all employees who attend the Required Training Programs and any additional training programs we conduct, hereby release and agree to hold us and our officers and directors harmless from and against any and all claims, liability, damages, or causes of action of any nature arising from the participation and attendance by you or any employee of yours in any of the training programs we approve, conduct, or require.

ARTICLE 11. OPENING ASSISTANCE, INITIAL ADVERTISING

11.1 Opening Assistance.

We will make a representative of ours available to you, by telephone during the first 60 days after you begin operating the Business, to assist you in implementing the Business System.

11.2 Initial Advertising.

We will provide you with recommended advertising and promotional production materials for conducting an initial advertising and promotional campaign for the Business. The initial advertising and promotional campaign materials will generally include newspaper advertising, radio spots, television commercials (to be customized with "tag lines" by us at your expense), Yellow Pages advertisements, outdoor advertisements, Internet advertising, press releases, business announcements, direct mail advertisements, and other advertising and promotional materials that we deem appropriate. You will be responsible for all costs relating to the

placement, distribution or mailing all advertising and promotional materials and are expected to spend a minimum of \$2,000 on your initial advertising and promotional campaigns.

ARTICLE 12. OUR OBLIGATIONS

12.1 Business System.

Consistent with our uniformity requirements and quality standards, we or our authorized representative will (a) provide you with a written schedule of all supplies, technology and equipment we think is necessary for the operation of the Business, (b) recommend basic business and accounting procedures for the Business, (c) periodically review the Business and render written reports to you as we deem appropriate, (d) legally protect and enforce the Marks and the Business System for the benefit of all our franchisees and licensees in the manner we deem appropriate, (e) provide you with the Operations Manual and all supplements that may we may publish from time to time or provide you access to a Secure Website containing the Operations Manual and supplements, and (f) upon your reasonable request, render advisory services by telephone or in writing pertaining to the Business System and the operation of the Business as we deem appropriate, reasonable and necessary.

12.2 Our Marketing Expenditures.

Each calendar year during the term of this Agreement, we will make expenditures for general advertising, marketing, public relations and promotion of the Glass Repair and other Products and Services provided under the Marks (referred to in this Article as "Marketing Expenditures"). The amount we will spend on Marketing Expenditures will be equal to (i) 2% of the Gross Revenues on all Glass Repair Products and Services sold by our franchisees and on which we are paid royalties, and (ii) 3% of the Gross Revenues of all other Products and Services on which we receive Royalty Fees of 8% or more from our franchisees. Marketing Expenditures we make will be based on Gross Revenues and not on any Minimum Monthly Royalty Fee paid by you or any other franchisee. We will determine how, where, and when the Marketing Expenditures will be spent, including purchasing and paying for product research and development, sales and marketing materials, advertising materials, ad slicks, brochures, and radio and television commercials, services provided by advertising agencies, market research, media time and space advertising (including Internet, radio, television, newspaper, magazine and other print advertising), promotions, convention expenses, development and protection of our Marks, marketing, public relations, telemarketing, the establishment and maintenance of Internet sites promoting our brand, including Social Media Sites, the cost of providing toll-free and other telephone services for the benefit of our franchisees, and other national, regional and local advertising and promotion that we deem appropriate. We may also use the Marketing Expenditures to pay for long distance telephone charges, office rental, furniture, fixtures and equipment, leasehold improvements, Salaries and Travel Expenses, office supplies and other administrative costs we incur in connection with these marketing activities. We will have the absolute right to spend the Marketing Expenditures for advertising, marketing and promoting Glass Replacement services, Glass Repair services, and/or other Products and Services, in any manner or way that we choose, even if you do not offer some of the advertised Products and Services in the Business. We will have no obligation to spend any portion of the Marketing Expenditures in your APR. If you request, we will provide you with a report of the Marketing Expenditures within 120 days after the end of each calendar year.

ARTICLE 13.
QUALITY CONTROL, UNIFORMITY AND STANDARDS REQUIRED OF
FRANCHISEE

13.1 Standards of Quality and Service.

We will from time to time publish uniform standards of quality and service for the Business System to protect and maintain (for our benefit and for the benefit of all Novus® franchisees) the distinction, goodwill and uniformity represented and symbolized by the Marks and the Business System. You agree to comply with all such standards, which will include replacement of graphics, signage and equipment as necessary to comply with our standards.

13.2 Identification of Business.

You will operate the Business so that it is clearly identified and advertised under the Marks we specify. The style and form of the word “Novus®” and the Marks you use in your advertising, marketing, public relations, telemarketing or promotional programs or campaigns, including but not limited to any Internet website, or Social Media Site, must comply with our specifications as set forth in the Operations Manual or otherwise. Further, you agree that you will:

- (a) Use the name “Novus®,” the Marks, the approved logo and all graphics commonly associated with the Business System on all advertising, public relations and promotional materials, including but not limited to on the Home Page and any Social Media Site approved by us, signage, vehicles, checks, stationery, paper supplies, business cards and other materials in the identical combination and manner we specify;
- (b) Purchase from us, at the time you sign this Agreement, an Initial Franchise Identification Package for the Business, which will include an initial supply of decals, invoices, business cards, uniforms, and other logo items you will initially use in the operation of the Business;
- (c) Not use or advertise any name or mark other than the Marks, and your individual or corporate name, on any vehicles or materials you use in the Business, and not use all or part of the “Novus®” name, any of the other Marks, or any similar name, word or symbol or variant thereof, in a domain name, account name, profile or URL, except as specifically approved by us; and
- (d) At your expense, comply with all trademark, trade name, service mark, copyright, patent and other registration notices and notice markings that we require or that are required by applicable law.

If you fail to comply with any of our brand identity standards, and do not correct your noncompliance within 10 days after notice, then in addition to any other rights we may have, we may charge you an image fee, of up to \$500 per month, until you comply.

13.3 Compliance with Standards.

You will operate the Business and use the Marks and the Business System in compliance with the moral and ethical standards, quality standards, operating procedures, policies, specifications, requirements and instructions we set forth in the Operations Manual, as amended and supplemented from time to time. You will conform to all customer service standards and

policies we specify. In addition, you will comply with all independent or third-party's standards that we require, including ANSI Standards.

13.4 Your Name.

You will not use the word "Novus®" or any words confusingly similar to any of the Marks, or part or variant thereof, in your corporate, partnership or sole proprietorship name. You will hold yourself out to the public as an independent contractor operating the Business under a franchise from us and you will clearly indicate on your business checks, stationery, business cards, invoices, receipts, advertising, public relations and promotional materials, including your Home Page and any Social Media Site approved by us, and other written materials that you are a franchisee of ours. You will display signs at the Retail Location that are clearly visible to the general public indicating that the Business is independently owned and operated as a franchised business. You will file for a certificate of assumed name in the manner required by applicable state law so as to notify the public that you are operating the Business as an independent business under this Agreement.

13.5 Advertising and Promotion.

You will spend at least 4% of your Gross Revenues each calendar quarter for local advertising that we approve to promote the Business in the APR. In January of each year, you must provide us with information in a form we request showing the expenditures you made in the previous year on these advertising and promotional programs. If you did not spend the entire amount we required you to spend in that year, you must submit the difference to us, with your report, and we will add that money to the Marketing Expenditures we make under Article 12.2 of this Agreement. All advertising, marketing, public relations, telemarketing and promotional materials making use of the Marks must be approved by us prior to use or placement, and you will not conduct any media advertising or promotion for the Business until we have given you our prior written approval. Any advertising or promotional materials we provide to you will be deemed approved. If more than one Novus® glass franchisee or licensee is authorized by us to operate in the APR, then we will have the right to require you to become a member of, participate in and contribute to a local cooperative advertising group. The local advertising group will, by the majority vote of its members, determine and carry out approved local advertising and promotion for the benefit of all of the franchisees in the APR, and will allocate the costs of local advertising and promotion among the members. Any amounts you contribute to the local advertising group will be credited towards your 4% local advertising obligation under this Article 13.5. You will not permit any third party to advertise its business, or its products and services, in conjunction with the Business, without obtaining our prior written approval.

13.6 Telephone Directory Listing.

We may require you to obtain local telephone service from a supplier we designate. If we so require, we will pay the cost of the telephone number we select for your business (and we will own that telephone number) as a Marketing Expenditure, but you will purchase and pay for your own local telephone service. You will continually advertise the Business in the Yellow Pages in the APR under all of the listings we designate or approve. The timing, size, form, content, layout, copy and presentation of all Yellow Pages advertising will conform to our specifications. You will participate in the Yellow Pages advertising programs and in such other directory advertising programs as we may specify from time to time. You will pay all costs for Yellow Pages and other directory advertising. If more than one franchisee is authorized to operate

within any APR covered by a single directory, then you will, upon written notice from us, participate in a single cooperative advertisement and prepay your proportionate share of the placement of such cooperative advertisement. All Yellow Page advertising done in accordance with this Article will qualify as part of the 4% local advertising obligation set forth in Article 13.5.

13.7 Signage.

You will only display signage at the Retail Location and on your vehicles that meet our specifications, and you will not use or display any other signs of any kind or nature in connection with the Business without obtaining our prior written approval. If you operate a Retail Location business, you must either order your building signage from us (and pay for that signage) at the time you sign this Agreement, or, within 30 days after you sign this Agreement, you must provide us a copy of a paid receipt, evidencing that you have purchased and paid for signage that meets our requirements from a supplier we have approved. In addition, you must erect the building signage for the Business within 60 days of the date of this Agreement or within 15 days of the date you acquire possession of the Retail Location, whichever is later, but in any event, before you begin operating the Business. You will be responsible for all costs of acquiring and installing the signage. If you fail to install the required signage in the month you begin operating your business, you will then be responsible to pay us an additional image fee of \$500 per month, on the first day of each subsequent month, until the signage has been installed. You will not alter or redesign the signage without our prior written approval.

13.8 Maintenance of Equipment.

You will, at your expense, repair and keep in proper working condition the equipment and technology used in the Business. All such equipment and technology must at all times meet our quality standards. All replacement equipment, technology, supplies and other items you use in the Business must comply with our then-current standards and specifications.

13.9 Participation in Warranty Programs.

You will offer to the customers of the Business, and participate in, all product and service warranty programs we establish. You will also participate in the "warranty reciprocity program" and will accept and abide by all requirements and limits on warranty compensation we establish. You will reimburse any other franchised or company-owned Novus[®] business that satisfies any warranty or guaranty on work performed by you for the cost of ail replacement parts and the labor charges we establish from time to time. You will submit to us written claims for warranty work you perform that result from Products and Services provided by other franchised or company-owned businesses. We will use reasonable efforts to timely notify you if you will not be reimbursed for providing warranty work.

13.10 Customer Records.

In order to comply with applicable federal and state laws, including any glass or other product recalls required by law, and to properly process warranty claims for customers who have purchased products and services from you or from other franchisees, you will maintain complete and accurate records of all sales and service for all products and services sold to your customers. You will, upon written request from us, provide us with: (a) the name, address, city, state, zip code and telephone number for each of your customers, together with a complete description of the Productsproducts and Servicessservices purchased by the customer, including, if applicable,

brand and model numbers; (b) all warranty cards received from your customers; (c) any other customer information we require to comply with applicable laws or to provide required product or service information; and (d) all other reports we require, including accurate records for all customer service and repair calls made by you for any Products and Services.

13.11 Our Right to Review.

We may, after giving you three days written notice, inspect: (a) the Retail Location; (b) your vehicles; and (c) your inventory. We also have the right to review your business records and to examine your operating practices to determine whether they meet our quality and service standards. We have the right to take photographs, and make video, digital and/or audio recordings during the inspection.

13.12 Remodeling of Retail Location.

If you operate a Retail Location business, you must periodically make reasonable capital expenditures necessary to remodel, modernize and redecorate the Retail Location, and to replace and modernize your furniture, fixtures, signage, supplies and equipment so that the Retail Location will reflect the then-common image we want portrayed by businesses operating under the Marks (hereinafter referred to as “remodeling”). All remodeling of the Retail Location must be done in accordance with our standards and specifications and with our prior written approval. You must begin remodeling the Retail Location within three months after you receive written notice from us specifying the required remodeling, and you will diligently complete the remodeling within a reasonable time. Except as provided under Article 13.8, we will not require you to remodel the Retail Location, or to replace or modernize your furniture, fixtures, supplies and equipment, more than once every five years.

13.13 Compliance with Applicable Laws.

You will, at your expense, comply with all federal, state, city, local and municipal laws, ordinances, rules and regulations pertaining to the operation of the Business, including all health and safety laws and regulations, all driving and vehicle laws, all environmental laws, and all employment laws. You will, at your expense, be responsible for determining all drivers and other licenses and permits required by law for the Business and for your employees, for obtaining all licenses and permits, and for complying with all applicable laws.

13.14 Payment of Taxes and Other Obligations.

You will be responsible for the prompt filing and payment of all Taxes. You will timely pay all of your liquidated obligations and liabilities due and payable to us, and to your suppliers, lessors and other creditors, including obligations to pay suppliers for Products and Services.

13.15 Reimbursement of Our Taxes.

We will pay our own corporate income and other taxes. However, if any “franchise” or other tax that is based on the Gross Revenues, receipts, sales, business activities or operation of the Business (“franchise tax”) is imposed upon us by any taxing authority (including any sales, income or related tax imposed upon us by the state in which the Business is located as a result of any royalties or other fees you pay to us), then you will, upon receiving written notice, reimburse us in an amount equal to the amount of the tax and related costs imposed on us.

13.16 Standard Attire.

You and your employees will wear the uniforms and standard attire we specify, and maintain those uniforms in a clean condition. You will assure that all employees practice good personal hygiene.

13.17 Business Hours, Personnel.

The Business will be open for business (at a minimum) from 8:00 a.m. to 5:00 p.m. Monday through Friday, or during such other minimum business hours we specify. When you or your Manager are not on duty, you will have at least one employee on duty that has successfully completed the Required Training Programs necessary to be certified by us as "Factory Trained." At least half of your employees must at all times have successfully completed the training required to be certified by us as "Factory Trained." You will at all times have at least one full-time employee (who may be the Franchisee if the Franchisee is an individual) who has successfully completed the Required Training Programs. You will at all times have a sufficient number of adequately trained and competent personnel on duty to guarantee efficient service to your customers and clients to comply with our customer service standards.

13.18 Security Interest.

To secure the payment of the fees and your obligations set forth herein, you grant us a security interest in the receivables, inventory, equipment, and other assets of the Business, whether now existing or hereinafter created, together with all proceeds of such assets. You authorize us to file one or more financing statements to evidence this security interest. This Agreement and the franchise granted to you under this Agreement may not be the subject of a security interest, lien, levy, attachment or execution by your creditors or any financial institution, except with our prior written approval.

13.19 Notices of Default, Lawsuits or Other Claims.

You will immediately deliver to us a copy of any notice of default you receive from any mortgagee, trustee under any deed of trust, contract for deed holder, lessor or any other party related to the Business and copies of all lawsuits, consumer claims, employee claims, federal or state administrative proceedings or investigations, and other claims, actions or proceedings relating to the Business. You will provide us all additional information we request regarding any of those matters.

13.20 Fax Equipment.

You will obtain and maintain at all times during the term of this Agreement an electronic telephone facsimile ("fax") or such other telecommunications or information processing equipment we specify. Your fax equipment must be in operation to receive and send information at all times during business hours.

13.21 Office Equipment; Computer Hardware and Software.

You must obtain and maintain during the term of this Agreement such office equipment and software as we may from time to time require you to use in operating the Business, including (a) photocopy equipment, (b) a point of sale and accounting software package to perform customer and inventory management, data processing, and accounting functions, (c) computer hardware and peripheral equipment necessary to operate the point of sale and accounting software, and (d) the computer software necessary to provide the Products and Services we specify. You will,

upon written notice from us, upgrade all computer equipment and all point of sale and accounting software used in the Business to the standards and specifications we specify. All office equipment and software must meet our standards and specifications.

13.22 Telephone Equipment.

In addition to standard telephone equipment, you must obtain and maintain during the term of this Agreement such mobile or portable cellular telephone equipment, paging equipment, and wireless communication devices as we may from time to time require you to use in the Business, which must meet the standards and specifications we specify. During the minimum business hours we specify, incoming telephone calls received by the Business must either be answered live by you or an employee, or by a telephone service that is answered by a person who is properly trained to schedule jobs and appointments and take messages for the Business.

13.23 E-Mail Address.

You must have access, during the term of this Agreement, to the World Wide Web, 24 hours a day, seven days a week, using a high speed Internet connection. We will provide one e-mail address to you for you to use in the operation of the Business, at no additional charge. You must use this e-mail address in the operation of the Business, and you may not separately establish any other e-mail addresses for the Business. If, however, you do want additional e-mail addresses, we will provide them to you at an additional cost of \$25 each. Your e-mail address will be used as a method for you and us to communicate with each other and to transmit documents and other information. Except as set forth in the Operations Manual, you will not use the word Novus® or any of the other Marks as any part of your e-mail address. You must review your e-mail at least once during every business day and use reasonable efforts to respond to all e-mails from our employees and executives within 24 hours during business days and within 36 hours during weekends and holidays.

13.24 World Wide Web Home Page and Social Media.

We will establish a home page for you on our website (the "Home Page"). You will pay us an initial fee of \$300 to establish the Home Page when you sign this Agreement, and you must pay us a monthly maintenance fee to maintain the Home Page. You may not otherwise establish a website or home page on the World Wide Web, or establish, use, or maintain, or have established or maintained on your behalf, either alone or in concert with others, any other Social Media Site except as we may approve in our sole discretion. The Home Page and any Social Media Site approved by us must be operated and maintained by you in compliance with all provisions of this Agreement, including those regarding the use of confidential and proprietary information, as well as any and all operating procedures, policies, standards and requirements as we may specify from time to time. You also must operate and maintain the Home Page and any Novus Social Media Site approved by us in compliance with all applicable laws, rules, and regulations, including but not limited to those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements. We reserve the right at any time, in our sole discretion, to require you to remove, delete or modify any website, homepage, Social Media Site, or any information, content or post thereon. We will retain sole ownership of any Social Media Site, including any domain name related thereto and all content thereon.

13.25 Referral Programs.

From time to time, we may prescribe glass repair and/or glass replacement referral or marketing programs to you, whether Internet based or otherwise, and we may require that you participate in these programs (and pay all fees associated with such participation).

13.26 Entity Requirements Regarding Formation Documents.

If you operate as an entity, you must, at our request, provide us a copy of your Articles of Incorporation, Articles of Organization or other documents required by state law to form your entity.

ARTICLE 14. INSURANCE

14.1 General Liability Insurance.

You must purchase and maintain general liability insurance with coverage of at least \$1,000,000 insuring you and your officers, directors, agents and employees, from and against any and all loss, liability, damage, claim and expense of any kind whatsoever, including bodily injury, personal injury, death, property damage, products liability and all other damages resulting from (a) the condition, operation, use, business or occupancy of the Business or the Retail Location and (b) the operation of any customer's vehicle by any of your employees.

14.2 Garage Keepers Liability Insurance.

You must purchase and maintain garage keepers insurance with coverage of at least the amounts set forth below ~~\$100,000~~ insuring you and your officers, directors, agents and employees, from and against any and all loss, liability, damage, claim and expense of any kind whatsoever, including personal injury, death, property damage, fire and theft caused to any customer's vehicle in your care, custody and control as a result of fire, explosion, theft, vandalism, riot and civil commotion, and collision. The garage keepers insurance coverage must be written on a direct primary basis ~~and be at least \$100,000 for a Retail Location and at least \$100,000 for a Mobile Unit.~~

14.3 Vehicle Liability Insurance.

You must purchase and maintain automobile liability insurance with coverage of at least \$1,000,000 (combined single limits) insuring you and your officers, directors, agents and employees, from any and all loss, liability, damage, claim and expense of any kind whatsoever resulting from the use, operation or maintenance of all automobiles or vehicles owned or used by you or any of your employees (including automobiles owned or leased by any of your employees) in connection with the Business. If offered, you will also have adequate uninsured motorist insurance coverage.

14.4 Property Insurance, Fire and Extended Coverage.

You must purchase and maintain "all risks" property insurance coverage, which must include fire and extended coverage, vandalism and malicious mischief coverage, and garage keepers' coverage for the Retail Location, inventory, machinery and equipment you own or lease for the Business. Your property insurance policy (including fire and extended coverage) must have coverage limits of at least "replacement" cost.

14.5 Umbrella Liability Coverage.

You must purchase and maintain umbrella liability insurance in the minimum amount of \$1,000,000 that will provide additional liability insurance coverage for any liability incurred by you in excess of the primary liability insurance coverage you carry under your general liability insurance, vehicle liability insurance and employer's liability insurance policies.

14.6 Worker's Compensation Insurance.

You must purchase and maintain worker's compensation insurance covering your employees who are injured in the course of employment, as well as employers liability insurance having primary limits of \$500,000 covering bodily injury by disease per employee, \$500,000 covering bodily injury by disease in aggregate, and \$500,000 covering bodily injury by accident.

14.7 Other Insurance.

The insurance coverage set forth in this Article only describes the minimum insurance we require you to obtain. It is your obligation to determine whether you need to carry other insurance, or higher levels of insurance either by law or because of the nature of the Business or any contract you have signed. We also have the right to require you to obtain additional insurance coverages.

14.8 Our Rights.

All insurance policies we require you to obtain must name us as an additional named insured, and must provide that we will receive copies of all notices of changes in these policies, or cancellation, nonrenewal, or coverage reduction or elimination, at least 30 days before any cancellation, nonrenewal or change takes effect. Before operating the Business, and immediately after changing any insurance coverages, you must provide us with certificates of insurance confirming you have obtained all the insurance coverage we require. If you fail to maintain the insurance coverage we require, or fail to timely provide us evidence of this coverage, we have the right, but not the obligation, to obtain the required insurance coverage. You will promptly sign all applications and other documents required to obtain the required insurance, and will, upon receipt of an invoice, immediately reimburse us for the cost of obtaining the required insurance.

ARTICLE 15. FINANCIAL STATEMENTS AND REPORTING

15.1 Financial Statements.

You must give us semi-annual and annual Financial Statements for the Business within 90 days after (a) the end of each semi-annual period and (b) your fiscal year-end. All Financial Statements you provide to us must be prepared using a chart of accounts and format we specify.

15.2 Verification of Financial Statements.

If your annual or semi-annual Financial Statements are not prepared by an independent certified public accountant, then you (if you do not operate as an entity), or your senior executive officer, must certify the accuracy and completeness of the financial statements.

15.3 Gross Revenues Report.

You must maintain an accurate written record of the daily Gross Revenues for the Business. By the 10th day of each month, you must give us a signed statement of the Gross Revenues

generated by the Business (the "Gross Revenues Report") in the preceding month, using the forms we specify.

15.4 Our Audit and Review Rights.

We have the right at any time to review and audit your Financial Records for the last five fiscal years. The review may be conducted by an employee of ours or by other people we designate. If we elect to proceed with an audit of your Financial Records, then the audit will be conducted by a certified public accountant. You and your accountants will make all of your Financial Records available to us for review and audit at the Retail Location, or in the case of a Mobile business, at the place specified in Article 24.16 for notice to you. You will also provide our representative(s) with adequate facilities to conduct the review and audit. We and our representatives will have the right to make copies of all or any of the Financial Records and to copy and duplicate all Financial Records on your computer system. You should expect to have your Financial Records reviewed and/or audited by us at least once every five years. You will at all times store and maintain the Financial Records in a dry, safe and secure place. We will provide you with a written copy of the report prepared by the reviewer or auditor.

15.5 Audit/Review Costs.

If our audit or review results in a determination that you have overpaid monthly Royalty Fees or other amounts due to us, the amount of the overpayment will be refunded to you within 20 business days from the date of the report. If our audit or review results in a determination that you underpaid us, then you will, within 20 business days of receipt of an invoice, pay us the amount of all past due monthly Royalty Fees and other amounts owed to us, together with late payment charges as provided for in this Agreement. If our audit or review results in a determination that you underpaid the monthly Royalty Fees by more than \$500 during any 12 month period, then you must reimburse us for all costs and expenses we incurred in connection with the review and audit of your Financial Records, including payments made to the accounting firm conducting the review or audit and the Salaries and Travel Expenses incurred by our employees who were involved with or conducting the audit or review. If we had someone other than a certified public accountant review your Financial Records under Article 15.4 and the review shows an underpayment of the monthly Royalty Fees by more than \$500 during any 12 month period, you may contest the review and request an audit by an independent certified public accountant. You must pay for the audit by the independent certified public accountant, but if the audit reveals that you did not underpay the monthly Royalty Fees by more than \$500 during any 12 month period, then we will reimburse you for the cost of the audit.

ARTICLE 16. OUR RIGHT OF FIRST REFUSAL

16.1 Our Right of First Refusal.

You will not Sell or Transfer any interest in or any part of the Business Assets to any person or entity without first offering the same price and terms to us in a written offer that contains all material terms and conditions of the proposed transaction ("Price and Terms"). This provision will not apply to (i) the Sale or Transfer of Business Assets (with the exception of this Agreement) by you to a bank, financial institution or other recognized commercial lender in connection with the financing of the leasehold improvements, furniture, fixtures, supplies and equipment, and/or the real estate and building used in the Business, (ii) a Sale or Transfer of any

Ownership Interest to a member of your Immediate Family, (iii) the Sale or Transfer of any Ownership Interest to a Key Employee following your death, or (iv) a Sale or Transfer of any inventory of the Business to the extent the Sale or Transfer occurred in the normal course of business and is not otherwise part of a Sale or Transfer of any other Business Assets.

16.2 Notice of Proposed Sale.

If we request additional information concerning the Business or the Price and Terms, you will immediately provide us with all other information pertaining to the Sale or Transfer, the Business Assets and the Price and Terms that we request. Once we receive this information, we will have 15 business days to notify you that we are exercising our right of first refusal to purchase the Business Assets according to the Price and Terms. If we waive our right of first refusal, then you will have the right to complete the Sale or Transfer of the Business Assets according to the Price and Terms, however, the Sale or Transfer must still comply with the terms and conditions of Article 17.2. However, if you do not complete Sale or Transfer on the Price and Terms previously presented to us within 45 days after we waived our right of first refusal (either because you did not complete the sale within that time period, or because you changed the Price and Terms), then before you can complete a Sale or Transfer, you must comply again with our right of first refusal as set forth in this Article 16. If we waive our right of first refusal or reject your written offer to Sell or Transfer the Business Assets, that will not change your obligations to us, or relieve you of your obligations under this Agreement, and the terms and conditions of this Agreement will remain in full force and effect.

16.3 Costs and Expenses.

If you notify us of your intent to Sell or Transfer the Business Assets and we state our interest in acquiring the Business Assets under Article 16.2 above, and if you subsequently determine not to Sell or Transfer the Business Assets, then you must reimburse us for all Administrative Expenses we incurred in evaluating the proposed transaction and attempting to acquire the Business Assets.

16.4 Transfer of Ownership Interest by Franchisee's Owners.

You acknowledge that an Ownership Interest is included within the definition of Business Assets, and therefore no Ownership Interest may be sold without first complying with the provisions of this Article 16. However, each of your Owners may Sell or Transfer their Ownership Interest to (i) members of his or her Immediate Family, (ii) any trust established for the members of his or her Immediate Family during his or her lifetime or upon death, or (iii) a Key Employee of yours upon death, without first offering it to us. The Owner must still give us prior written notice of any proposed Sale or Transfer and comply with the provisions of Article 17.2. The transferee owner must agree to personally guarantee this Agreement. Each proposed transferee owner who will be involved in the operation or management of the Business must also successfully complete the Required Training Programs. All Ownership Interests you issue to your Owners must bear the following legend:

“The Ownership Interest represented by this certificate is subject to a written Franchise Agreement which grants Novus Franchising, Inc. the right of first refusal to purchase these Ownership Interest from the Owner. Any person acquiring the Ownership Interest represented by this certificate will be subject to the terms and conditions of the Franchise

Agreement which includes provisions containing covenants not to compete that apply to all Owners.”

16.5 Selling Owners Subject to Covenant Not to Compete.

Any Owner of yours that Sells or Transfers any Ownership Interest in the Franchisee will be subject to the provisions of Article 21.3 of this Agreement after the Sale or Transfer.

16.6 Our Right to Purchase Business Assets Upon Expiration.

If this Agreement expires at the end of its term and you do not exercise your option to re-franchise as provided in Article 3.2, then we will have the right, but not the obligation, to purchase all of the Business Assets except for the Ownership Interests, in accordance with the provisions of this Article 16.6. Within 24 hours after this Agreement expires, you must give us written notice listing the cost and asking price for each one of the Business Assets.

If you fail to give us notice of the cost and asking price for the Business Assets, or if we do not agree with your asking price, and you and we cannot agree on the price of the Business Assets, then either you or we will have the right to demand that the price of the Business Assets be determined by arbitration in accordance with the Code of Procedure of the National Arbitration Forum, Post Office Box 50191, Minneapolis, Minnesota 55405 (www.arb-forum.com), 1-800-474-2371. The arbitrator will not consider any value for goodwill associated with the name “Novus®” in determining the fair market value of the Business Assets since the right of purchase granted to us by this Article 16.6 only applies after this Agreement has expired. The arbitrator may not include the value of the lease for the Retail Location if we give the arbitrator written notice that we intend to assume the lease. If the arbitrator is unable to determine the fair market value of any of the Business Assets, then they will be valued at book value (cost less depreciation). We will have the right, but not the obligation, to purchase any or all of the Business Assets from you for cash within 20 days after the fair market value of the Business Assets has been established by the arbitrator in writing. However, we would also still have the right, whether or not we purchase the Business Assets, to recover any damages caused by any breach of this Agreement on your part, or any wrongful termination of this Agreement on your part, and we have the right to enforce all post-termination obligations you have in this Agreement, including the covenants not to compete contained in Article 21.3.

16.7 Our Right to Purchase Business Assets Upon Termination.

If this Agreement is terminated by either of us for any reason whatsoever, prior to its scheduled expiration, or if you at any time cease to do business in your APR, then we will have the right, but not the obligation, to purchase all of the Business Assets, except for the Ownership Interests, in accordance with the provisions of this Article 16.7. Within 24 hours after this Agreement is terminated, or after you stop operating the Business, you must give us written notice listing the cost and asking price for each one of the Business Assets. If you fail to give us notice of the cost and asking price for the Business Assets, or if we do not agree with your asking price, and you and we cannot agree on the price of the Business Assets, then we may purchase any or all of the Business Assets on the following terms:

- (a) We may purchase your interest in the leasehold for the premises in which the Business has been operated for a fee of \$1.00. If we exercise this right, you will assign such lease over to us and we will assume your remaining obligations under the lease or

sublease, provided you are current under all obligations of the lease or sublease through the date of termination;

(b) We may purchase any vehicles you were using in the Business for a price equal to the most recent NADA wholesale value of those vehicles, as published 30 days prior to the date of termination;

(c) We may purchase any new or unused business inventory at the lower of your cost or market value, including the cost of freight;

(d) We may purchase any equipment used in the Business at a price equal to its depreciated book value using a straight line depreciation over a period of five years, but with an aggregate price of not less than \$1.00;

(e) We may purchase all goodwill, books and records, intellectual property, and all other intangible assets of the Business for \$1.00;

(f) We may purchase all office supplies and other tangible assets of the Business at fair market value, not to exceed an aggregate of \$100.00;

(g) We may purchase all accounts receivable of the Business as of the closing date at a price equal to 90% of the face value of all the accounts receivable that are under 30 days as of the closing date; and

(h) We may purchase all furniture, fixtures, and any other assets used in the Business at the closing date, at a price equal to their depreciated book value using a straight line depreciation over a period of five years, but with an aggregate price of not less than \$1.00.

In no event will we assume any of your liabilities or obligations (except for lease obligations if we elect to purchase your leasehold interest). All of the assets we elect to purchase must be transferred to us, on forms we reasonably require, free and clear of all liens and encumbrances. In addition, we would still have the right, whether or not we purchase the Business Assets, to recover any damages caused by any breach of this Agreement on your part, or any wrongful termination of this Agreement on your part, and we have the right to enforce all post-termination obligations you have in this Agreement, including the covenants not to compete contained in Article 21.3.

ARTICLE 17. ASSIGNMENT

17.1 Assignment by Us.

This Agreement may be unilaterally Sold or Transferred by us without your approval or consent, and will inure to the benefit of our successors and assigns. We will give you written notice within 30 days after any Sale or Transfer, and the assignee will be required to fully perform our obligations under this Agreement.

17.2 Approval of Transfer.

This Agreement, or an Ownership Interest, or the Business, or the Business Assets, may be Sold or Transferred by you or the Owner only with our prior written approval. As long as you comply with the provisions of Article 16, we will not withhold our consent to the Sale or Transfer of this Agreement, or an Ownership Interest, or the Business, or the Business Assets, if:

- (a) All of your monetary obligations due to us and our affiliates have been paid in full, and you are not otherwise in default under this Agreement;
- (b) You and your Owners, in the case of a Sale or Transfer of an Ownership Interest, have signed and delivered a written agreement, in a form satisfactory to us, agreeing to be bound by the provisions of this Agreement, including the covenants not to compete contained in Article 21.3 of this Agreement;
- (c) The transferee does not own or operate, and is not involved in a business that competes directly or indirectly with or is similar to any Novus[®] business;
- (d) The transferee meets our managerial, financial and business standards for new franchisees, possesses a good business reputation and credit rating, and possesses the aptitude and ability to operate the Business in an economic and businesslike manner (as may be shown by prior related business experience or otherwise);
- (e) The transferee and all parties having an ownership interest in the transferee, including, if applicable, the transferee's owners, sign new agreements, in the form we then use in the grant of repair only franchises, including a new franchise agreement and personal guaranty; provided, however, that the transferee will not be required to pay a new Initial Fee or a Re-Franchise Fee;
- (f) The transferee agrees to acquire all additional items we require to identify the Business to ensure that the transferee's Business will comply in all respects with our then-current standards and specifications;
- (g) The transferee agrees to acquire all additional equipment we require to ensure that the equipment used by the transferee in the Business will comply in all respects with our then-current standards and specifications;
- (h) Before the Sale or Transfer occurs, the transferee agrees (i) that the transferee and the appropriate employees designated by the transferee will attend and successfully complete the Required Training Programs, (ii) to pay all required training fees to us, and (iii) to pay the Salaries and Travel Expenses for all persons who attend the Required Training Programs;
- (i) You sign a general release of all claims you may have against us;
- (j) You have paid us a transfer fee of \$2,500; and

(k) You and the transferee have timely provided all of the information relating to the Sale or Transfer of this Agreement that we request to properly document the Sale or Transfer.

17.3 Acknowledgment of Restrictions.

You acknowledge and agree that the restrictions imposed by us on any Sale or Transfer in Articles 16 and 17 are reasonable and necessary to protect the goodwill associated with the Business System and the Marks, as well as our reputation and image, and are for the protection of us and all other franchisees that own and operate a Novus® business. Any Sale or Transfer permitted by this Article will not be effective until we receive fully signed copies of all documents relating to the Sale or Transfer, and we have consented in writing to the Sale or Transfer.

ARTICLE 18. OUR TERMINATION RIGHTS, DAMAGES

18.1 Termination for Your Breach.

In addition to our other rights of termination contained in this Agreement, we have the right to terminate this Agreement if: (a) you or any of your employees fail to successfully complete the Required Training Programs within the time periods specified in this Agreement, (b) if applicable, you fail to either purchase or lease a site for the Retail Location within 90 days from the date of this Agreement (c) you fail to open and begin operating the Business within six months from the date of this Agreement or when the Retail Location is ready for occupancy, whichever is earlier, (d) you violate any material provision, term or condition of this Agreement, including failure to timely pay any Royalty Fees or any other monetary obligations or fees due to us or our affiliates, or violate any material provision, term or condition of any other agreement with us or with any affiliate of ours, (e) you, or any of your partners, directors, officers or Owners are convicted of or pleads guilty to a charge of violating any civil or criminal law relating to the Business, (f) you fail to conform to the Business System or our standards of uniformity and quality for the Products and Services, (g) you fail to timely pay any of your obligations or liabilities to your landlord, employees, suppliers, banks, purveyors and other creditors, or to us or to our affiliates, under this Agreement or under any other agreement, (h) you are deemed insolvent within the meaning of any state or federal law, any involuntary petition for bankruptcy is filed against you, or you file for bankruptcy or are adjudicated a bankrupt under any state or federal law, (i) you make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of the Business Assets for the benefit of creditors, (j) any check you issue is dishonored because of insufficient funds (except where the check is dishonored because of an error in bookkeeping or accounting) or closed accounts, or you fail to maintain a balance in your bank account sufficient to allow payment of Royalty Fees to us by direct bank debit, (k) you fail to purchase or pay for the supplies, equipment and technology required for the Business, (l) you Abandon the Business, (m) you are involved in any act or conduct that impairs the goodwill associated with the Marks, or the Business System, (n) you refuse to fully cooperate with us or our designee in the performance of an audit of your financial records in accordance with Article 15.4, (o) you fail to file any required Tax return or fail to timely pay any Taxes when due, or (p) you do not generate the Annual Minimum Gross Revenues during any year of this Agreement.

18.2 Our Immediate Termination Rights.

Notwithstanding Article 18.3, we will have the right, unless precluded by applicable law, to immediately terminate this Agreement, by giving you written notice of immediate termination, if (a) you or any of your partners, directors, officers or Owners are convicted of or plead guilty to violating any law relating to the Business, or any gross misdemeanor or felony, (b) you are insolvent within the meaning of any state or federal law, any involuntary petition for bankruptcy is filed against you, or the you file for bankruptcy or are adjudicated a bankrupt under any state or federal law, (c) you make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of the Business Assets for the benefit of creditors, (d) you Abandon the Business, (e) you are involved in any act or conduct that materially impairs the goodwill associated with the Marks or the Business System and you fail to correct the breach within 24 hours of receiving written notice of the breach from us, or within the time specified by law, (f) you fail or refuse to produce your financial and business records for audit by us as required by Article 15.4, or (g) you do not generate the Annual Minimum Gross revenues during any year of this Agreement.

18.3 Notice and Opportunity to Cure.

Except as provided in Article 18.1 and/or Article 18.2, we will not have the right to terminate this Agreement unless and until we give you (a) written notice setting forth the alleged breach in detail, and (b) you fail to correct the alleged breach within the period of time specified by applicable law. If applicable law does not specify a time period to correct an alleged breach, then you will have 30 days after receiving the written notice to correct the alleged breach, except where the written notice states that you are delinquent in the payment of any Royalty Fees or other amounts payable to us under this Agreement or under any other agreement, in which case you will have 15 days after receiving the written notice to correct the breach by making full payment (including any applicable interest or late payment charges).

18.4 Notice of Termination.

If we have complied with the provisions of this Article 18 and you have not corrected the alleged breach set forth in the written notice within the time period specified in this Agreement, then we may terminate this Agreement by giving you written notice of termination. The effective date of termination will be the date the written notice of termination is received, as specified in Article 24.16, or such later date as is specified in the notice.

18.5 Other Remedies.

Nothing in this Article or this Agreement will preclude us from seeking other remedies against or damages from you under state or federal laws, common law, or under this Agreement, including attorneys' fees and injunctive relief. If we terminate this Agreement under this Article, or if you breach this Agreement by a wrongful termination or a termination that does not comply with the terms and conditions of Article 19 of this Agreement, then we will be entitled to seek recover from you all damages that we have sustained and will sustain in the future as a result of your breach of this Agreement.

ARTICLE 19.

YOUR TERMINATION RIGHTS

19.1 Termination for Our Breach.

You have the right to terminate this Agreement if you comply fully with this Article 19 and we violate any material provision, term or condition of this Agreement.

19.2 Notice and Opportunity to Cure.

You will not have the right to terminate this Agreement unless and until (a) you give us written notice setting forth the alleged breach in detail, and (b) we fail to correct the alleged breach within 30 days after receiving this written notice.

19.3 Notice of Termination.

If you have complied with the provisions of this Article 19 and we have not corrected the alleged breach set forth in the written notice within the time period specified in this Agreement, then you may terminate this Agreement by giving us written notice of termination. The effective date of termination will be the date set forth in your written notice of termination, provided that the notice will be ineffective unless it provides that the termination will be effective no earlier than 10 days after we receive the notice of termination.

19.4 Compliance With Post-Termination Obligations.

If you exercise your right to terminate the Agreement under this Article 19, you must still comply with all post-termination obligations in Articles 20 and 21 of this Agreement.

ARTICLE 20.

YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION

20.1 Termination of Use of Marks.

Upon termination or expiration of this Agreement for any reason, you (a) will not have any further right to use the name "Novus[®]," the other Marks and/or the Business System in connection with your business operations, (b) will immediately cease using the name Novus[®] and the Marks in all advertising, marketing and promotional materials, including promotional materials on the World Wide Web and any Social Media Site, (c) will take all other actions relating to the name Novus[®] and the Marks as we may request, and (d) not hold yourself out, or advertise the Business, as formerly a Novus[®] business or by any other means that suggests you had a prior relationship with us. You agree and acknowledge that your continued use of the name Novus[®] and the Marks after the expiration or termination of this Agreement will be without our consent and will constitute an "exceptional case" under federal trademark law (15 U.S.C. §1117) entitling us to recover treble damages, costs and attorneys' fees.

20.2 Other Obligations Upon Termination.

If this Agreement expires or is terminated for any reason you will immediately comply with all applicable provisions of this Agreement, and within five days after termination (a) submit to us Gross Revenues Reports for all periods through the date of expiration or termination that have not previously been provided; (b) pay all Royalty Fees and all other amounts you owe us or our affiliates, including, if this Agreement terminates for any reason prior to the Expiration Date, Minimum Monthly Royalty Fees and equipment lease payments for all periods through the

Expiration Date, (c) return to us by first class prepaid United States mail the Operations Manual, all Glass Repair and other equipment leased from us, and all advertising materials, signage, and other printed materials pertaining to the Business System, (d) provide us with a copy of all your customer records, (e) inform your suppliers in writing of the expiration or termination and send us a copy of all such communications, (f) change the exterior and interior appearance of the Retail Location and any vehicles used in connection with the Business so that they will be easily distinguished from the appearance of retail locations and vehicles used in Novus® businesses, and (g) cancel any assumed name or similar registration tiled under Article 13.4.

20.3 Assignment of Telephone Directory Listings, Domain Names and Other Electronic Information.

You acknowledge and agree that we have the absolute right and interest in and to all telephone numbers and directory listings associated with the Marks, and you hereby authorize us to direct the telephone company and all listing agencies to transfer and assign to us or our designee the telephone numbers and directory listings for your Business upon our request at any time following expiration or termination of this Agreement, in our sole and absolute discretion. Upon execution of this Agreement, you will deliver to us an executed assignment in blank, in the form required by us, assigning all telephone numbers for your Business to us or our designee. By execution of this Agreement, you authorize us to deliver this assignment to the telephone company at any time following termination or expiration of this Agreement, or if we acquire your Business, as determined by us in our sole and absolute discretion, and to notify the telephone company and all listing agencies of the termination or expiration of your right to use all telephone numbers and all classified and other directory listings for the Business, and to authorize the telephone company and all listing agencies to assign and transfer to us or our designee all telephone numbers and directory listings of your Business. The telephone company and all listing agencies have the right to accept either this Agreement or the assignment in blank delivered upon execution of this Agreement, as evidence of our exclusive rights to such telephone numbers and directory listings and the authority from you for the telephone company and listing agencies to transfer all such telephone numbers and directory listings to us or our designee. By execution of this Agreement, you also hereby agree to execute and deliver and any all documents as we may require to assign and transfer to us or our designee all telephone numbers and directory listings of your Business. This Agreement will be your release of the telephone company and listing agencies from any and all claims, actions and damages that you may at any time have the right to allege against them in connection with the transfer of your telephone numbers and directory listings to us. You also acknowledge that we have the absolute right and interest in and to the Home Page and any Novus Social Media Site, including, but not limited to, any domain name associated therewith or content thereon, and you agree to take any and all actions as may be necessary to assign and transfer access to and the registration or listings thereof to us upon termination or expiration of this Agreement.

ARTICLE 21.

FRANCHISEE'S COVENANTS NOT TO COMPETE

21.1 Your Acknowledgments.

You, acknowledge that, under this Agreement, you, your Owners and your employees will receive specialized training, "know-how," current and future marketing and advertising plans, business plans and strategies, business information, concepts, proprietary technology, formulas,

marketing and promotional techniques, confidential information and trade secrets from us pertaining to the Business System and the operation of the Business. You also acknowledge that we have advised you that this Article 21 is a material provision of this Agreement, and that we would not grant a Novus® franchise to you or provide you with our Business System, technology, business information and “know-how,” proprietary concepts, and experience if you intended to own, operate or be involved in a business that competes directly or indirectly with the Business or the Business System. For the purposes of this Article 21, any business that offers or provides, directly or indirectly, automotive windshield repair or replacement products and services, automotive glass repair or replacement products and services, automotive glass installation products and services, other glass repair, replacement and installation products and services, building contract glazing products and services, and the construction, repair, or replacement of any other glass products, will be considered competitive with or similar to the Business System and the Business.

21.2 In-Term Covenant Not-to-Compete.

You agree that you, your Owners, the Personal Guarantors of your obligations under this Agreement (the “Personal Guarantors”), and the members of your and their Immediate Families will not, during the term of this Agreement, for your or their own account, or as an employee, agent, consultant, partner, officer, director, member, or owner of any other person, firm, entity, partnership, company, or corporation, (a) seek to employ any person who is at that time employed by us or by any Novus® franchisee without the prior consent of their employer, or (b) own, operate, lease, franchise, license, conduct, engage in, consult with, be connected with, have any interest in, or assist any person or entity engaged in any business that is in any way competitive with or similar to the Business System or the Business. You further agree that unless you have demonstrated to us that you have been regularly offering, selling and providing glass replacement or installation products and services (“Replacement Services”) prior to the date of this Agreement, then you, your Owners, and the Personal Guarantors, and the members of your and their Immediate Families will not, during the term of this Agreement, for your or their own account, or as an employee, agent, consultant, partner, officer, director, member, or owner of any other person, firm, entity, partnership, company or corporation, own, operate, lease, franchise, conduct, engage in, consult with, be connected with, have any interest in, or assist any person or entity engaged in any business that offers, sells or provides Replacement Services without entering into a new franchise agreement with us that authorizes you to provide Replacement Services.

If you can demonstrate to us that you regularly offered, sold and provided Replacement Services prior to the date of this Agreement, then the foregoing shall not prevent you from continuing to offer, sell and provide Replacement Services, provided you do so separate from the Business, and provided you meet the following conditions:

- (a) The Replacement Services may not be offered under the “Novus” name and you may not use any of the Marks in your Replacement Services business.
- (b) The Replacement Services may not be offered under a name that is confusingly similar to the name “Novus” or any of the Marks.

- (c) The Replacement Services must be advertised and marketed separately from the other aspects of the Business, including separate Yellow Pages and internet advertising.
- (d) You must maintain a separate phone number, fax number and email address for the Replacement Services business from those you maintain for the Business.
- (e) A business location at which you interact face-to-face with both customers of the Business and customers of your Replacement Services business must meet the following specifications:
 - (i) It must have approved Novus exterior signage that is equal to or larger than the signage of the Replacement Services business.
 - (ii) It must have interior merchandising that meets our specifications.
 - (ii) It must meet all other requirements of a fixed location as set out in the Franchise Agreement.
- (f) The invoices and bills that customers receive for the Replacement Services may not display or use the "Novus" name or any of the Marks.
- (g) The Replacement Services must be managed and accounted for by you using separate checks, books and business records from those used in connection with the Business.
- (h) You may not use any vehicle in connection with your Replacement Services that displays the "Novus" name or any of the Marks.
- (i) While conducting Replacement Services, you, your employees and your affiliates may not wear any clothing or uniform that displays the "Novus" name or the Marks, unless we have given you our prior written approval.

While we will not initially require you to pay us Royalty Fees or any other fees based on the Gross Revenues you receive from Replacement Services, if you fail to comply with any of the terms of this Article 21.2, then you must begin paying Royalty Fees and satisfying required advertising expenditures due under this Agreement, as of the date of the breach of these provisions, on all Gross Revenues you received from Replacement Services. In addition, if you fail to comply with any of the terms of this Article 21.2, then in addition to all of the rights and remedies we may have as a result of your default, our right to audit and review your Financial Records, will include all records related to your Replacement Services business. In all cases, Gross Revenues from the Replacement Services will not count toward the required Annual Minimum Gross Revenues or the Minimum Monthly Royalty Fees or in the calculation of the amount we will spend on Marketing Expenditures.

21.3 Post-Term Covenant Not-to-Compete.

You agree that you, your Owners, the Personal Guarantors, and the members of your and their Immediate Families will not, for a period of two years after the termination or expiration of this

Agreement, for your or their own account or as an employee, agent, consultant, partner, officer, director, member, or owner of any other person, firm, entity, partnership, company, or corporation (a) seek to employ any person who is at that time employed by us or by any Novus® franchisee without the prior consent of their employer, or (b) own, operate, lease, franchise, license, conduct, engage in, consult with, be connected with, have any interest in, or assist any person or entity engaged in any or other business that is in any way competitive with or similar to the Business System or the Business which is located within (i) your APR, (ii) any area of primary responsibility we grant to any other Novus® glass repair franchise or business, or (iii) within 10 miles of any business location of any Novus® glass repair franchise or business in the United States and its possessions. In addition, if you did not regularly offer, sell and provide Replacement Services prior to your execution of this Agreement, then the foregoing clause (b) shall also apply to the provision of any glass replacement or glass installation products or services within the areas described in clause (b) for a period of two years after the termination or expiration of this Agreement. You, your Owners, and the Personal Guarantors expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect us and our franchisees if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to permit us the opportunity to resell and/or develop a new Novus® glass repair business within your APR. You also agree that if you, your Owners, the Personal Guarantors, or the members of your or their Immediate Families violate this covenant not to compete, the term of the non-compete will be extended for any person engaged in violating this covenant not to compete, until two years after the violation has ceased.

ARTICLE 22.

NATURE OF OUR RELATIONSHIP

22.1 Independent Relationship.

You are an independent business owner and, as a consequence, there is no employer-employee or principal-agent relationship between us and you. You will not have the right to and will not make any agreements, representations or warranties in our name or on our behalf or represent that our relationship is other than that of franchisor and franchisee. Neither of us will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties. You will take all reasonable steps necessary to inform the public, clients, customers, suppliers, lenders and other business establishments that the Business is independently owned and operated by you.

22.2 Operation of Business.

You will be totally and solely responsible for the operation of the Business, and will control, supervise and manage all the employees, agents and independent contractors who work for or with you or at the Retail Location. You will be solely responsible for the acts of your employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that they comply with all federal, state and local laws, rules and regulations. We will not have any right, obligation or responsibility to control, supervise or manage the Business, or your employees, agents or independent contractors.

ARTICLE 23. INDEMNIFICATION

23.1 Indemnification by You.

We are not responsible for Claims or Damages arising out of, from, or in connection with your operation of the Business. You agree to indemnify us and our affiliates against, and reimburse us and our affiliates for, all Claims or Damages we incur in defending any claim brought against us or in any action in which we are named as a party arising out of, from, as a result of, or in connection with the Business, the Retail Location, and/or the operation of the Business, including Claims or Damages arising from (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission by you or your employees, agents or representatives, (b) any failure on your part to comply with any federal, state or local laws or regulations, (c) your failure to pay any of your debts or obligations, or (d) your failure to comply with any requirement or condition of this Agreement or any other agreement with us or our affiliates. We will have the right to defend, at your expense, any claim made against us arising as a result of or from the Business.

23.2 Indemnification by Us.

We agree to indemnify you against, and to reimburse you for, any obligation or liability for Claims or Damages to persons other than you or your owners that is attributable to our agreements or representations, or that is caused by our negligent or willful action, including the obligation to defend any litigation brought against you that is attributable to our agreements or representations, or caused by our negligent or willful action. We will have the right to participate in and to controvert any litigation or proceeding that might result in liability of or expense to you subject to indemnification by us.

23.3 Collection and Enforcement Costs.

You will pay us for any and all Costs and Expenses we incur for the collection of past due Royalty Fees or other amounts due to us or our affiliates. In addition, you will pay all Costs and Expenses we incur in successfully enforcing any term, condition or provision of this Agreement, in successfully enjoining any violation of this Agreement by you, or in successfully defending any lawsuit you bring against us.

ARTICLE 24. INTERPRETATION AND ENFORCEMENT OF AGREEMENT

24.1 Injunctive Relief.

You, your Owners and the Personal Guarantors agree that, notwithstanding any other provision of this Agreement, we will have the right to petition a court of competent jurisdiction for the entry of temporary restraining orders, temporary and permanent injunctions and orders of specific performance (a) enforcing the provisions of this Agreement relating to (i) the Marks and the Business System, (ii) your obligations on termination or expiration of this Agreement, (iii) your Sale or Transfer of this Agreement, the Business Assets, or any Ownership Interest, (iv) the confidentiality of the Operations Manual and other confidential information, and/or (v) any covenants not to compete, and (b) enjoining any act or omission by you or your employees that (i) is a violation of any law, ordinance or regulation, (ii) is dishonest or misleading to the clients or customers of the Business or other Novus® businesses, (iii) is a danger to the employees,

public, guests, clients or customers of the Business, or (iv) may impair the goodwill associated with the Marks or the Business System. You agree that we will be entitled to obtain this injunctive relief without posting a bond or, if a court nevertheless requires a bond, by posting a bond set by the court in an amount not to exceed \$5,000.

24.2 Waiver of Punitive Damages.

Each of us (and your Owners and Personal Guarantors) agree to waive, in the fullest extent permitted by law, any right to, or claim for, any punitive or exemplary damages against each other and against our respective affiliates, employees or agents, and agree that in the event of a dispute between us, each of us will be limited to the recovery of any actual damages we sustain, and/or to injunctive relief, as permitted by the court.

24.3 Severability.

All provisions of this Agreement, including those relating to covenants not to compete, are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not included in this Agreement, and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement or the taking of some other action not required in this Agreement, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement or any of our specifications, standards or operating procedures are invalid or unenforceable, then the period of notice or other action required by that law or rule will be substituted for the notice requirements in this Agreement, or the invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent, but only to the extent, required to be valid and enforceable.

24.4 Waiver of Obligations.

Neither you nor we will be considered to have waived any obligation of or restriction on the other person unless the waiver is in writing and signed by each of us. Our acceptance of any payment by you, or our failure, refusal or neglect to exercise any right under this Agreement or to insist on full compliance by you of your obligations under this Agreement, including any mandatory specification, standard or operating procedure, will not be considered a waiver by us of any provision of this Agreement. However, if either of us fails to notify the other in writing of any alleged misrepresentation, violation of law, deficiency, or breach of this Agreement, within one year from the date that we have knowledge of, believe, determine or are of the opinion that there has been a misrepresentation, violation of law, deficiency or breach by the other party, then the alleged misrepresentation, violation of law, deficiency or breach will be considered waived; provided, however, that this provision will not apply to your underreporting of Gross Revenues, or under payment of any fees you owe us that are tied to the amount of your Gross Revenues.

24.5 Payments to Us, Rights of Offset.

Your payment obligations under this Agreement are absolute and unconditional. You may not, for any reason, withhold, escrow or offset any Royalty Fees or other payments due to us or our affiliates. We do, however, have the right to offset any payments we owe you against any amounts you may owe us.

24.6 Effect of Wrongful Termination.

If either of us takes any action to terminate this Agreement, or you take any action to convert the Business to another business, without first complying with the terms and conditions (including the written notice and opportunity to cure provisions) of Article 18 or Article 19 of this Agreement, as applicable, then that action will not relieve or release either of us from any of our respective obligations under this Agreement, and the terms and conditions of this Agreement will remain in full force and effect until this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law.

24.7 Cumulative Rights.

Your rights and our rights under this Agreement are cumulative and no exercise or enforcement by either of us of any right or remedy permitted under this Agreement will preclude the exercise or enforcement by either of us of any other right or remedy permitted under this Agreement or which we are entitled by law to enforce.

24.8 Venue and Jurisdiction.

Except as set forth in the last sentence of this Article 24.8, unless prohibited by applicable law, all lawsuits, court proceedings and other actions initiated by us, by you, or by the Owners and the Personal Guarantors will be venued exclusively in Hennepin County, Minnesota. You, your Owners and the Personal Guarantors acknowledge that you have had substantial business and personal contacts with us in Minnesota and you hereby agree and submit to personal jurisdiction in the State of Minnesota in connection with any lawsuit or proceeding brought to enforce or construe the terms of this Agreement, or to resolve any dispute or controversy arising under this Agreement, and you agree that except as set forth in the last sentence of this Article 24.8, all lawsuits, proceedings, hearings or other actions will be exclusively venued and held in Hennepin County, Minnesota. However, if we seek injunctive relief to enforce any provision of this Agreement, or to restrain any violation of this Agreement, we may, at our option, bring that action in the county in which the Retail Location is located or, if there is no Retail Location, then the county to which notices are to be delivered to you under Article 24.16 of this Agreement.

24.9 Jury Waiver.

TO THE EXTENT EITHER OF US INITIATES LITIGATION INVOLVING THIS AGREEMENT OR ANY ASPECT OF THE RELATIONSHIP BETWEEN US (EVEN IF OTHER PARTIES OR OTHER CLAIMS ARE INCLUDED IN THE LITIGATION), YOU AND WE EACH WAIVE OUR RIGHT TO A TRIAL BY JURY. THIS WAIVER WILL APPLY TO ALL CAUSES OF ACTION THAT ARE OR MIGHT BE INCLUDED IN THE LITIGATION, INCLUDING CLAIMS RELATED TO THE ENFORCEMENT OR INTERPRETATION OF THIS AGREEMENT, ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR SIMILAR CAUSES OF ACTION, AND IN CONNECTION WITH ANY LEGAL ACTION BROUGHT FOR THE RECOVERY OF DAMAGES BETWEEN OR AMONG US OR BETWEEN OR AMONG ANY OF OUR OWNERS, AFFILIATES, OFFICERS, EMPLOYEES OR AGENTS.

24.10 Survival of Obligations.

All obligations that are to be performed or may be performed following the expiration or termination of this Agreement will remain in effect following expiration or termination of this

Agreement, including your indemnification obligations and your obligations under Articles 20 and 21.

24.11 Binding Agreement.

This Agreement is binding on you and on us, and on our respective executors, administrators, heirs, assigns and successors in interest.

24.12 Entire Agreement.

This Agreement supersedes and terminates all prior agreements, either oral or in writing, between you and us involving this franchise relationship. All representations alleged by either you or by us that are not contained in this Agreement or in the Franchise Disclosure Document we delivered to you prior to your execution of this Agreement will not be enforceable. This Agreement, including the Introduction, is the entire agreement between us, and there are no other oral or written understandings or agreements between us relating to the subject matter of this Agreement except those agreements and contracts, if any, that are signed by each of us concurrently with this Agreement; provided, however, nothing in this Agreement or any related agreement is intended to disclaim any representations made in the Franchise Disclosure Document you acknowledge having received at least 14 calendar days prior to the execution of this Agreement.

24.13 Joint and Several Liability.

If more than one person is listed as the Franchisee in this Agreement, then the liability of all those people will be joint and several.

24.14 Headings, Terms.

The headings of the Articles of this Agreement are for convenience only and do not in any way define, limit or construe the contents of those Articles. The term "you" or "Franchisee" as used in this Agreement applies to one or more individuals, a corporation, company or partnership, as the case may be. References to "you," "Franchisee," "assignee" and "transferee" that apply to an individual or individuals will mean the principal owner or owners of your equity or operating control and any assignee or transferee if you or an assignee or transferee is a corporation, company or partnership.

24.15 No Oral Modification.

No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made except by a written agreement signed by duly authorized officers of the party that is alleged to have given the modification, change, rescission, release, amendment, waiver, approval, consent or authorization. Neither of us has the right to amend or modify this Agreement orally or verbally, and any attempt to do so will be void.

24.16 Notices.

All notices to us must be in writing, must comply with applicable law, and must be addressed to our General Manager at 12800 Highway 13 South, Suite 500, Savage, Minnesota 55378, or such other address as we designate in writing, with copies (which shall not be considered official notice) to the Legal Department, TCG International, Inc., 28th Floor, 4710 Kingsway, Burnaby, British Columbia, V5H 4M2, Canada. All notices to you must be in writing and addressed to

you at the address set forth on the cover page of this Agreement, or such other address as you designate in writing. Unless provided to the contrary by applicable law, all notices under this Agreement must be delivered by (a) personal service, (b) prepaid certified United States Mail, (c) by a recognized overnight delivery service (e.g., Federal Express, United States Express Mail or UPS) that requires a written receipt signed by the addressee or (d) by facsimile transmission. Notice by mail will be effective on the third day after it is deposited in the mail, notice by personal service will be effective upon delivery, notice by overnight delivery service will be effective on the date of delivery (as confirmed by written receipt), and notice by facsimile will be effective when confirmation is received at the point of transmission.

ARTICLE 25. ACKNOWLEDGMENTS, DISCLAIMER

25.1 Our Disclaimer.

We do not warrant or guarantee to you that you will earn any profit from the Business, or that we will refund all or part of the Initial Fee or the price you pay for the Business or repurchase any of the Products and Services supplied or sold by us, a Designated Supplier or Approved Suppliers, if you are unsatisfied with the Business. We expressly disclaim the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Gross Revenues, business or financial success, or value of the Business.

25.2 Your Acknowledgments.

You acknowledge that (a) you have had a full and adequate opportunity to read and review this Agreement and to be thoroughly advised of the terms and conditions of this Agreement by an attorney or other personal advisor, (b) you have had sufficient time to evaluate and investigate the Business System, the financial requirements and the economic and business risks associated with the owning and operating the Business, (c) you have conducted an independent investigation of the Novus® glass business concept and recognize that the business venture contemplated by this Agreement involves business and economic risks, (d) the financial, business and economic success of the Business will be primarily dependent on your personal efforts and the efforts of your management and your employees, and on economic conditions in the APR and in general, and (e) you have not received from us or our agents or affiliates any estimates, projections, representations, warranties or guarantees, express or implied, regarding actual or potential sales, Gross Revenues, income, profits, earnings, expenses, financial or business success, value of the Business, or other economic matters pertaining to the Business or any other Novus® glass business that were not expressly set forth in our Franchise Disclosure Document that you acknowledge receiving.

25.3 Other Franchisees.

You acknowledge that other franchisees of ours have been or will be granted franchises at different times, different locations, under different economics and in different situations, and you acknowledge that the economics, area of primary responsibility, terms, and conditions of those franchises may vary substantially in form and substance from those contained in this Agreement and that you are not entitled to any amendment of this Agreement or other concessions as a result of such variances.

25.4 Waiver of Collateral Estoppel.

Each of us agrees that we should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which we are involved with third parties, without having those disputes directly affect the contract or relationship between us. We and you therefore agree that a decision of an arbitrator or court of law to which one of us is not a party will not prevent the person that was a party to that action from making similar arguments, or taking similar positions, in any action between us, and we each waive any claim of collateral estoppel we might assert.

25.5 Receipt of Agreement Franchise Disclosure Document.

You acknowledge that you received a copy of our Franchise Disclosure Document at least 14 days before you signed this Agreement or paid any money to us.

25.6 Your Legal Counsel.

You acknowledge that this Agreement is a legal document that grants certain rights to and imposes certain obligations upon you. We have advised you to retain an attorney or other advisor before you sign this Agreement to (a) review our Franchise Disclosure Document, (b) review this Agreement in detail, (c) review all legal documents, including leases, purchase agreements and construction agreements, (d) review the economics, operations and other business aspects of the business concept, (e) advise you regarding your economic risks, liabilities, obligations and rights under this Agreement, and (f) advise you on Tax issues, financing matters, applicable state and federal laws, health and safety laws, environmental laws, employee issues, insurance, structure of the Business, and other business matters.

ARTICLE 26.

GOVERNING LAW, STATE MODIFICATIONS

26.1 Governing Law.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 *et seq.*), this Agreement and the relationship between us will be governed by the laws of Minnesota, but if you are not a resident of Minnesota or the APR does not include a portion of Minnesota, then the Minnesota Franchises Act will not apply to this Agreement

26.2 State Modifications.

If the APR is located in any one of the states indicated below in this Article 27.2, or if the laws of any of these states are otherwise applicable, then the designated provisions of this Agreement will be amended and revised as follows:

(a) **California.** If this Agreement is governed by the laws of California, then (i) the covenant not to compete upon termination or expiration of this Agreement contained in Article 21.3 may be unenforceable, except in certain circumstances provided by law; and (ii) provisions of this Agreement giving us the right to terminate in the event of your bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. Sec. 101, *et seq.*).

(b) **Illinois.** If this Agreement is governed by the laws of Illinois, then (i) any provision of this Agreement that designates jurisdiction or venue in a forum outside Illinois is void, but that inapplicability in Illinois will not mean that venue in Hennepin

County, Minnesota is improper, or that you, your Owners and Personal Guarantors are not subject to jurisdiction in Hennepin County, Minnesota or in any other state, and (ii) any condition, stipulation or provision of this Agreement purporting to bind any person acquiring a Novus® Franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act may be void, and therefore, any acknowledgments or releases contained in this Agreement or any addendum to this Agreement may be unenforceable against you.

(c) **Indiana.** If this Agreement is governed by the laws of Indiana, then (i) the provisions of Article 10.7 requiring a release of claims arising from your participation in our training programs will not apply to claims under the Indiana Deceptive Franchise Practices Act (the "Indiana Law"), (ii) you will have the right to petition a Court of competent jurisdiction for injunctive relief relating to the alleged improper termination of this Agreement by us or our alleged unreasonable refusal to consent to your Sale or Transfer of this Agreement under Article 17.2 (iv) any provisions of this Agreement or any addendum to this Agreement requiring a release of claims as a condition of Sale or Transfer or renewal of the Franchise will not apply, but you will still be bound by the other terms and conditions of this Agreement and any addendum thereto, (v) a Court of competent jurisdiction will determine (1) whether damages alone can adequately compensate us if there is a violation of Article 21 by you, your Owners or the Personal Guarantors, and (2) whether we will be required to post a bond or other security, and the amount of that bond or other security, in any injunctive proceeding we bring against you, your Owners or the Personal Guarantors, (vi) we each recognize that the Indiana Law prohibits us (1) from unfairly competing against you in the APR, or (2) from enforcing the covenant not to compete set forth in Article 21.3 beyond a reasonable distance from your Retail Location or APR, (vii) Article 23.1 is amended to provide that you are not obligated to indemnify us for any liability caused by your proper reliance on or use of procedures or materials we provide to you, or for liability arising from our negligence, however this amendment of Article 23.1 will not affect in any way your obligation to obtain and maintain insurance coverage in accordance with Article 14, (viii) the acknowledgment by you of substantial business contacts with us in Hennepin County, Minnesota and the consent by you to jurisdiction and venue in Hennepin County, Minnesota contained in Article 24.8 may not apply, but that does not mean that venue in Hennepin County, Minnesota is improper, or that you, your Owners and the Personal Guarantors are not subject to jurisdiction in Hennepin County, Minnesota or in any other state, (ix) the provisions of Article 24.8 requiring litigation to take place in Hennepin County, Minnesota will not apply if there is litigation between you and us, (x) you will always have up to two years to bring an action against us for a violation of the Indiana Deceptive Franchise Practices Act, and up to three years from the date of discovery to bring an action against us for a violation of the Indiana Law, (xi) any lease agreement, promissory note, security agreement or other agreement between us and you will be governed by and construed in accordance with the laws of Indiana and the substantive laws of Indiana will govern the rights and obligations of and the relationship between us and you, (xii) you do not, by signing this Agreement, waive your rights under Indiana Law with respect to any representations we made before the date of this Agreement.

(d) Maryland. If your APR is located in, or you are a resident of Maryland, then this Agreement will be governed by the laws of Maryland, and this Agreement will be amended and revised as follows (i) the acknowledgments made by you in Article 25 of this Agreement or any Franchisee Disclosure Questionnaire you sign will not act as a waiver of your rights under the Maryland Franchise Registration and Disclosure Law, Md. Ann. Code, Article—Business Regulation, Title 14, Section 14-201 *et seq.* (the “Maryland Law”), (ii) Section 14-216(c)(25) of Maryland Law requires us to file an irrevocable consent to be sued in Maryland and so your consent to jurisdiction and venue in Hennepin County, Minnesota contained in Article 24.8 will not apply, and you may sue us in Maryland for claims arising under the Maryland Law; (iii) any provisions of this Agreement or any addendum to this Agreement requiring a release of claims as a condition of the Sale or Transfer or renewal of the Franchise will not apply to any liability under the Maryland Law; however, in that case, you will remain liable under the Franchise Agreement and any addendum thereto; and (iv) any provision of this Agreement that requires you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would be a violation of the Maryland Law in order to purchase the Franchise will not act as a release, estoppel or waiver of any liability we have under the Maryland Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years of the grant of the Franchise.

(e) Minnesota. If this Agreement is governed by the Minnesota Franchise Act, then (i) Article 3 of this Agreement will be amended to provide that, except in certain circumstances specified by law, we must give you at least 180 days prior written notice of nonrenewal of the Franchise; (ii) Article 18.3 will be amended to require that, except as set forth in Article 18.2 if we give you notice that you have breached this Agreement, that notice will be given to you at least 90 days before we terminate this Agreement, and you will have 60 days after receiving that notice to correct the breach specified in the notice; (iii) a court of competent jurisdiction will determine whether we are required to post a bond or other security to obtain an injunction against you, your Owners or Personal Guarantors, and the amount of the bond or other security; and (iv) Article 24.2 will be deleted from this Agreement.

(f) New York. If this Agreement is governed by the laws of New York, then (i) Article 23.1 will be amended to provide that you are not required to indemnify us against claims arising out of our breach of contract, negligence or other civil wrong, however the amendment of Article 23.1 will not affect in any way your obligation to obtain and maintain insurance coverage in accordance with Article 14, (ii) any modifications to the Operations Manual we make will not unreasonably increase your obligations under this Agreement and will not place an excessive economic burden on the Business, and (iii) any release required in this Agreement or any addendum to this Agreement and the choice of law provisions of this Agreement will not be considered a waiver of any right you are given under the Article 33 of the General Business Law of the State of New York.

(g) North Dakota. If this Agreement is governed by the laws of North Dakota, then (i) Article 18.3 of this Agreement will be amended to require that if we give you notice that you are delinquent in the payment of any fees or other payments you owe us, you

will have 30 days after receiving notice to correct the breach by making full payment to us (including any applicable interest or late payment charges), (ii) the covenant not to compete upon termination or expiration of this Agreement contained in Article 21.3 may not be enforceable, except in certain circumstances provided by law, (iii) Article 23.3 is amended to provide that the prevailing party in any enforcement action will be entitled to recover its costs, expenses and attorneys' fees, (iv) your consent to jurisdiction and venue in Hennepin County, Minnesota contained in Article 24.8 may not apply, but that does not mean that venue in Hennepin County, Minnesota is improper, or that you, your Owners, and Personal Guarantors are not subject to jurisdiction in Hennepin County, Minnesota, or in any other state, (v) Article 24.2 of this Agreement is deleted, and (vi) Article 24.9 of this Agreement is deleted.

(h) **Rhode Island.** If this Agreement is governed by the laws of Rhode Island, then any provision of this Agreement restricting jurisdiction or venue to a forum outside Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

(i) **South Dakota.** If this Agreement is governed by the laws of South Dakota, then (i) Article 18.3 of this Agreement will be amended to require that if we give you notice that you are delinquent in the payment of any fees or other payments you owe us, you will have 30 days after receiving notice to correct the breach by making full payment to us (including interest or late payment charges), (ii) the covenant not to compete upon termination or expiration of this Agreement contained in Article 21.3 may not be enforceable, except in certain circumstances provided by law, (iii) any provision of this Agreement that designates jurisdiction or venue outside of South Dakota or requires you to agree to jurisdiction or venue in a forum outside of South Dakota is void as to any cause of action that is otherwise enforceable in South Dakota, (iv) the provisions of Article 24.8 requiring litigation to take place in Hennepin County, Minnesota will not apply and any litigation between us will be conducted in South Dakota or at a mutually agreed upon location, and (v) under South Dakota Codified Laws ("SDCL") 37-5A-86, any acknowledgment provision, disclaimer or integration clause or other provision having a similar effect in this Agreement will not negate or act to remove from judicial review any statement, misrepresentation or action that violates SDCL Chapter 37-5A or a rule or order under Chapter 37-5 A.

(j) **Washington.** If this Agreement is governed by the laws of Washington, then (i) if there is a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Washington Act"), will prevail, (ii) a release or waiver of rights you sign will not include rights under the Washington Act, except when signed in connection with a negotiated settlement after this Agreement is in effect and where we are each represented by separate counsel, (iii) any provisions of this Agreement that unreasonably restrict or limit the statute of limitations period for claims under the Washington Act, or rights or remedies under the Washington Act like a right to a jury trial may not be enforceable, and (iv) transfer fees we charge must reflect our reasonable estimated or actual costs in effecting a Sale or Transfer.

(k) Wisconsin. If this Agreement is governed by the laws of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of this Agreement.

26.3 Severability.

The severability provisions of this Agreement contained in Article 24.3 of this Agreement will pertain to all of the applicable laws that conflict with or modify the provisions of this Agreement, including the provisions of this Agreement specifically addressed in Article 27.2 above.

IN WITNESS WHEREOF, you, your Owners, and we have each signed this Agreement effective as of the day and year appearing on the first page.

“FRANCHISOR”

NOVUS FRANCHISING, INC.

By: _____
Its: _____

“FRANCHISEE”

Legal Name of Franchisee

By: _____

Print Name

Its: _____

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The Owners signing below hereby agree to comply with all terms and conditions of this Agreement that apply to Owners.

<u>Print Name</u>	<u>Signature</u>	<u>Percent of Ownership Interest</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

PERSONAL GUARANTY

In consideration for, and to induce Novus Franchising, Inc. (the "Franchisor") to sign the Franchise Agreement to which this Guaranty is attached (the "Franchise Agreement"), each person signing this Guaranty, jointly and severally guarantees to the Franchisor and to the Franchisor's successors and assigns the payment of all fees required to be paid to the Franchisor or its affiliates by the Franchisee identified in the Franchise Agreement, whether provided for in the Franchise Agreement or under any other agreement between the Franchisor and the Franchisee, and the performance by the Franchisee of all of the provisions of such agreements. The people signing this Guaranty also specifically agree to be individually bound by all covenants, obligations and commitments of the Franchisee contained in the Franchise Agreement to the same extent as if each of the people signing this Guaranty had personally signed the Franchise Agreement as Franchisee.

Each of the people signing this Guaranty understand and agree that any modification of the Franchise Agreement, including any addendum or addenda to the Franchise Agreement, or waiver by the Franchisor of the performance by the Franchisee of any of its obligations under the Franchise Agreement, or the giving by the Franchisor of any extension of time for the performance of any of the obligations of the Franchisee under the Franchise Agreement, or any other forbearance on the part of the Franchisor or any failure by the Franchisor to enforce any of its rights under the Franchise Agreement, including any addendum or addenda to the Franchise Agreement, or any release by the Franchisor of any of the obligations of the Franchisees, will not in any way release any of the people signing this Guaranty from liability under this Guaranty or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of the Franchisee is so released, terminated, or affected or diminished. Notice to the people signing this Guaranty of any such modification, waiver, extension or forbearance under the terms thereof is hereby waived.

No defense available to the Franchisee, except the Franchisee's full performance of its obligations, will be a defense for any of the people signing this Personal Guaranty or release of these people from their guarantees. This Guaranty will be enforceable upon 10 days' written notice by the Franchisor to any of the people signing this Guaranty of any default by the Franchisee of any of its covenants under the terms of the Franchise Agreement and addendum or addenda to the Franchise Agreement, and any other agreement between the Franchisor and the Franchisee.

Each of the people signing this Guaranty hereby waive any and all notice of default on the part of the Franchisee; waive exhausting of remedies or recourse against the Franchisee; and consent to any assignment of the Franchise Agreement, in whole or in part, that the Franchisor or its successors may make.

IN WITNESS WHEREOF, each of the people signing this Guaranty have done so effective as of the date and year appearing next to their names.

Dated:

Individually

Address

City

State

Zip Code

Telephone

Dated:

Individually

Address

City

State

Zip Code

Telephone

Dated:

Individually

Address

City

State

Zip Code

Telephone

1361227-11361227.1

NOVUS FRANCHISING, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D-3: NOVUS FRANCHISING, INC.

GLASS REPAIR AND REPLACEMENT AFFILIATE AUTO DEALER LICENSE AGREEMENT

NEW

**NOVUS® GLASS REPAIR AND REPLACEMENT
AUTO DEALER LICENSE AGREEMENT**

BETWEEN

NOVUS FRANCHISING, INC.
12800 Highway 13 South, Suite 500
Savage, Minnesota 55378
(952) 944-8000
FAX (952) 944-2542

AND

"LICENSEE"

**BUSINESS ADDRESS OF YOUR EXISTING
BUSINESS**

Street

City State Zip Code

Area Code Telephone

RETAIL LOCATION

DATE OF LICENSE AGREEMENT

_____, 20__

NOVUS® GLASS REPAIR AND REPLACEMENT
AUTO DEALER LICENSE AGREEMENT
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**NOVUS® GLASS REPAIR AND REPLACEMENT
AUTO DEALER LICENSE AGREEMENT**

THIS AGREEMENT (this "Agreement") is made and entered into this ____ day of _____, 20__, by and between Novus Franchising, Inc., a Washington corporation (the "Licensor," "us" or "we"), and _____, a(n) _____ (the "Licensee," "you" or "your").

INTRODUCTION

We have the right to use and license a business concept under the names "Novus®" and other Marks for operating, franchising, and licensing retail businesses of a distinctive character and quality that specialize in installing and repairing automotive glass and windshields, and installing and repairing other glass products under the Novus business system.

You have an existing automobile and/or truck dealership and want to acquire the right to develop, own, and operate a Novus glass repair and replacement business in connection with your existing business. You have promised us that you will operate your Novus business under our quality standards, which we may change from time to time, and under the terms and conditions of this Agreement. Based on that promise from you, we are willing to provide you with marketing, technology, design specifications, training, and other business information, "know-how" and specifications that have been developed over time at a significant cost, and license to you the right to offer products and services under the Marks.

In recognition of this Introduction and in consideration of the mutual promises set forth in this Agreement, you and we agree as follows:

**ARTICLE 1.
DEFINITIONS**

For purposes of this Agreement, the following words will have the following definitions:

1.1 Abandon.

"Abandon" means any action or inaction on your part that suggests your willingness, desire or intent to discontinue operating the Business under the quality standards, uniformity requirements and the Business System as set forth in this Agreement and the Operations Manual(s), including your failure to operate the Business for seven consecutive days without our prior written consent.

1.2 Accompanying Equipment Package.

"Accompanying Equipment Package" means the glass repair tools, supplies and equipment, apart from the Initial Equipment Package, that you must purchase from us for the initial operation of the Business.

1.3 Administrative Expenses.

"Administrative Expenses" means all overhead, including salaries for executives, in-house legal counsel, and employees, fringe benefits, commissions, attorneys' fees, accountants' fees,

transportation costs, travel expenses, food and lodging, training costs, supplies, marketing costs, long distance telephone calls, and all other overhead expenses.

1.4 Business.

"Business" means the business we license to you under this Agreement to operate under the Marks. This term shall not include any other businesses you may operate at the same location or at any other location, so long as those other businesses do not sell products and services similar to or competitive with those you offer in the Business.

1.5 Business Assets.

"Business Assets" means (a) the Business, (b) the Retail Location, (c) the lease for the Retail Location, (d) the land and building (if any) for the Retail Location, (e) this Agreement, (f) the furniture, fixtures, vehicles, supplies, equipment and all other assets used in or by the Business; (g) any Ownership Interests in the Business, and (h) all of the other contract and lease agreements you have in connection with the operation of the Business.

1.6 Business System.

"Business System" means the distinctive automotive and other glass repair, replacement and installation products and services associated with the Marks, and the business methods, uniformity requirements, defined product offerings, automotive and other glass installation and repair methods, specialized training, standards of quality and service, procedures, specifications and instructions that we establish from time to time.

1.7 Claims and Damages.

"Claims and Damages" means all losses, damages, judgments, liabilities, fines, penalties, assessments, and all related expenses, including: (a) damages to real and personal property and damages for loss of use of real and personal property, (b) damages for lost profits, (c) special, consequential, exemplary and punitive damages, (d) personal injury damages, (e) damages resulting from the death of a person or persons, including wrongful death damages, (f) Costs and Expenses, (g) amounts paid in settlement of any disputed claims or litigation, (h) product liability damages, (i) amounts paid because of any court judgment or court decree, resulting from any civil or criminal claims, demands, allegations, lawsuits, arbitration proceedings, administrative actions or other legal proceedings, and (j) damages assessed under any federal, state or local statutes, rules, regulations or ordinances.

1.8 Costs and Expenses.

"Costs and Expenses" means all costs and expenses incurred in prosecuting or defending any claims or litigation, including court filing fees, witness expenses, deposition costs, investigation expenses, court reporter fees, attorneys' fees, expert witness fees, Salaries and Travel Expenses.

1.9 Designated Supplier.

"Designated Supplier" means the only and exclusive supplier or distributor we approve to supply certain products and services we specify in the Operations Manual(s), including certain windshield repair resins and certain equipment.

1.10 Existing Business.

"Existing Business" means the auto/truck dealership business which you were operating prior to the date of this Agreement at the same location in which you are operating the Business.

1.11 Financial Records.

"Financial Records" means financial statements (including all balance sheets and income statements), computer records, bank statements, deposit records, general and special ledgers, sales records, work papers, accounts, federal and state tax returns, financial memos, and other business and financial information relating to the Business.

1.12 Financial Statements.

"Financial Statements" means a balance sheet, profit and loss statement, statement of cash flow and explanatory footnotes prepared in accordance with generally accepted accounting principles applied on a consistent basis.

1.13 Glass Repair.

"Glass Repair" means automotive or windshield repair products and services.

1.14 Glass Replacement.

"Glass Replacement" means automotive or windshield replacement and installation products and services. All references in this Agreement to your sale of Glass Replacement products and services will not apply if you choose not to offer Glass Replacement products and services in the business.

1.15 Gross Revenues.

"Gross Revenues" means the total gross dollar amount received, billed or generated by, in connection with, or from the Business from all cash, credit and charge sales made to your customers or clients for all automotive windshield repair or replacement products and services, and all other products and services you sell to customers or clients of the Business using any of our Marks, regardless whether we have approved such use. For purposes of determining "Gross Revenues," there will be no deduction for bad debts or doubtful accounts. However, "Gross Revenues" will not include any sales, use or gross receipts tax imposed by any federal, state, municipal or governmental authority directly upon sales, if (a) the amount of the tax is added to the selling price and is expressly charged to the customer, (b) a specific record is made at the time of each sale of the amount of such tax, and (c) the amount of the tax is paid to the appropriate taxing authority. Gross Revenues will not include any monies you receive from other businesses operated at the Retail Location, so long as those other businesses do not sell products and services that are similar to or competitive with those you offer in the Business or that we approve for sale in a Novus[®] business.

1.16 Home Page.

The "Home Page" means the home page that we establish on the Internet for the Business.

1.17 Including.

The word "including" means, "including but not limited to", and "including but not by way of limitation."

1.18 Initial Equipment Package.

"Initial Equipment Package" means the Glass Repair and Glass Replacement, supplies and products and equipment we specify that you must lease for the initial operation of the Business.

1.19 Manager.

"Manager" means the person who is responsible, on a full-time basis, for the day to day operations and the overall management of the Business.

1.20 Marks.

"Marks" means and includes all of the trademarks, service marks, trade names, logos and commercial symbols we own or that are licensed to us that we license to you for use in the Business, including "Novus[®]," "NOVUS Auto Glass[®]," "Novus Auto Glass Repair and Replacement[®]," and "Novus Glass[™]."

1.21 Novus Social Media Site.

"Novus Social Media Site" means any Social Media Site that includes all or part of the "Novus[®]" name, any of the Marks, or a word, phrase or symbol confusingly similar thereto or a variation thereof, as part of the domain name, user name, account name, account profile or page reference.

1.22 Operations Manual(s).

"Operations Manual(s)" means the confidential manuals we develop that describe the operational standards and specifications, and the service and quality standards associated with the Marks and the Business System, whether distributed in hard copy or electronically or otherwise.

1.23 Owner.

"Owner" means any person or entity that has an Ownership Interest in the Licensee.

1.24 Ownership Interest.

"Ownership Interest" means (a) shares of capital stock in the Licensee, if you are a corporation, (b) a general partnership interest in the Licensee, if you are a partnership, (c) a membership interest in the Licensee if you are a limited liability company or a limited liability partnership, and (d) any other type of membership or other equity interest in the Licensee.

1.25 Payments.

"Payments" means all payments, compensation and/or other remuneration we receive from any Designated Supplier or Approved Supplier for any purchases of products or services you and/or any other Licensee of ours make, including payments in the form of (a) rebates, (b) volume discounts, (c) advertising and marketing allowances, (d) co-operative advertising, (e) price discounts, (f) signing bonuses or initial payments, (g) promotions, (h) co-branding of any products or services, (i) product development and testing, (j) market research, (k) public relations, (l) endorsements of any products or services, (m) goods or services of any kind, (n) administrative contributions and/or (o) any other form of benefit or consideration. "Payments" also means any payments, compensation and/or other remuneration we receive for attaining sales goals or market share in any market in which we or our Licensee operate.

1.26 Required Training Programs.

"Required Training Programs" means the training programs referred to in Articles 10.1, 10.2, 10.3 and 10.4 of this Agreement.

1.27 Retail Location.

"Retail Location" means real estate at the fixed location of your auto/truck dealership listed on the front page of this Agreement (or such other address as we may subsequently approve in our sole discretion).

1.28 Salaries and Travel Expenses.

"Salaries and Travel Expenses" means salaries, fringe benefits, federal and state payroll and employment taxes, lodging, food, automobile rental, transportation costs, travel costs and all other related travel expenses.

1.29 Sale or Transfer.

"Sale or Transfer," "Sell or Transfer," and "Sold or Transferred" means to sell, assign, trade, give away, transfer, pledge, lease, sub-lease or otherwise dispose of

1.30 Secure Website.

"Secure Website" means a password protected site on the World Wide Web that we control and is accessible only with our permission.

1.31 Social Media Site.

A "Social Media Site" shall mean and include any social networking and/or social media website, profile or account relating to or making reference to us, your Business or to the Business System in any manner.

1.32 Taxes or Tax.

"Taxes" or "Tax" means all federal, state, city and local taxes including individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, unemployment taxes, inventory taxes, personal property taxes, real estate taxes and other taxes you incur in operating the Business.

**ARTICLE 2.
GRANT OF LICENSE**

2.1 Initial Grant.

We hereby grant to you a non-exclusive license to operate a glass repair and glass installation and replacement business to be operated as a part of your Existing Business at the Retail Location. You will not offer any Glass Repair or Glass Replacement products and services from any fixed, temporary or mobile location outside of the Retail Location.

2.2 Operation of the Business.

You agree to operate the Business using the Marks (and no other trade name, trademarks, service marks, logos, or commercial symbols) and in conformity with the Business System. You will provide to the public all Glass Repair and Glass Replacement products and services, and all other products and services we prescribe or approve, throughout the term of this Agreement. If a customer requests any glass product or service that you do not offer at your Business but that is offered at other businesses operating in the Business System, then you must refer the customer to another Novus® business in the Business System for the provision of these products or services before referring that customer elsewhere. In all such cases, you will refer the customer to the Novus® business that is closest to the customer's home or place of business. If there are no other

Novus® businesses located within fifty (50) miles of either the home or business of the customer, then you may refer the customer to anyone you choose. You will not be paid for these referrals.

2.3 Nonexclusive Agreement.

We have the right to franchise, license, own, operate, and/or manage retail location or mobile Novus® businesses that are operated under the Marks (or under any other name or brand) and/or under the Business System, wherever located, even if these businesses compete for customers with the Business. In addition, we and our affiliates may sell, license or otherwise distribute any products or services, including Glass Repair and Glass Replacement products and services, to third parties who are not Novus® businesses through any channel of distribution (including direct marketing, wholesale, infomercials, fleet, Internet, or electronic distribution), even if these third parties compete for customers with the Business.

2.4 Conditions.

You agree to operate the Business in compliance with the terms of this Agreement for the entire term of this Agreement. The rights and privileges we grant to you under this Agreement are personal in nature; you do not have the right to franchise, sub-franchise, license, sublicense or subcontract any of your rights under this Agreement. You also do not have the right to Sell or Transfer this Agreement, your rights under this Agreement, or the Business, except as specifically provided for in this Agreement.

ARTICLE 3. TERM AND RE-LICENSE RIGHTS

3.1 Term.

The term of this Agreement will be for 5 years, and will begin on the date of this Agreement and end on the date that is 5 years from the date of this Agreement (the 'Expiration Date').

3.2 Your Option to Re-License.

At the end of the term of this Agreement, you will have the option to re-license the Business for one additional 5 year term, provided that you have (a) given us written notice at least 210 days prior to the end of the term of this Agreement of your intention to re-license the Business, (b) complied with all of the terms and conditions of this Agreement and with our operating and quality standards throughout the term of this Agreement, (c) paid all monetary obligations you owe to us and to our affiliates before the end of the term of this Agreement, and have timely paid all those obligations throughout the term of this Agreement, (d) agreed in writing to make the reasonable capital expenditures necessary to replace and modernize the equipment, vehicles, and technology so that the Business will conform to our then-current Business System, and (e) signed the form of License Agreement or other agreement(s) we are then offering to new auto dealer licensees for operation of a Novus glass business in connection with their automobile or truck dealership (the "New Agreement"). However, our pre-opening obligations will be waived and instead of paying an Initial Fee or any new initial training fee, you will pay a Re-License Fee of \$2,500. You will also be required to pay the Royalty Fees and all other fees at the rates specified in the New Agreement, and to pay all additional fees required by the terms of the New Agreement. You acknowledge that the terms, conditions, and economics of the New Agreement may vary in substance and form from the terms, conditions, and economics of this Agreement.

3.3 Your Option to Convert to a Repair and Replacement Franchise.

You have the option to convert your Business to a stand-alone glass repair and replacement franchise at any time during the term of this Agreement after you have been operating the Business for at least twelve (12) consecutive months, provided that you (a) give us written notice of your desire to convert your Business, (b) have complied with all of the terms and conditions of this Agreement and with our operating and quality standards throughout the term of the Agreement, (c) have timely paid all monetary obligations you owe to us and to our affiliates throughout the term of this Agreement, (d) agree in writing to make the capital expenditures necessary to convert your Business to a stand-alone repair and replacement franchise in order to conform to our then-current Business System, (e) offer in the Business all the Glass Repair and Replacement products and services that we specify, and (f) sign the form of franchise agreement that we are then offering to new stand-alone glass repair and replacement franchisees (the "Repair and Replacement Franchise Agreement"). However, our pre-opening obligations will be waived and instead of paying an Initial Fee, you will pay a License Conversion Fee of \$5,000 at the time you sign the Repair and Replacement Franchise Agreement. We will also waive any required initial training fee, unless you do not have someone on your staff who has met the requirements set forth in Article 10.2 of this Agreement, in which case, someone on your staff must attend and successfully complete that training program, and you must pay a fee of \$4,000 to us for that training as provided in Article 10.2. The term of your agreement will be as set forth in the Repair and Replacement Franchise Agreement, and you will also be required to pay the Royalty Fees and all other fees, and any additional fees at the rates specified in the Repair and Replacement Franchise Agreement. You acknowledge that the terms, conditions, and economics of the Repair and Replacement Agreement may vary in substance and form from the terms, conditions, and economics of this Agreement.

ARTICLE 4. LICENSING OF MARKS AND BUSINESS SYSTEM TO YOU

4.1 Ownership of Marks.

We warrant to you that we have the right to (a) use and license the Marks and the Business System in the United States, and (b) grant you the right to use the Marks and the Business System. Any and all improvements you make relating to the Marks or the Business System will be our sole and absolute property, and we will have the exclusive right to register and protect all such improvements in our name. Your use of the Marks and the Business System, as well as any goodwill arising from such use, will belong exclusively to us, and you will not be paid anything for those improvements. You will not take any action to contest the validity of our ownership of, the Marks, the Business System, or the goodwill associated with the Marks or the Business System.

4.2 Conditions to License of Marks.

You agree to operate the business using the Marks (and no other trade name, trademarks, service marks, logos, or other commercial symbols), and in conformity with the Business System. You will not use the Marks except in connection with the promotion and sale of Glass Repair and/or Glass Replacement products and services. Your nonexclusive personal right to use any of the Marks as the name of the Business and your rights to use the Marks and the Business System will exist only so long as you fully perform and comply with all of the conditions, terms and covenants of this Agreement. You have the right to use the Marks and the Business System only

in the manner we prescribe, direct, and approve in writing, and you will adopt and use all variations of the Marks we designate from time to time. If, in our judgment, your actions infringe upon or demean the goodwill, uniformity, quality or business standard associated with the Marks or the Business System, then you must, upon written notice from us, immediately modify your use of the Marks or the Business System in the manner we prescribe. You will not make any changes or amendments whatsoever to the Marks or the Business System unless we approve those changes in writing. You will not use the Marks on any vehicles.

4.3 Changes; Adverse Claims to Marks.

If we decide to change any of the Marks, or if there is any claim by any party that its rights to any or all of the Marks are superior to ours, or if there is a determination by a court that any party's rights to the Marks are superior to ours, then upon written notice from us, you will immediately adopt and use the changes and amendments to the Marks that we specify. If so directed, you will immediately cease using the former Mark, and will, as soon as reasonably possible, begin using the new Marks or Marks we designate.

4.4 Defense or Enforcement of Rights to Marks or Business System.

You will have no right to and will not defend or enforce any rights associated with the Marks or the Business System in any court or other proceedings for or against imitation, infringement, prior use or for any other claim or allegation. You will give us prompt and immediate written notice of any and all claims or complaints made against or associated with the Marks and the Business System and will, without compensation for your time, cooperate in all respects with us in any lawsuits or other proceedings involving the Marks and the Business System. We will have the right to determine whether we will start or defend any litigation involving the Marks and/or the Business System.

4.5 Tender of Defense.

If you are named as a defendant or party in any action involving the Marks or the Business System solely because the plaintiff or claimant is alleging that you do not have the right to use the Marks or the Business System, then you may tender the defense of the action to us and we will, at our expense, defend you in the action, provided that you have notified us of the action, and sent us all notices and pleadings you receive concerning the action, within 10 days after you receive them. We will have no other liability to you for any Costs and Expenses that you incur in any litigation involving the Marks and the Business System.

4.6 Your Right to Participate in Litigation.

You may, at your expense and without any obligation on our part to reimburse you for any Costs and Expenses, retain an attorney to represent you individually in all litigation and court proceedings in which you are named as a defendant that involve the Marks or the Business System. However, we and our attorneys will control all litigation involving the Marks and the Business System.

ARTICLE 5. INITIAL FEE

You will pay us an "Initial Fee" of \$2,500. This fee will be due and payable when you sign this Agreement. The Initial Fee will be fully earned by us at the time you sign this Agreement and is

not refundable. If you are an existing Novus[®] affiliate licensee that is re-licensing an existing business, you will not have to pay this Initial Fee but will instead pay a Re-License Fee as set forth in Article 3.2.

ARTICLE 6. ROYALTY FEES

6.1 Calculation of Royalty Fees.

In addition to paying us the Initial Fee, you will, during the entire term of this Agreement, pay us monthly "Royalty Fees" equal to the greater of (a) the Minimum Monthly Royalty Fees set forth in Article 6.2, or (b) 8% of the Gross Revenues of the Business.

6.2 Minimum Monthly Royalty Fee.

(a) Amount Payable. Except as provided for in Article 6.2(b), beginning in the second month after you sign this Agreement, the Minimum Monthly Royalty Fees you must pay us will be \$250; provided, however, that if you (i) have taken the Initial Glass Replacement Training described in Article 10.2, or (ii) passed our test for Initial Glass Replacement Training described in Article 10.2, or (iii) you are offering Glass Replacement products or services, then the Minimum Monthly Royalty Fee shall increase to \$350 (in either case, the "Minimum Monthly Royalty Fee").

(b) Determination of Royalty Fees Payable. If the actual monthly Royalty Fees calculated under Article 6.1 are greater than the Minimum Monthly Royalty Fees, then you must pay us the amount of the actual monthly Royalty Fees payable for the month. If the actual monthly Royalty Fees calculated under Article 6.1 are less than the Minimum Monthly Royalty Fees, then you must pay us the Minimum Monthly Royalty Fees as the Royalty Fees for that month.

6.3 Payment of Royalty Fees.

Unless we agree to other arrangements, in our sole discretion, before you begin operating the Business, you must sign such documents as we require to provide your unconditional and irrevocable authority and direction to your bank authorizing and directing your bank to pay and deposit directly to our account, and to charge to your account, on the 1st day of each month, the Minimum Royalty Fees, and on the 15th day of each month, the balance of any Royalty Fees you owe that month.

(a) The authorizations will be in the form our bank requires and will permit us to designate the amount to be debited or drafted from your account for the Royalty Fees. If you change your bank, or we require additional documents, you will sign such additional documents as we may request to continue this authority. If you fail at any time to provide the Gross Revenues Report required under this Agreement, then we may estimate the amount of the Royalty Fees you owe us based on the highest of the last three monthly Royalty Fees you owed us. You must at all times maintain a balance in your bank account sufficient to allow the appropriate amount to be debited from your account for payment of the Royalty Fees you owe us.

(b) Regardless the method by which we accept payment of Royalty Fees, your failure to deliver any Royalty Fees to us on the dates set forth above will be a material breach of this Agreement. Your obligation to pay us the Royalty Fees is absolute and unconditional, and will remain in full force and effect until the term of this Agreement has expired or until this Agreement has been terminated in accordance with the terms and conditions of this Agreement.

6.5 Late Payment Charges on Unpaid Royalty Fees.

If you fail to timely pay any Royalty Fees due to us, then we may add a late payment charge to the unpaid and past due Royalty Fees. The late payment charge will equal the lesser of (a) the maximum legal interest rate allowable in the state in which the Business is located, or (b) 1½% per month.

**ARTICLE 7.
OPERATIONS MANUALS**

7.1 Compliance with Operations Manual(s).

We will loan one copy of our Operations Manual(s) to you when you successfully complete the Required Training Programs, or we will provide access to a Secure Website containing the Operations Manual(s). You acknowledge that the Operations Manual(s) are designed to protect our standards and systems, and the Marks, and not to control the day-to-day operation of the Business. In order to protect our reputation and goodwill, and to maintain uniform operating standards under the Marks and the Business System, you will at all times operate the Business in compliance with our confidential Operations Manual(s) and all standards we establish for the Business. You will conform to the common image and identity associated with the Business System that are portrayed and described in the Operations Manual(s).

7.2 Confidentiality of Operations Manual(s).

You will at all times during and after the term of this Agreement treat the Operations Manual(s), any other manuals we create or approve for you to use in the operation of the Business as proprietary and confidential, and you will use all reasonable means to keep all information in these manuals confidential. You and your employees will not copy, duplicate, record or reproduce any portion of the Manual or make it available to any unauthorized person. You will not use any portion of the Operations Manual(s) to operate any other business or for any purpose except the operation of the Business.

7.3 Revisions to Operations Manual(s).

We reserve the right to revise the Operations Manual(s) at any time. You will conform the Business to all changes and modifications we make to the Operations Manual(s), including the addition of new Glass Repair and Glass Replacement products and services, within a reasonable time as we determine in our sole discretion. You will at all times keep the Operations Manual(s) current and up-to-date, and in the event of any dispute, the terms of the master copy of the Operations Manual(s) we maintain, as amended from time to time, will be controlling in all respects. If we publish the Operations Manual(s) on a Secure Website, then the Operations Manual(s) as published will be the master copy and we will not be required to update any hard copy in your possession.

7.4 Confidentiality of Other Information.

We will be disclosing and providing you with certain confidential and proprietary information concerning the Business System and the procedures, operations and data used in connection with the Business System. You will not, during or after the term of this Agreement, communicate, disclose, copy, duplicate, reproduce, reverse engineer or use for the benefit of, any person or entity any such confidential and proprietary information, trade secrets, knowledge or know-how concerning the methods of operation which we communicate to you, or that relate to the operation of the Business, including any confidential and proprietary information, trade secrets, knowledge or know-how published on a Secure Website. You will disclose such confidential and proprietary information only to your employees who must have access to it in order to operate the Business, and you will, before providing any employee with access to our confidential or proprietary information, have that employee sign a confidentiality agreement. Any and all information, knowledge and know-how including drawings, products, processes, trade secrets, formulas, photographs and visual displays of products or processes, including video tapes, CD-ROM, digital recordings, and digitally stored materials, brochures, marketing materials, equipment, technology, methods, procedures, specifications, techniques, teaching methods, computer software programs, systems and other data that we copyright or designate as confidential or proprietary will be deemed confidential and proprietary for the purposes of this Agreement, including the reverse engineering of proprietary Novus® Resins and Related Products, as defined in Article 8.2 below.

7.5 Exclusive Property.

All materials, methods and systems relating to the Business System, including the Operations Manual(s), photographs and visual displays of products and processes, all confidential and proprietary information of ours, and any and all future developments by you of such materials, are and will be our sole and exclusive property. All of the information we or our affiliates obtain about the Business and all information in your records or ours concerning the customers of your Business, and all revenues we derive from this information, will also be our sole and exclusive property. You acknowledge that you have no rights in any of this property, except the right to use that property under this Agreement, and you may at any time during the term of this Agreement use in the operation of your Business (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your Business, such as customer data

ARTICLE 8. PRODUCTS AND SERVICES; SUPPLIERS

8.1 Products and Services.

You will offer and sell all of the Glass Repair and Glass Replacement products and services we require to be sold as part of the Business System. You may also offer and sell any of the optional products and services that we approve to be sold in the Business System. We may add to or eliminate any of the foregoing products and services at any time upon notice to you, but if we eliminate any products, we will give you a reasonable time to liquidate your inventory of those products. You will maintain sufficient inventories of all products and services necessary to realize the full economic potential of the Business and will maintain any minimum inventories of products and services we specify. We may require that you purchase, and you will purchase, certain products and services we specify only according to our standards and specifications for

such products and services, including standards and specifications consisting of only a nationally recognized brand name or specific manufacturer. However, unless we tell you otherwise in this Article 8, you may purchase these products and services from any supplier or distributor.

8.2 Limitations on Sales.

You will not sell any of our proprietary products and services, including Resins and Related Products as defined in Article 8.4, on a wholesale basis (for resale to another retailer or wholesaler) and will not sell any products and services under any of the Marks or the Business System (a) on a retail basis at or from any other location, (b) by means of the Internet (other than from a website we approve), catalogue sales, mail order sales or infomercials, or (c) by any other means or methods of sales or distribution. You agree not to sell any other products and services in your Existing Business which are or may be similar to or competitive with the products and services which you may offer in the Business.

8.3 Pricing of Products and Services.

You have the right to sell Glass Repair and Glass Replacement products and services to your customers at whatever prices and on whatever terms you determine. However, we may establish a suggested resale price for any such products and Services. While you are not required to sell those products and services at the suggested resale price, if you give away or sell any such product or service for a price less than the suggested retail price, then in calculating Gross Revenues, you will be deemed to have received the suggested retail price for such products and services, and shall report your Gross Sales taking this suggested retail price into account as the Gross Revenues you received from the transaction.

8.4 Use of Novus® Resins.

You acknowledge that we have developed a unique, high quality line of windshield repair resins, equipment and other products and equipment to be used in performing windshield repair services ("Resins and Related Products"), and that we have developed certain national warranty programs relating to the quality of windshield repair services provided under the Novus® name. You further acknowledge that it is of paramount importance to maintaining the uniform high-quality image for windshield repair services associated by the public with the Marks and Business System that only Resins and Related Products be used by all businesses performing windshield repair services under the Novus® name. Therefore, in order to maintain and ensure the quality of the windshield repair services you provide to your customers under the Novus® name, and in order for us to allow you to participate in any warranty programs we offer, you will use only the Resins and Related Products that we designate or approve in writing. You will not resell any Resins and Related Products to any person or entity without our prior written consent.

8.5 Designated Suppliers.

You may only purchase Resins and Related Products from us or from our Designated Supplier. We may require, in our sole discretion, that you purchase, and you will purchase, certain other products and services we specify only from a Designated Supplier. We or our affiliates may be a Designated Supplier, and the only Designated Supplier, for certain products and services. You will not have the right to substitute any new supplier or distributor for any Designated Supplier or to require us to appoint or approve any new supplier or distributor as a Designated Supplier. We will have the right to require any Designated Supplier to sign a contract containing terms and conditions acceptable to us, including those relating to pricing, delivery, terms, product

availability, economic viability, service and quality and the right to modify at any time the terms or conditions of that contract. We may at any time add or remove a Designated Supplier or add, remove or modify in any manner any requirement that you purchase any given products and services only from a Designated Supplier.

8.6 Equipment Packages; Products and Services Used in the Business.

When you sign this Agreement, you must lease the Initial Equipment Package from our affiliate, and purchase the Accompanying Equipment Package from us. You will obtain, pay for and use in the Business, but not offer or sell, those products and services, including the Resins and Related Products and the Initial Equipment Package and Accompanying Equipment Package, that we specify for use but not for sale in the Business, and at all times you will maintain a minimum inventory of such products and services that we specify. All products and services you use in the Business must conform to the quality standards, specifications and uniformity requirements we establish from time to time.

8.7 Branding of Products.

Except as we approve in the Operations Manual(s) or otherwise in writing, you will not under any circumstances have the right to: (a) use or display the Marks on or in connection with any product or service; (b) acquire, develop, create, package or manufacture any product using the name "Novus®" or any of the Marks, or direct any other person or entity to do so; (c) acquire, develop or manufacture any product that has been developed or manufactured by or for us for use with the Business System and which is sold under any of the Marks, or direct any other person or entity to do so; or (d) use, have access to, or have any rights to any proprietary formulas or configurations for any products or services developed by us or on our behalf

8.8 Profit and Payments.

You acknowledge that we or our affiliates may make a profit on purchases of products and services you make from us. You also acknowledge that we or our affiliates may receive Payments based in whole or in part on purchases of products and services you make from a Designated Supplier, or another third party. Any Payments we or our affiliates receive from a Designated Supplier, or other third party as a result of your purchases will be our property and you will not have any right to any portion of those payments.

8.9 Purchases from Us, or From Designated Supplier.

We and our affiliates will have the right to change the prices, delivery terms, payment terms, and other terms relating to the products and services sold to you without giving you prior notice, and discontinue the sale of any products and services for any reason. We and our affiliates will not be liable to you for the unavailability of products and services from us or from a Designated Supplier, or for any delay in shipment or receipt of products and services from us, or from a Designated Supplier due to temporary product shortages, order backlogs, production difficulties, delays, unavailability of transportation, tire, strike, work stoppage, or other causes beyond the control of us or our affiliates.

8.10 National or Regional Accounts.

From time to time, we may offer you the opportunity to provide services to a national or regional insurance company, fleet account, or other account in your market. If we do so, you have the right to accept the account, provided you comply with all of our procedures for servicing the

account (which may include pricing and service policies, as negotiated with the account). If you decide not to service the account, or if the account expresses dissatisfaction with your servicing of the account, then we have the right to permanently assign the right to service that account to another Novus business, including one owned by us or our affiliates, or to other service providers.

ARTICLE 9. RETAIL LOCATION SITE SELECTION

9.1 Site Selection.

You acknowledge that we are approving your operation of the Business from an existing location at which you are operating the Existing Business. Therefore, we are providing no site selection assistance to you. Our approval of your operation of the Business at your existing location is not a representation, warranty or guaranty by us that the Business will be economically successful or profitable if it is operated at that site, and you will assume all responsibility for the business and economic risks associated with the selection of the site.

9.2 Construction or Renovation.

You are responsible for renovating and inspecting the Retail Location during any renovation of the Retail Location to accommodate the Business. You are also responsible for complying with all local, state and federal laws, ordinances, statutes and building codes, and for acquiring all licenses, building permits and other permits required by all federal, state, city, municipal and local laws in connection with the operation or renovation of the Retail Location.

9.3 Our Option to View Retail Location.

You will submit plans and specifications for the Retail Location to us for our review before beginning any renovation. We may, at our expense, view the Retail Location during renovation at such times as we deem necessary for the purpose of determining the progress of renovation and to determine whether the interior and exterior of the premises have the physical appearance generally associated with the Marks and Business System. Our review of your plans and specifications, and our viewing of the premises during renovation will not be for the purposes of determining that the Retail Location is being renovated (a) according to the plans and specifications, (b) in compliance with applicable laws or ordinances, or (c) in a quality manner. We will have no responsibility or liability to you or to any other party if the premises are not renovated according to the plans and specifications, in compliance with applicable federal, state or local laws or ordinances, or in a workmanlike manner.

9.4 Relocation.

You may not move your Retail Location without our consent. If you are moving the Existing Business, we will approve the relocation of the Business to the new location of your Existing Business so long as the proposed new location is not within two miles of any stand-alone Novus® business that is managed, owned, or operated by us or by any franchisees of ours, and so long as the new location, including the building and premises, complies with all applicable provisions of this Agreement and with our then-current site specifications.

9.5 Catastrophes.

If the Retail Location is damaged or destroyed by fire or other casualty, then you will, within 30 days after the damage or destruction, initiate the repairs and reconstruction necessary to restore and reopen the Business.

ARTICLE 10. TRAINING

10.1 Initial Glass Repair Training.

We will provide initial Glass Repair training (the "Initial Glass Repair Training") for you and one employee you designate (provided your employee takes the training at the same time you do). The Initial Glass Repair Training will be held at the Retail Location, or at another location we designate. The Initial Glass Repair Training will last approximately three days. You must complete the Initial Glass Repair Training before you begin operating the Business. You must pay us a non-refundable training fee of \$3,000 for the Initial Glass Repair Training, plus our out-of-pocket costs for travel and living expenses in connection with the provision of the training; provided, however, that if you prefer to take the training at our principal offices, you will not have to pay any of our out-of-pocket costs in connection with the Glass Repair training.

10.2 Initial Glass Replacement Training.

We recommend you initially hire an experienced master auto glass technician who is certified by the National Glass Association (NGA) (or other certifying organization acceptable to us) before you begin offering Glass Replacement in the Business who passes our test for Glass Replacement services. However, if you do not employ such a person, then before you begin offering Glass Replacement in the Business, you must have an employee attend and successfully complete our initial Glass Replacement training program (the "Initial Glass Replacement Training"). (If the person you hire leaves your employment, then before you can continue offering Glass Replacement in the Business, you must either hire another experienced certified master auto glass technician who passes our test for Glass Replacement services, or have an employee attend and successfully complete our Initial Glass Replacement Training.) We will provide the Initial Glass Replacement Training to you and one employee you designate (provided your employee takes the training at the same time you do) for a fee of \$4,000. The Initial Glass Replacement Training will be held at a Novus regional training location we designate. The Initial Glass Replacement Training will include hands-on instruction in glass replacement, understanding the automotive glass replacement industry, quality control, equipment operation and maintenance, and other topics we select. The purpose of the Initial Glass Replacement Training will be to teach the fundamentals of glass replacement and the Glass Replacement business. The trainee will not become an expert in glass replacement over the course of this training program, but will be taught basic techniques and methods and will be provided with criteria for hiring experienced Glass Replacement installers.

If you employ a full-time experienced master auto glass technician who is certified by the NGA (or other certifying organization acceptable to us), we will not require that person to attend the Initial Glass Replacement Training if they pass our glass replacement test. However, you must pay us a testing fee of \$750 for this test. We will offer the test at the Retail Location, so long as you provide the vehicle and glass for the test, and you pay our out-of-pocket costs for travel and

living expenses in connection with the provision of this test, but if the person to be tested takes the test at our offices, you do not have to provide the vehicle or glass, or pay our expenses.

10.3 Annual Programs.

We may require you annually attend one additional training program (which could be our annual meeting or convention). Whether or not you attend this program, you must pay our then-current fee for attendance.

10.4 Additional Training.

You and the appropriate employees of yours must attend and successfully complete all additional Glass Repair and Glass Replacement and other technical training we require to (a) improve the quality and standards of the products and services offered in connection with the Business System, (b) improve the operation of the Business, or (c) maintain the product and service consistency we require. You will pay us our then-current training fee for each employee who attends any additional training programs we conduct.

10.5 Payment of Salaries and Expenses, Release of Claims.

You will pay the Salaries and Travel Expenses for yourself and all your employees who attend any required training program. You, for yourself and all employees who attend the Required Training Programs and any additional training programs we conduct, hereby release and agree to hold us and our officers and directors harmless from and against any and all claims, liability, damages, or causes of action of any nature arising from the participation and attendance by you or any employee of yours in any of the training programs we approve, conduct, or require.

ARTICLE 11. OPENING ASSISTANCE, INITIAL ADVERTISING

11.1 Opening Assistance.

After you and your employees have successfully completed all required training, we will, if this is your first Auto Dealer License Agreement with us, make a representative of ours available to you by telephone during the first 60 days after you complete the training, to assist you in implementing the Business System.

11.2 Initial Advertising.

We will provide you with recommended advertising and promotional production materials for conducting an initial advertising and promotional campaign for the Business. The initial advertising and promotional campaign materials will generally include newspaper advertising, radio spots, television commercials (to be customized with "tag lines" by us at your expense), Yellow Pages advertisements, outdoor advertisements, Internet advertising, press releases, business announcements, direct mail advertisements, and other advertising and promotional materials that we deem appropriate. You will be responsible for all costs relating to the placement, distribution or mailing all advertising and promotional materials and are expected to spend a minimum of \$2,000 on your initial advertising and promotional campaigns.

ARTICLE 12. OUR OBLIGATIONS

12.1 Business System.

Consistent with our uniformity requirements and quality standards, we or our authorized representative will (a) provide you with a written schedule of all supplies, technology and equipment we think is necessary for the operation of the Business, (b) periodically review the Business and render written reports to you as we deem appropriate, (c) legally protect and enforce the Marks and the Business System for the benefit of all of our franchisees and licensees in the manner we deem appropriate, (d) provide you with the Operations Manual(s) and all supplements that may we may publish from time to time or provide you access to a Secure Website containing the Operations Manual(s) and supplements, and (e) upon your reasonable request, render advisory services by telephone or in writing pertaining to the Business System and the operation of the Business as we deem appropriate, reasonable and necessary.

12.2 Our Marketing Expenditures.

Each calendar year during the term of this Agreement, we will make expenditures for general advertising, marketing, public relations and promotion of the Glass Replacement, Glass Repair and other products and services provided under the Marks (referred to in this Article as "Marketing Expenditures"). The amount we will spend on Marketing Expenditures will be equal to (i) 2% of the Gross Revenues on all Glass Repair products and services sold by all our franchisees and licensees on which we are paid royalties, and (ii) 3% of the Gross Revenues of all other products and services on which we receive Royalty Fees of 8% or more from our franchisees and licensees. Marketing Expenditures we make will be based on Gross Revenues and not on any Minimum Monthly Royalty Fee paid by you or any other franchisees or licensees. We will determine how, where, and when the Marketing Expenditures will be spent, including purchasing and paying for product research and development, sales and marketing materials, advertising materials, ad slicks, brochures, and radio and television commercials, services provided by advertising agencies, market research, media time and space advertising (including Internet, radio, television, newspaper, magazine and other print advertising), promotions, convention expenses, development and protection of our Marks, marketing, public relations, telemarketing, the establishment and maintenance of Internet sites promoting our brand, including Social Media Sites, the cost of providing toll-free and other telephone services for the benefit of our franchisees, and other national, regional and local advertising and promotion that we deem appropriate. We may also use the Marketing Expenditures to pay for long distance telephone charges, office rental, furniture, fixtures and equipment, leasehold improvements, Salaries and Travel Expenses, office supplies and other administrative costs we incur in connection with these advertising activities. We will have the absolute right to spend the Marketing Expenditures for advertising, marketing and promoting Glass Replacement services, Glass Repair services, and/or other products and services, in any manner or way that we choose, even if you do not offer some of the advertised products and services in the Business. We will have no obligation to spend any portion of the Marketing Expenditures in your market. If you request, we will provide you with a report of the Marketing Expenditures within 120 days after the end of each calendar year.

ARTICLE 13.
QUALITY CONTROL, UNIFORMITY AND STANDARDS
REQUIRED OF LICENSEES

13.1 Standards of Quality and Service.

We will from time to time publish uniform standards of quality and service for the Business System to protect and maintain (for our benefit and for the benefit of all Novus® franchisees and licensees) the distinction, goodwill and uniformity represented and symbolized by the Marks and the Business System. You agree to comply with all such standards, which will include replacement of graphics, signage and equipment as necessary to comply with our standards.

13.2 Identification of Business.

You will operate the Business so that it is clearly identified and advertised under the Marks we specify. The style and form of the word "Novus®" and the Marks you use in your advertising, marketing, public relations, telemarketing or promotional programs or campaigns, including but not limited to any Internet website, or Social Media Site, must comply with our specifications as set forth in the Operations Manual(s) or otherwise. Unless otherwise provided in the Operations Manual(s) or otherwise, you will:

- (a) Use the name "Novus®," the Marks, the approved logo and all graphics commonly associated with the Business System on all, and jointly with all of your Existing Business' advertising, public relations and promotional materials, including but not limited to on the Home Page or any Social Media Site approved by us, signage, checks, stationery, paper supplies, business cards and other materials in the identical combination, manner, and size we specify;
- (b) Place a Novus patch on all uniform shirts issued to, or purchased by, employees of the Existing Business;
- (c) Purchase from us, at the time you sign this Agreement, an Initial Franchise Identification Package for the Business, which will include an initial supply of decals, invoices, business cards, uniforms, and other logo items you will initially use in the operation of the Business;
- (d) Advertise the name of the Business jointly with the Existing Business on any materials you use in the Existing Business;
- (e) Not use all or part of the "Novus®" name, any of the other Marks, or any similar name, word or symbol or variant thereof, in a domain name, account name, profile or URL, except as specifically approved by us; and
- (f) At your expense, comply with all trademark, trade name, service mark, copyright, patent and other registration notices and notice markings that we require or that are required by applicable law.

If you fail to comply with any of our brand identity standards, and do not correct your noncompliance within 10 days after notice, then in addition to any other rights we may have, we may charge you an image fee, of up to \$500 per month, until you comply.

13.3 Compliance with Standards.

You will operate the Business and use the Marks and the Business System in compliance with the moral and ethical standards, quality standards, operating procedures, policies, specifications, requirements and instructions we set forth in the Operations Manual(s), as amended and supplemented from time to time. You will conform to all customer service standards and policies we specify.

13.4 Your Name.

You will not use the word "Novus[®]" or any words confusingly similar to any of the Marks, or part or variant thereof, in your corporate, partnership or sole proprietorship name. You agree not to use the Marks in association with your Existing Business other than on signage that includes the name of the Existing Business and then only in compliance with the provisions of Article 13.2 and with the Operations Manual(s). You further agree not to operate your Existing Business under any name that is or may be confusingly similar to the name "Novus[®]" or any of the marks. You will hold yourself out to the public as an independent contractor operating the Business under a license from us and you will clearly indicate on the Business checks, stationery, business cards, invoices, receipts, advertising, public relations and promotional materials, including your Home Page and any Social Media Site approved by us, and other written materials that you are a licensee of ours. You will display signs at the Retail Location that are clearly visible to the general public indicating that the Business is independently owned and operated as a licensed business. You will file for a certificate of assumed name in the manner required by applicable state law so as to notify the public that you are operating the Business as an independent business under this Agreement.

13.5 Advertising and Promotion.

You will spend at least 4% of your Gross Revenues each calendar quarter for local advertising and to promote the Business, including Yellow Page advertising and other advertising and promotional programs we approve. In January of each year, you must provide us with information in a form we request showing the expenditures you made in the previous year on these advertising and promotional programs. If you did not spend the entire amount we required you to spend in that year, you must submit the difference to us, with your report, and we will add that money to the Marketing Expenditures we make under Article 12.2 of this Agreement. All advertising, marketing, public relations, telemarketing and promotional materials making use of the Marks must be approved by us prior to use or placement, and you will not conduct any media advertising or promotion for the Business until we have given you our prior written approval. Any advertising or promotional materials we provide to you will be deemed approved. You will not permit any third party to advertise its business, or its products and services, in conjunction with the Business, without obtaining our prior written approval.

13.6 Telephone Directory Listing.

We may require you to obtain local telephone service with a dedicated telephone line for the Business, from a supplier we designate. If we so require, we will pay the cost of the telephone number that we select for your business (and we will own that telephone number) as a Marketing Expenditure, but you will purchase and pay for your own local telephone service. You will continually advertise the Business in any Yellow Pages in which the Existing Business is advertised and under all of the listings we designate or approve. The timing, size, form, content, layout, copy and presentation of all Yellow Pages advertising will conform to our specifications.

You will participate in the Yellow Pages advertising programs and in such other directory advertising programs as we may specify from time to time. You will pay all costs for Yellow Pages and other directory advertising. If more than one franchisee or licensee is authorized to operate within any market covered by a single directory, then you will, upon written notice from us, participate in a single cooperative advertisement and prepay your proportionate share of the placement of such cooperative advertisement. All Yellow Page advertising done in accordance with this Article will qualify as part of the 4% local advertising obligation set forth in Article 13.5.

13.7 Signage.

You must either order your Novus® building signage from us (and pay for that signage) at the time you sign this Agreement, or, within 30 days after you sign this Agreement, you must provide us a copy of a paid receipt, evidencing that you have purchased and paid for signage that meets our requirements from a supplier we have approved. In addition, you must erect the building signage for the Business within 45 days of the date of this Agreement. You will be responsible for all costs of acquiring and installing the signage. If you fail to install the required signage in the month you begin operating your business, you will then be responsible to pay us an additional image fee of \$500 per month, on the first day of each subsequent month, until the signage has been installed. You will not alter or redesign the signage without our prior written approval.

13.8 Maintenance of Equipment.

You will, at your expense, repair and keep in proper working condition the equipment and technology used in the Business. All such equipment and technology must at all times meet our quality standards. All replacement equipment, technology, supplies and other items you use in the Business must comply with our then-current standards and specifications.

13.9 Participation in Warranty Programs.

You will offer to the customers of the Business, and participate in, all product and service warranty programs we establish. You will also participate in the "warranty reciprocity program" and will accept and abide by all requirements and limits on warranty compensation we establish. You will reimburse any other franchised or company-owned Novus® business that satisfies any warranty or guaranty on work performed by you for the cost of all replacement parts and the labor charges we establish from time to time. You will submit to us written claims for warranty work you perform that result from Glass Repair or Glass Replacement products and services provided by other affiliated, franchised or company-owned Novus® businesses. We will use reasonable efforts to timely notify you if you will not be reimbursed for providing warranty work.

13.10 Customer Records.

In order to comply with applicable federal and state laws, including any glass or other product recalls required by law, and to properly process warranty claims for customers who have purchased products and services from you or from other licensees or franchisees, you will maintain complete and accurate records of all sales and service for all products and services sold to the customers of the Business. You will, upon written request from us, provide us with: (a) the name, address, city, state, zip code and telephone number for each of the customers of the Business, together with a complete description of the products and services purchased by the

customer, including, if applicable, brand and model numbers; (b) all warranty cards received from these customers; (c) any other information concerning these customers that we require to comply with applicable laws or to provide required product or service information; and (d) all other reports we require, including accurate records for all customer service and repair calls made by you for any Glass Repair or Glass Replacement products and services.

13.11 Our Right to Review.

We may, after giving you three days written notice, inspect: (a) the Retail Location; and (b) the inventory for the Business. We also have the right to review the business records of the Business and to examine your operating practices to determine whether they meet our quality and service standards. We have the right to take photographs, and make video, digital and/or audio recordings during the inspection.

13.12 Remodeling of Retail Location.

You must periodically make reasonable capital expenditures necessary to remodel, modernize and redecorate the portion of the Retail Location devoted to the Business, and to replace and modernize your furniture, fixtures, signage, supplies and equipment in the Business so that the Business reflects the then common image we want portrayed by businesses operating under the Marks (hereinafter referred to as "remodeling"). All remodeling of the portion of the Retail Location in which the Business is operated must be done in accordance with our standards and specifications and with our prior approval. Unless prohibited by the terms of any franchise or dealer agreement you have for the sale of automobiles or trucks through the Existing Business, you must begin remodeling the portion of the Retail Location devoted to the Business within three months after you receive written notice from us specifying the required remodeling, and you will diligently complete the remodeling within a reasonable time. Except as provided under Article 13.8, we will not require you to remodel the Retail Location, or to replace or modernize your furniture, fixtures, supplies and equipment, more than once during the term of this Agreement.

13.13 Merchandising.

All interior merchandising of the Business at the Retail Location must meet our specifications, which may include specifications to assure that the merchandising of your Existing Business is maintained separately from the Business.

13.14 Compliance with Applicable Laws.

You will, at your expense, comply with all federal, state, city, local and municipal laws, ordinances, rules and regulations pertaining to the operation of the Business, including all health and safety laws and regulations, all driving and vehicle laws, all environmental laws, and all employment laws. You will, at your expense, be responsible for determining all drivers and other licenses and permits required by law for the Business and for your employees, for obtaining all licenses and permits, and for complying with all applicable laws.

13.15 Payment of Taxes and Other Obligations.

You will be responsible for the prompt filing and payment of all Taxes. You will timely pay all of your liquidated obligations and liabilities due and payable to us, and to your suppliers, lessors and other creditors.

13.16 Reimbursement of Our Taxes.

We will pay our own corporate income and other taxes. However, if any "franchise" or other tax that is based on the Gross Revenues, receipts, sales, business activities or operation of the Business ("franchise tax") is imposed upon us by any taxing authority (including any sales, income or related tax imposed upon us by the state in which the Business is located as a result of any royalties or other fees you pay to us), then you will, upon receiving written notice, reimburse us in an amount equal to the amount of the tax and related costs imposed on us.

13.17 Standard Attire.

Those of your employees who are involved in the operation of the Business must wear the uniforms and standard attire we specify, and maintain those uniforms in a clean condition. All employees involved in the Business must practice good personal hygiene. If you and your employees wear uniforms or standard attire for your Existing Business, such uniforms or standard attire will display the Novus name, logo or Mark as we specify.

13.18 Business Hours, Personnel.

The Business will be open for business, at your option, either during all hours the Existing Business is open, or from at least 8:00 a.m. to 5:00 p.m. Monday through Friday. When you or your Manager are not on duty, you will have at least one employee on duty that has successfully completed the Required Training Programs necessary to be certified by us as "Factory Trained." At least half of the employees of the Business must at all times have successfully completed the training required to be certified by us as "Factory Trained." You will at all times have at least one full-time employee (who may be the Licensee if the Licensee is an individual) who has successfully completed the Required Training Programs. You will at all times have a sufficient number of adequately trained and competent personnel on duty in the Business to guarantee efficient service to your customers and clients to comply with our customer service standards.

13.19 Notices of Lawsuits or Other Claims.

You will immediately deliver to us a copy of all lawsuits, consumer claims, employee claims, federal or state administrative proceedings or investigations, and other claims, actions or proceedings relating to the Business. You will provide us all additional information we request regarding any of those matters.

13.20 Fax Equipment.

You will obtain and maintain at all times during the term of this Agreement an electronic telephone facsimile ("fax") or such other telecommunications or information processing equipment we specify for use in the Business. Your fax equipment must be in operation to receive and send information at all times during business hours.

13.21 Office Equipment; Computer Hardware and Software.

You must obtain and maintain during the term of this Agreement such office equipment and software as we may from time to time require you to use in operating the Business, including (a) photocopy equipment, (b) a point of sale and accounting software package to perform customer and inventory management, data processing, and accounting functions, (c) computer hardware and peripheral equipment necessary to operate the point of sale and accounting software, and (d) the computer software necessary to provide the products and services we specify. You will, upon written notice from us, upgrade all computer equipment and all point of

sale and accounting software used in the Business to the standards and specifications we specify. All office equipment and software must meet our standards and specifications.

13.22 Telephone Equipment.

In addition to standard telephone equipment, you must obtain and maintain during the term of this Agreement such mobile or portable cellular telephone equipment, paging equipment, and wireless communication devices as we may from time to time require you to use in the Business, which must meet the standards and specifications we specify. During the minimum business hours we specify, incoming telephone calls received by the Business must either be answered live by you or an employee, or by a telephone service that is answered by a person who is properly trained to schedule jobs and appointments and take messages for the Business.

13.23 E-Mail Address.

You must have access, during the term of this Agreement, to the World Wide Web, 24 hours a day, seven days a week, using a high speed Internet connection. We will provide one e-mail address to you for you to use in the operation of the Business, at no additional charge. You must use this e-mail address in the operation of the Business, and you may not separately establish any other e-mail addresses for the Business. If, however, you do want additional e-mail addresses, we will provide them to you at an additional cost of \$25 each. Your e-mail address will be used as a method for you and us to communicate with each other and to transmit documents and other information. Except as set forth in the Operations Manual(s), you will not use the word Novus® or any of the other Marks as any part of your e-mail address. You must review your e-mail at least once during every business day and use reasonable efforts to respond to all e-mails from our employees and executives within 24 hours during business days and within 36 hours during weekends and holidays.

13.24 World Wide Web Presence and Social Media.

We will establish a home page for the Business on a Novus Glass® website we designate. You will pay us an initial fee of \$300 to establish the Home Page when you sign this Agreement, and you must pay us a monthly maintenance fee to maintain the Home Page. If you have a home page for the Existing Business, you will include our principal trademark and logo on the home page of that website, with a link from that trademark or logo to the Home Page. You will not otherwise use our Marks on the website for the Existing Business, without our prior consent, and then in all cases only in the manner we approve. You may not otherwise establish a website or home page on the World Wide Web, or establish, use, or maintain, or have established or maintained on your behalf either alone or in concert with others, any other Social Media Site except as we may approve in our sole discretion. The Home Page and any Social Media Site approved by us must be operated and maintained by you in compliance with all provisions of this Agreement, including those regarding the use of confidential and proprietary information, as well as any and all operating procedures, policies, standards and requirements as we may specify from time to time. You also must operate and maintain the Home Page and any Social Media Site approved by us in compliance with all applicable laws, rules, and regulations, including but not limited to those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements. We reserve the right at any time, in our sole discretion, to require you to remove, delete or modify any website, homepage, Social Media Site, or any information, content or post thereon. We will retain sole ownership of any Novus Social Media Site, including any domain name related thereto and all content thereon.

13.25 Referral Programs.

From time to time, we may prescribe glass repair and/or glass replacement referral or marketing programs to you, whether Internet based or otherwise, and we may require that you participate in these programs (and pay all fees associated with such participation).

13.26 Entity Requirements Regarding Formation Documents.

If you operate the Business as an entity that is separate from the Existing Business, you must, at our request, provide us a copy of your Articles of Incorporation, Articles of Organization or other documents required by state law to form your entity.

ARTICLE 14. INSURANCE

14.1 General Liability Insurance.

You must purchase and maintain (i) general liability insurance with coverage of at least \$1,000,000 insuring you and your officers, directors, agents and employees, from and against any and all loss, liability, damage, claim and expense of any kind whatsoever, including bodily injury, personal injury, death, property damage, products liability and all other damages resulting from (a) the condition, operation, use, business or occupancy of the Business or the Retail Location and (b) the operation of any customer's vehicle by any of your employees; (ii) garage keepers insurance with coverage of at least \$100,000 insuring you and your officers, directors, agents and employees, from and against any and all loss, liability, damage, claim and expense of any kind whatsoever, including personal injury, death, property damage, fire and theft caused to any customer's vehicle in your care, custody and control as a result of fire, explosion, theft, vandalism, riot and civil commotion, and collision; (iii) "all risks" property insurance coverage, which must include fire and extended coverage, vandalism and malicious mischief coverage, and garage keepers' coverage for the Retail Location, inventory, machinery and equipment you own or lease for the Business; (iv) umbrella liability insurance in the minimum amount of \$1,000,000 that will provide additional liability insurance coverage for any liability incurred by you in excess of the primary liability insurance coverage you carry under your general liability insurance, vehicle liability insurance and employer's liability insurance policies; and (v) worker's compensation insurance covering your employees who are injured in the course of employment, as well as employers liability insurance having primary limits of \$500,000 covering bodily injury by disease per employee, \$500,000 covering bodily injury by disease in aggregate, and \$500,000 covering bodily injury by accident.

14.2 Other Insurance.

The insurance coverage set forth in this Article only describes the minimum insurance we require you to obtain. It is your obligation to determine whether you need to carry other insurance, or higher levels of insurance either by law or because of the nature of the Business or any contract you have signed. We also have the right to require you to obtain additional insurance coverages. If you have insurance for the Existing Business that meets the minimum requirements of this Article 14, you need not purchase separate insurance, so long as you comply with the provisions of Article 14.3.

14.3 Our Rights.

All insurance policies we require you to obtain must name us as an additional named insured, and must provide that we will receive copies of all notices of changes in these policies, or cancellation, nonrenewal, or coverage reduction or elimination, at least 30 days before any cancellation, nonrenewal or change takes effect. Before operating the Business, and immediately after changing any insurance coverage's, you must provide us with certificates of insurance confirming you have obtained all the insurance coverage we require. If you fail to maintain the insurance coverage we require, or fail to timely provide us evidence of this coverage, we have the right, but not the obligation, to obtain the required insurance coverage. You will promptly sign all applications and other documents required to obtain the required insurance, and will, upon receipt of an invoice, immediately reimburse us for the cost of obtaining the required insurance.

ARTICLE 15. FINANCIAL STATEMENTS AND REPORTING

15.1 Financial Statements.

You must give us annual Financial Statements for the Business within 90 days after your fiscal year-end. At your option, the Financial Statements may be prepared solely for the Business, or they may be part of the financial statements you prepare for the Existing Business. If they are part of the financial statements for the Existing Business, you will provide such additional information concerning the revenues and expenses of the Business as we may request. All Financial Statements you provide to us must be verified by your accountant.

15.2 Verification of Financial Statements.

If your annual or semi-annual Financial Statements are not prepared by an independent certified public accountant, then you (if you do not operate as an entity), or your senior executive officer, must certify the accuracy and completeness of the Financial Statements.

15.3 Gross Revenues Report.

You must maintain an accurate written record of the daily Gross Revenues for the Business, which must be maintained separately from the daily gross revenue records for your Existing Business. By the 10th day of each month, you must give us a signed statement of the Gross Revenues generated by the Business (the "Gross Revenues Report") in the preceding month, using the forms we specify.

15.4 Our Audit and Review Rights.

We have the right at any time to review and audit your Financial Records for the Business and for your Existing Business for the last five fiscal years. The review may be conducted by an employee of ours or by other people we designate. If we elect to proceed with an audit of your Financial Records, then the audit will be conducted by a certified public accountant. You and your accountants will make all of your Financial Records available to us for review and audit at the Retail Location. You will also provide our representative(s) with adequate facilities to conduct the review and audit. We and our representatives will have the right to make copies of all or any of the Financial Records and to copy and duplicate all Financial Records on your computer system. You should expect to have your Financial Records reviewed and/or audited by us at least once every five years. You will at all times store and maintain the Financial Records

in a dry, safe and secure place. We will provide you with a written copy of the report prepared by the reviewer or auditor.

15.5 Audit/Review Costs.

If our audit or review results in a determination that you have overpaid monthly Royalty Fees or other amounts due to us, the amount of the overpayment will be refunded to you within 20 business days from the date of the report. If our audit or review results in a determination that you underpaid us, then you will, within 20 business days of receipt of an invoice, pay us the amount of all past due monthly Royalty Fees and other amounts owed to us, together with late payment charges as provided for in this Agreement. If our audit or review results in a determination that you underpaid the monthly Royalty Fees by more than \$500 during any 12 month period, then you must reimburse us for all costs and expenses we incurred in connection with the review and audit of your Financial Records, including payments made to the accounting firm conducting the review or audit and the Salaries and Travel Expenses incurred by our employees who were involved with or conducting the audit or review. If we had someone other than a certified public accountant review your Financial Records under Article 15.4 and the review shows an underpayment of the monthly Royalty Fees by more than \$500 during any 12 month period, you may contest the review and request an audit by an independent certified public accountant. You must pay for the audit by the independent certified public accountant, but if the audit reveals that you did not underpay the monthly Royalty Fees by more than \$500 during any 12 month period, then we will reimburse you for the cost of the audit.

ARTICLE 16. ASSIGNMENT

16.1 Assignment by Us.

This Agreement may be unilaterally Sold or Transferred by us without your approval or consent, and will inure to the benefit of our successors and assigns. We will give you written notice within 30 days after any Sale or Transfer, and the assignee will be required to fully perform our obligations under this Agreement.

16.2 Approval of Transfer.

This Agreement or the Business, or the Business Assets may be Sold or Transferred by you or the Owner only with our prior written approval. In addition, you must obtain our prior written approval to Sell or Transfer any Ownership Interest that would result in either a change or control of License or 50% or more of the Ownership Interest of Licensee being Sold or Transferred since the date of this Agreement. If you are not Selling or Transferring the Existing Business as part of any such Sale or Transfer, then we will not have any obligation to approve the Sale or Transfer, and likely will not do so if the proposed transferee proposes to operate the Business from a location that is within two miles of any existing Novus franchisee (or within such greater distance as may be included in any exclusive rights that we may grant to a Novus franchisee). In any event, to obtain our approval to any Sale or Transfer that requires our approval, the Sale or Transfer must, at a minimum, meet the following requirements:

- (a) All of your monetary obligations due to us and our affiliates have been paid in full, and you are not otherwise in default under this Agreement;

(b) You and your Owners, in the case of a Sale or Transfer of an Ownership Interest, have signed and delivered a written agreement, in a form satisfactory to us, agreeing to be bound by the provisions of this Agreement, including the covenants not to compete contained in Article 20.3 of this Agreement;

(c) The transferee does not own or operate, and is not involved in a business that competes directly or indirectly with or is similar to any Novus[®] business;

(d) The transferee meets our managerial, financial and business standards for new auto dealer licensees, possesses a good business reputation and credit rating, and possesses the aptitude and ability to operate the Business in an economic and businesslike manner (as may be shown by prior related business experience or otherwise). In addition, if the Sale or Transfer is not made in connection with the Sale or Transfer of the Existing Business but to someone who has an existing business from which they desire to operate the Business, that existing business meets our then-current requirements for an auto dealer license;

(e) The transferee agrees to acquire all additional items we require to identify the Business to ensure that the transferee's Business will comply in all respects with our then-current standards and specifications;

(f) The transferee agrees to acquire all additional equipment we require to ensure that the equipment used by the transferee in the Business will comply in all respects with our then-current standards and specifications;

(g) If the Business is sold separate from the Existing Business, we approve the new location for the Business;

(h) Before the Sale or Transfer occurs, the transferee agrees (i) that the transferee and the appropriate employees designated by the transferee will attend and successfully complete the Required Training Programs, (ii) to pay all required training fees to us, and (iii) to pay the Salaries and Travel Expenses for all persons who attend the Required Training Programs;

(i) You sign a general release of all claims you may have against us; and

(j) You and the transferee have timely provided all of the information relating to the Sale or Transfer of this Agreement that we request to properly document the Sale or Transfer.

In addition, in the case of a proposed Sale or Transfer of this Agreement, or the Business, or the Business Assets, if the proposed transferee proposes to operate the Business in connection with an existing business, the proposed transferee must sign new agreements, in the form we then use in the grant of auto dealer licenses, including a new auto dealer license agreement and personal guaranty (and/or other agreement(s) we then require of auto dealer licensees), and pay us our then current Initial Fee in connection with the grant of such licenses. In the case of a proposed Sale or Transfer of this Agreement, or the Business, or the Business Assets, to someone who will not be operating the Business in connection with an existing business, then as an additional

condition to our approval, the proposed transferee must sign new agreements, in the form we then use in the grant of stand-alone repair and replacement franchises, including a new franchise agreement and personal guaranty, and must also pay our then current Initial Fee for such franchises.

16.3 Acknowledgment of Restrictions.

You acknowledge and agree that the restrictions imposed by us on any Sale or Transfer in this Article 16 are reasonable and necessary to protect the goodwill associated with the Business System and the Marks, as well as our reputation and image, and are for the protection of us and all other franchisees and licensees that own and operate a Novus® business. Any Sale or Transfer of the Business Assets permitted by this Article will not be effective until we receive fully signed copies of all documents relating to the Sale or Transfer, and we have consented in writing to the Sale or Transfer.

ARTICLE 17. OUR TERMINATION RIGHTS, DAMAGES

17.1 Termination for Your Breach.

In addition to our other rights of termination contained in this Agreement, we have the right to terminate this Agreement if (a) you or any of the employees of the Business fail to successfully complete the Required Training Programs within the time periods specified in this Agreement, (b) you fail to open and begin operating the Business within three months from the date of this Agreement or when renovations to the Retail Location to accommodate the Business have been completed, whichever is earlier, (c) you violate any material provision, term or condition of this Agreement, including failure to timely pay any Royalty Fees or any other monetary obligations or fees due to us or our affiliates, or violate any material provision, term or condition of any other agreement with us or with any affiliate of ours, (d) you, or any of your partners, directors, officers or Owners are convicted of or pleads guilty to a charge of violating any civil or criminal law relating to the Business, (e) you fail to conform to the Business System or our standards of uniformity and quality for the products and services offered or sold in the Business, (f) you fail to timely pay any of your obligations or liabilities to your landlord, employees, suppliers, banks, purveyors and other creditors, or to us or to our affiliates, under this Agreement or under any other agreement, (g) you are deemed insolvent within the meaning of any state or federal law, any involuntary petition for bankruptcy is filed against your, or you file for bankruptcy or are adjudicated a bankrupt under any state or federal law, (h) you make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of the Business Assets for the benefit of creditors, (i) any check you issue is dishonored because of insufficient funds (except where the check is dishonored because of an error in bookkeeping or accounting) or closed accounts, or you fail to maintain a balance in your bank account sufficient to allow payment of Royalty Fees to us by direct bank debit, (j) you fail to purchase or pay for the supplies, equipment and technology required for the Business, (k) you Abandon the Business, (l) you are involved in any act or conduct that impairs the goodwill associated with the Marks, or the Business System, (m) you refuse to fully cooperate with us or our designee in the performance of an audit of your financial records in accordance with Article 15.4, or (n) you fail to file any required Tax return or fail to timely pay any Taxes when due.

17.2 Our Immediate Termination Rights.

Notwithstanding Article 17.3, we will have the right, unless precluded by applicable law, to immediately terminate this Agreement, by giving you written notice of immediate termination, if (a) you or any of your partners, directors, officers or Owners are convicted of or plead guilty to violating any law relating to the Business, or any gross misdemeanor or felony, (b) you are insolvent within the meaning of any state or federal law, any involuntary petition for bankruptcy is filed against you, or the you file for bankruptcy or are adjudicated a bankrupt under any state or federal law, (c) you make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of the Business Assets for the benefit of creditors, (d) you Abandon the Business, (e) you are involved in any act or conduct that materially impairs the goodwill associated with the Marks or the Business System and you fail to correct the breach within 24 hours of receiving written notice of the breach from us, or within the time specified by law, (f) you fail or refuse to produce your financial and business records for audit by us as required by Article 15.4, or (g) relocate the Business without obtaining our prior written approval.

17.3 Notice and Opportunity to Cure.

Except as provided in Article 17.1 and/or Article 17.2, we will not have the right to terminate this Agreement unless and until we give you (a) written notice setting forth the alleged breach in detail, and (b) you fail to correct the alleged breach within the period of time specified by applicable law. If applicable law does not specify a time period to correct an alleged breach, then you will have 30 days after receiving the written notice to correct the alleged breach, except where the written notice states that you are delinquent in the payment of any Royalty Fees or other amounts payable to us under this Agreement or under any other agreement, in which case you will have 15 days after receiving the written notice to correct the breach by making full payment (including any applicable interest or late payment charges).

17.4 Notice of Termination.

If we have complied with the provisions of this Article 17 and you have not corrected the alleged breach set forth in the written notice within the time period specified in this Agreement, then we may terminate this Agreement by giving you written notice of termination. The effective date of termination will be the date the written notice of termination is received, as specified in Article 23.16, or such later date as is specified in the notice.

17.5 Other Remedies.

Nothing in this Article or this Agreement will preclude us from seeking other remedies against or damages from you under state or federal laws, common law, or under this Agreement, including attorneys' fees and injunctive relief. If we terminate this Agreement under this Article, or if you breach this Agreement by a wrongful termination or a termination that does not comply with the terms and conditions of Article 18 of this Agreement, then we will be entitled to seek recover from you all damages that we have sustained and will sustain in the future as a result of your breach of this Agreement.

ARTICLE 18.

YOUR TERMINATION RIGHTS

18.1 Termination for Our Breach.

You have the right to terminate this Agreement if you comply fully with this Article 18.1 and we violate any material provision, term or condition of this Agreement. However, to exercise this right, you must first give us written notice setting forth the alleged breach in detail, and we must fail to correct the alleged breach within 30 days after receiving this written notice. If you have complied with the provisions of this Article 18.1 and we have not corrected the alleged breach set forth in the written notice within the time period specified in this Agreement, then you may terminate this Agreement by giving us written notice of termination. The effective date of termination will be the date set forth in your written notice of termination, provided that the notice will be ineffective unless it provides that the termination will be effective no earlier than 10 days after we receive the notice of termination.

18.2 Termination Upon Sale or Transfer.

You will also have the right to terminate this Agreement in connection with a proposed Sale or Transfer of the Existing Business to someone who prefers not to continue the Business or to someone we do not approve, provided that you give us at least 60 days notice of your intention to terminate this Agreement, and further provided that at least 20 days before the termination takes effect, you pay us a termination fee equal to 24 times the average monthly Royalty Fees you owed to us for the 12 months immediately prior to the date of your written notice of termination, however, if the term remaining of this Agreement is less than 24 months, then the multiplier of 24 will be reduced to the number of full or partial calendar months you have remaining on the term of this Agreement. If, however, you exercise this right, you may not sell or transfer your customer lists or other tangible or intangible assets to any person who proposes to operate a glass repair or glass replacement or installation business. If you do not fully comply with the provisions of this Article 18.2, then the termination will be considered to have taken place other than in accordance with this Article 18, in which case we will have the right to retain the termination fee to offset any damages caused by your improper termination, and the right to recover other fees and payments that you would have owed us through the normal date of expiration of this Agreement.

18.3 Compliance With Post-Termination Obligations.

If you exercise your right to terminate the Agreement under this Article 18, you must still comply with all other post-termination obligations in Articles 19 and 20 of this Agreement.

ARTICLE 19.

YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION

19.1 Termination of Use of Marks.

Upon termination or expiration of this Agreement for any reason, you (a) will not have any further right to use the name "Novus[®]," the other Marks and/or the Business System, (b) will immediately cease using the name Novus[®] and the Marks in all advertising, marketing and promotional materials, including promotional materials on the World Wide Web and any Social Media Site, (c) will take all other actions relating to the name Novus[®] and the Marks as we may request, and (d) not hold yourself out, or advertise the Existing Business or any other business, as

formerly a Novus[®] business or by any other means that suggests you had a prior relationship with us. You agree and acknowledge that your continued use of the name Novus[®] and the Marks after the expiration or termination of this Agreement will be without our consent and will constitute an "exceptional case" under federal trademark law (15 U.S.C. §1117) entitling us to recover treble damages, costs and attorneys' fees.

19.2 Other Obligations Upon Termination.

If this Agreement expires or is terminated for any reason you will immediately comply with all applicable provisions of this Agreement, and within five days after termination (a) submit to us Gross Revenues Reports for all periods through the date of expiration or termination that have not previously been provided; (b) pay all Royalty Fees and all other amounts you owe us or our affiliates, including, if this Agreement terminates for any reason prior to the Expiration Date, Minimum Monthly Royalty Fees and equipment lease payments for all periods through the Expiration Date, (c) return to us by first class prepaid United States mail the Operations Manual(s), all Glass Repair, Glass Replacement, and other equipment leased from us, and all advertising materials, signage, and other printed materials pertaining to the Business System, (d) provide us with a copy of all your customer records from the Business, (e) inform the suppliers of the Business in writing of the expiration or termination and send us a copy of all such communications, (f) change the exterior and interior appearance of the Retail Location and any vehicles used in connection with the Business so that they will be easily distinguished from the appearance of retail locations and vehicles used in Novus[®] businesses, and (g) cancel any assumed name or similar registration tiled under Article 13.4.

19.3 Assignment of Telephone Directory Listings, Domain Names and Other Electronic Information.

You acknowledge and agree that we have the absolute right and interest in and to all telephone numbers and directory listings associated with the Marks, and you hereby authorize us to direct the telephone company and all listing agencies to transfer and assign to us or our designee the telephone numbers and directory listings for your Business upon our request at any time following expiration or termination of this Agreement, in our sole and absolute discretion; provided, however, that you will not have this obligation if the only telephone number you have for the Business is the same telephone number that rings to a central number for your entire automobile dealership or its service department. Upon execution of this Agreement, you will deliver to us an executed assignment in blank, in the form required by us, assigning all telephone numbers for your Business to us or our designee. By execution of this Agreement, you authorize us to deliver this assignment to the telephone company at any time following termination or expiration of this Agreement, or if we acquire your Business, as determined by us in our sole and absolute discretion, and to notify the telephone company and all listing agencies of the termination or expiration of your right to use all telephone numbers and all classified and other directory listings for the Business, and to authorize the telephone company and all listing agencies to assign and transfer to us or our designee all telephone numbers and directory listings of your Business. The telephone company and all listing agencies have the right to accept either this Agreement or the assignment in blank delivered upon execution of this Agreement, as evidence of our exclusive rights to such telephone numbers and directory listings and the authority from you for the telephone company and listing agencies to transfer all such telephone numbers and directory listings to us or our designee. By execution of this Agreement, you also hereby agree to execute and deliver and any all documents as we may require to assign and

transfer to us or our designee all telephone numbers and directory listings of your Business. This Agreement will be your release of the telephone company and listing agencies from any and all claims, actions and damages that you may at any time have the right to allege against them in connection with the transfer of your telephone numbers and directory listings to us. You also acknowledge that we have the absolute right and interest in and to the Home Page and any Novus Social Media Site, including, but not limited to, any domain name associated therewith or content thereon, and you agree to take any and all actions as may be necessary to assign and transfer access to and the registration or listings thereof to us upon termination or expiration of this Agreement.

ARTICLE 20.

LICENSEE'S COVENANTS NOT TO COMPETE

20.1 Your Acknowledgments.

You acknowledge that, under this Agreement, you, your Owners and your employees will receive specialized training, "know-how," current and future marketing and advertising plans, business plans and strategies, business information, concepts, proprietary technology, formulas, marketing and promotional techniques, confidential information and trade secrets from us pertaining to the Business System and the operation of the Business. You also acknowledge that we have advised you that this Article 20 is a material provision of this Agreement, and that we would not grant a Novus® franchise to you or provide you with our Business System, technology, business information and "know-how," proprietary concepts, and experience if you intended to own, operate or be involved in a business that competes directly or indirectly with the Business or the Business System. For the purposes of this Article 20, any business that offers or provides, directly or indirectly, automotive windshield repair products and services, automotive glass repair products and services, other glass repair products and services, and the repair of any other glass products, will be considered competitive with or similar to the Business System and the Business.

20.2 In-Term Covenant Not-to-Compete.

You agree that you, your Owners, the Personal Guarantors of your obligations under this Agreement (the "Personal Guarantors"), and the members of your and their Immediate Families will not, during the term of this Agreement, for your or their own account, or as an employee, agent, consultant, partner, officer, director, member, or owner of any other person, firm, entity, partnership, company, or corporation, (a) seek to employ any person who is at that time employed by us or by any Novus® franchisee or licensee without the prior consent of their employer, or (b) own, operate, lease, franchise, license, conduct, engage in, consult with, be connected with, have any interest in, or assist any person or entity engaged in any business that is in any way competitive with or similar to the Business System or the Business (including any glass repair and/or glass replacement or installation business).

20.3 Post-Term Covenant Not-to-Compete.

You agree that you, your Owners, the Personal Guarantors, and the members of your and their Immediate Families will not, for a period of two years after the termination or expiration of this Agreement, for your or their own account or as an employee, agent, consultant, partner, officer, director, member, or owner of any other person, firm, entity, partnership, company, or corporation (a) seek to employ any person who is at that time employed by us or by any Novus®

franchisee or licensee without the prior consent of their employer, or (b) own, operate, lease, franchise, license, conduct, engage in, consult with, be connected with, have any interest in, or assist any person or entity engaged in any or other business that is in any way competitive with or similar to the Business System or the Business (including any glass repair business) which is located within (i) ten (10) miles of the Retail Location, (ii) any service area we grant to any other Novus[®] glass repair franchise or business, or (iii) within 10 miles of any business location of any Novus[®] glass repair franchise or business in the United States and its possessions. You, your Owners, and the Personal Guarantors expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect us and our franchisees or licensees if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to permit us the opportunity to resell and/or develop a new Novus[®] glass repair business within your market. You also agree that if you, your Owners, the Personal Guarantors, or the members of your or their Immediate Families violate this covenant not to compete, the term of the non-compete will be extended for any person engaged in violating this covenant not to compete, until two years after the violation has ceased.

ARTICLE 21. NATURE OF OUR RELATIONSHIP

21.1 Independent Relationship.

You are an independent business owner and, as a consequence, there is no employer-employee or principal-agent relationship between us and you. You will not have the right to and will not make any agreements, representations or warranties in our name or on our behalf or represent that our relationship is other than that of licensor and licensee. Neither of us will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties. You will take all reasonable steps necessary to inform the public, clients, customers, suppliers, lenders and other business establishments that the Business is independently owned and operated by you.

21.2 Operation of Business.

You will be totally and solely responsible for the operation of the Business, and will control, supervise and manage all the employees, agents and independent contractors who work for or with you or at the Retail Location. You will be solely responsible for the acts of your employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that they comply with all federal, state and local laws, rules and regulations. We will not have any right, obligation or responsibility to control, supervise or manage the Business, or your employees, agents or independent contractors.

ARTICLE 22. INDEMNIFICATION

22.1 Indemnification by You.

We are not responsible for Claims or Damages arising out of, from, or in connection with your operation of the Business or the Existing Business. You agree to indemnify us and our affiliates against, and reimburse us and our affiliates for, all Claims or Damages we incur in defending any claim brought against us or in any action in which we are named as a party arising out of, from, as a result of, or in connection with the Business, the Existing Business, the Retail Location,

and/or the operation of the Business or the Existing Business, including Claims or Damages arising from (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission by you or your employees, agents or representatives, (b) any failure on your part to comply with any federal, state or local laws or regulations, (c) your failure to pay any of your debts or obligations, or (d) your failure to comply with any requirement or condition of this Agreement or any other agreement with us or our affiliates. We will have the right to defend, at your expense, any claim made against us arising as a result of or from the Business or the Existing Business.

22.2 Indemnification by Us.

We agree to indemnify you against, and to reimburse you for, any obligation or liability for Claims or Damages to persons other than you or your owners that is attributable to our agreements or representations, or that is caused by our negligent or willful action, including the obligation to defend any litigation brought against you that is attributable to our agreements or representations, or caused by our negligent or willful action. We will have the right to participate in and to control any litigation or proceeding that might result in liability of or expense to you subject to indemnification by us.

22.3 Collection and Enforcement Costs.

You will pay us for any and all Costs and Expenses we incur for the collection of past due Royalty Fees or other amounts due to us or our affiliates. In addition, you will pay all Costs and Expenses we incur in successfully enforcing any term, condition or provision of this Agreement, in successfully enjoining any violation of this Agreement by you, or in successfully defending any lawsuit you bring against us.

ARTICLE 23.

INTERPRETATION AND ENFORCEMENT OF AGREEMENT

23.1 Injunctive Relief.

You, your Owners and the Personal Guarantors agree that, notwithstanding any other provision of this Agreement, we will have the right to petition a court of competent jurisdiction for the entry of temporary restraining orders, temporary and permanent injunctions and orders of specific performance (a) enforcing the provisions of this Agreement relating to (i) the Marks and the Business System, (ii) your obligations on termination or expiration of this Agreement, (iii) your Sale or Transfer of this Agreement, the Business Assets, or any Ownership Interest, (iv) the confidentiality of the Operations Manual(s) and other confidential information, and/or (v) any covenants not to compete, and (b) enjoining any act or omission by you or your employees that (i) is a violation of any law, ordinance or regulation, (ii) is dishonest or misleading to the clients or customers of the Business or other Novus[®] businesses, (iii) is a danger to the employees, public, guests, clients or customers of the Business, or (iv) may impair the goodwill associated with the Marks or the Business System. You agree that we will be entitled to obtain this injunctive relief without posting a bond or, if a court nevertheless requires a bond, by posting a bond set by the court in an amount not to exceed \$5,000.

23.2 Waiver of Punitive Damages.

Each of us (and your Owners and Personal Guarantors) agree to waive, in the fullest extent permitted by law, any right to, or claim for, any punitive or exemplary damages against each

other and against our respective affiliates, employees or agents, and agree that in the event of a dispute between us, each of us will be limited to the recovery of any actual damages we sustain, and/or to injunctive relief, as permitted by the court.

23.3 Severability.

All provisions of this Agreement, including those relating to covenants not to compete, are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not included in this Agreement, and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement or the taking of some other action not required in this Agreement, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement or any of our specifications, standards or operating procedures are invalid or unenforceable, then the period of notice or other action required by that law or rule will be substituted for the notice requirements in this Agreement, or the invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent, but only to the extent, required to be valid and enforceable.

23.4 Waiver of Obligations.

Neither you nor we will be considered to have waived any obligation of or restriction on the other person unless the waiver is in writing and signed by each of us. Our acceptance of any payment by you, or our failure, refusal or neglect to exercise any right under this Agreement or to insist on full compliance by you of your obligations under this Agreement, including any mandatory specification, standard or operating procedure, will not be considered a waiver by us of any provision of this Agreement. However, if either of us fails to notify the other in writing of any alleged misrepresentation, violation of law, deficiency, or breach of this Agreement to the other party within one year from the date that we have knowledge of, believe, determine or are of the opinion that there has been a deficiency or breach by the other party, then the alleged misrepresentation, violation of law, deficiency or breach will be considered waived; provided, however, that this provision will not apply to your underreporting of Gross Revenues, or under payment of any fees you owe us that are tied to the amount of your Gross Revenues.

23.5 Payments to Us, No Rights of Offset.

Your payment obligations under this Agreement are absolute and unconditional. You may not, for any reason, withhold, escrow or offset any Royalty Fees or other payments due to us or our affiliates. We do, however, have the right to offset any payments we owe you against any amounts you may owe us.

23.6 Effect of Wrongful Termination.

If either of us takes any action to terminate this Agreement, or you take any action to convert the Business to another business, without first complying with the terms and conditions (including the written notice and opportunity to cure provisions) of Article 17 or Article 18 of this Agreement, as applicable, then that action will not relieve or release either of us from any of our respective obligations under this Agreement, and the terms and conditions of this Agreement will remain in full force and effect until this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law.

23.7 Cumulative Rights.

Your rights and our rights under this Agreement are cumulative and no exercise or enforcement by either of us of any right or remedy permitted under this Agreement will preclude the exercise or enforcement by either of us of any other right or remedy permitted under this Agreement or which we are entitled by law to enforce.

23.8 Venue and Jurisdiction.

Except as set forth in the last sentence of this Article 23.8, unless prohibited by applicable law, all lawsuits, court proceedings and other actions initiated by us, by you, or by the Owners and the Personal Guarantors will be venued exclusively in Hennepin County, Minnesota. You, your Owners and the Personal Guarantors acknowledge that you have had substantial business and personal contacts with us in Minnesota and you hereby agree and submit to personal jurisdiction in the State of Minnesota in connection with any lawsuit or proceeding brought to enforce or construe the terms of this Agreement, or to resolve any dispute or controversy arising under this Agreement, and you agree that except as set forth in the last sentence of this Article 23.8, all lawsuits, proceedings, hearings or other actions will be exclusively venued and held in Hennepin County, Minnesota. However, if we seek injunctive relief to enforce any provision of this Agreement, or to restrain any violation of this Agreement, we may, at our option, bring that action in the county in which the Retail Location is located or, if there is no Retail Location, then the county to which notices are to be delivered to you under Article 23.16 of this Agreement.

23.9 Jury Waiver.

TO THE EXTENT EITHER OF US INITIATES LITIGATION INVOLVING THIS AGREEMENT OR ANY ASPECT OF THE RELATIONSHIP BETWEEN US (EVEN IF OTHER PARTIES OR OTHER CLAIMS ARE INCLUDED IN THE LITIGATION), YOU AND WE EACH WAIVE OUR RIGHT TO A TRIAL BY JURY. THIS WAIVER WILL APPLY TO ALL CAUSES OF ACTION THAT ARE OR MIGHT BE INCLUDED IN THE LITIGATION, INCLUDING CLAIMS RELATED TO THE ENFORCEMENT OR INTERPRETATION OF THIS AGREEMENT, ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR SIMILAR CAUSES OF ACTION, AND IN CONNECTION WITH ANY LEGAL ACTION BROUGHT FOR THE RECOVERY OF DAMAGES BETWEEN OR AMONG US OR BETWEEN OR AMONG ANY OF OUR OWNERS, AFFILIATES, OFFICERS, EMPLOYEES OR AGENTS.

23.10 Survival of Obligations.

All obligations that are to be performed or may be performed following the expiration or termination of this Agreement will remain in effect following expiration or termination of this Agreement, including your indemnification obligations and your obligations under Articles 19 and 20.

23.11 Binding Agreement.

This Agreement is binding on you and on us, and on our respective executors, administrators, heirs, assigns and successors in interest.

23.12 Entire Agreement.

This Agreement supersedes and terminates all prior agreements, either oral or in writing, between you and us involving this license relationship. All representations alleged by either you

or by us that are not contained in this Agreement or in our Franchise Disclosure Document delivered to you prior to your execution of this Agreement will not be enforceable. This Agreement, including the Introduction, is the entire agreement between us, and there are no other oral or written understandings or agreements between us relating to the subject matter of this Agreement except those agreements and contracts, if any, that are signed by each of us concurrently with this Agreement; provided, however, nothing in this Agreement or any related agreement is intended to disclaim any representations made in the Franchise Disclosure Document you acknowledge having received at least 14 calendar days prior to the execution of this Agreement.

23.13 Joint and Several Liability.

If more than one person is listed as the Licensee in this Agreement, then the liability of all those people will be joint and several.

23.14 Headings, Terms.

The headings of the Articles of this Agreement are for convenience only and do not in any way define, limit or constitute the contents of those Articles. The term "you" or "Licensee" as used in this Agreement applies to one or more individuals, a corporation, company or partnership, as the case may be. References to "you," "Licensee," "assignee" and "transferee" that apply to an individual or individuals will mean the principal owner or owners of your equity or operating control and any assignee or transferee if you or an assignee or transferee is a corporation, company or partnership.

23.15 No Oral Modification.

No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made except by a written agreement signed by duly authorized officers of the party that is alleged to have given the modification, change, rescission, release, amendment, waiver, approval, consent or authorization. Neither of us has the right to amend or modify this Agreement orally or verbally, and any attempt to do so will be void.

23.16 Notices.

All notices to us must be in writing, must comply with applicable law, and must be addressed to our General Manager at 12800 Highway 13 South, Suite 500, Savage, Minnesota 55378, or such other address as we designate in writing, with copies (which shall not be considered official notice) to the Legal Department, TCG International, Inc., 28th Floor, 4710 Kingsway, Burnaby, British Columbia, V5H 4M2, Canada. All notices to you must be in writing and addressed to you at the address set forth on the cover page of this Agreement, or such other address as you designate in writing. Unless provided to the contrary by applicable law, all notices under this Agreement must be delivered by (a) personal service, (b) prepaid certified United States Mail, (c) by a recognized overnight delivery service (e.g., Federal Express, United States Express Mail or UPS) that requires a written receipt signed by the addressee or (d) by facsimile transmission. Notice by mail will be effective on the third day after it is deposited in the mail, notice by personal service will be effective upon delivery, notice by overnight delivery service will be effective on the date of delivery (as confirmed by written receipt), and notice by facsimile will be effective when confirmation is received at the point of transmission.

ARTICLE 24.

ACKNOWLEDGMENTS, DISCLAIMER

24.1 Our Disclaimer.

We do not warrant or guarantee to you that you will earn any profit from the Business, or that we will refund all or part of the Initial Fee or the price you pay for the Business or repurchase any of the products and services supplied or sold by us if you are unsatisfied with the Business. We expressly disclaim the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Gross Revenues, business or financial success, or value of the Business.

24.2 Your Acknowledgments.

You acknowledge that (a) you have had a full and adequate opportunity to read and review this Agreement and to be thoroughly advised of the terms and conditions of this Agreement by an attorney or other personal advisor, (b) you have had sufficient time to evaluate and investigate the Business System, the financial requirements and the economic and business risks associated with the owning and operating the Business, (c) you have conducted an independent investigation of the Novus[®] glass business concept and recognize that the business venture contemplated by this Agreement involves business and economic risks, (d) the financial, business and economic success of the Business will be primarily dependent on your personal efforts and the efforts of your management and your employees, and on economic conditions in your market and in the automotive industry, and (e) you have not received from us or our agents or affiliates any estimates, projections, representations, warranties or guarantees, express or implied, regarding actual or potential sales, Gross Revenues, income, profits, earnings, expenses, financial or business success, value of the Business, or other economic matters pertaining to the Business or any other Novus[®] business that were not expressly set forth in our Franchise Disclosure Document that you acknowledge receiving.

24.3 Other Licensees.

You acknowledge that other licensees or franchisees of ours have been or will be granted licenses or franchises at different times, different locations, under different economics and in different situations, and you acknowledge that the economics, terms, and conditions of those licenses or franchises may vary substantially in form and substance from those contained in this Agreement and that you are not entitled to any amendment of this Agreement or other concessions as a result of such variances.

24.4 Waiver of Collateral Estoppel.

Each of us agrees that we should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which we are involved with third parties, without having those disputes directly affect the contact or relationship between us. We and you therefore agree that a decision of an arbitrator or court of law to which one of us is not a party will not prevent the person that was a party to that action from making similar arguments, or taking similar positions, in any action between us, and we each waive any claim of collateral estoppel we might assert.

24.5 Receipt of Agreement and Franchise Disclosure Document.

You acknowledge that you received a copy of our Franchise Disclosure Document at least 14 days before you signed this Agreement or paid any money to us.

24.6 Your Legal Counsel.

You acknowledge that this Agreement is a legal document that grants certain rights to and imposes certain obligations upon you. We have advised you to retain an attorney or other advisor before you sign this Agreement to (a) review our Franchise Disclosure Document, (b) review this Agreement in detail, (c) review all legal documents, including leases, purchase agreements and construction agreements, (d) review the economics, operations and other business aspects of the business concept, (e) advise you regarding your economic risks, liabilities, obligations and rights under this Agreement, and (f) advise you on Tax issues, financing matters, applicable state and federal laws, health and safety laws, environmental laws, employee issues, insurance, structure of the Business, and other business matters.

ARTICLE 25. GOVERNING LAW, STATE MODIFICATIONS

25.1 Governing Law.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 *et seq.*), this Agreement and the relationship between us will be governed by the laws of Minnesota, but if you are not a resident of Minnesota, or in the case of an entity, you do not have your principal place of business in Minnesota, then the Minnesota Franchises Act will not apply to this Agreement.

25.2 State Modifications.

If the Retail Location is located in any one of the states indicated below in this Article 25.2, or if the laws of any of these states are otherwise applicable, then the designated provisions of this Agreement will be amended and revised as follows:

(a) California. If this Agreement is governed by the laws of California, then (i) the covenant not to compete upon termination or expiration of this Agreement contained in Article 20.3 may be unenforceable, except in certain circumstances provided by law; and (ii) provisions of this Agreement giving us the right to terminate in the event of your bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. Sec. 101, *et seq.*).

(b) Illinois. If this Agreement is governed by the laws of Illinois, then (i) any provision of this Agreement that designates jurisdiction or venue in a form outside Illinois is void, but that inapplicability in Illinois will not mean that venue in Hennepin County, Minnesota is improper, or that you, your Owners and Personal Guarantors are not subject to jurisdiction in Hennepin County, Minnesota or in any other state, and (ii) any condition, stipulation or provision of this Agreement purporting to bind any person acquiring a Novus® Franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act may be void, and therefore, any acknowledgments or releases contained in Article 24.2 and 24.5 of this Agreement may be unenforceable against you.

(c) Indiana. If this Agreement is governed by the laws of Indiana, then (i) the provisions of Article 10.4 requiring a release of claims arising from your participation in our training programs will not apply to claims under the Indiana Deceptive Franchise

Practices Act (the "Indiana Law"), (ii) you will have the right to petition a Court of competent jurisdiction for injunctive relief relating to the alleged improper termination of this Agreement by us or our alleged unreasonable refusal to consent to your Sale or Transfer of this Agreement under Article 16.2 (iv) the provisions of Article 16.2(i) requiring a mutual release of claims as a condition of Sale or Transfer of the Franchise will not apply, but you will still be bound by the other terms and conditions of this Agreement, (v) a Court of competent jurisdiction will determine (1) whether damages alone can adequately compensate us if there is a violation of Article 20 by you, your Owners or the Personal Guarantors, and (2) whether we will be required to post a bond or other security, and the amount of that bond or other security, in any injunctive proceeding we bring against you, your Owners or the Personal Guarantors, (vi) we each recognize that the Indiana Law prohibits us (1) from unfairly competing against you in your market, or (2) from enforcing the covenant not to compete set forth in Article 20.3 beyond a reasonable distance from your Retail Location, (vii) Article 22.1 is amended to provide that you are not obligated to indemnify us for any liability caused by your proper reliance on or use of procedures or materials we provide to you, or for liability arising from our negligence, however this amendment of Article 22.1 will not affect in any way your obligation to obtain and maintain insurance coverage in accordance with Article 14, (viii) the acknowledgment by you of substantial business contacts with us in Hennepin County, Minnesota and the consent by you to jurisdiction and venue in Hennepin County, Minnesota contained in Article 23.8 may not apply, but that does not mean that venue in Hennepin County, Minnesota is improper, or that you, your Owners and the Personal Guarantors are not subject to jurisdiction in Hennepin County, Minnesota or in any other state, (ix) the provisions of Article 23.8 requiring litigation to take place in Hennepin County, Minnesota will not apply if there is litigation between you and us, (x) you will always have up to two years to bring an action against us for a violation of the Indiana Deceptive Franchise Practices Act, and up to three years from the date of discovery to bring an action against us for a violation of the Indiana Law, (xi) any lease agreement, promissory note, security agreement or other agreement between us and you will be governed by and construed in accordance with the laws of Indiana and the substantive laws of Indiana will govern the rights and obligations of and the relationship between us and you, (xii) you do not, by signing this Agreement, waive your rights under Indiana Law with respect to any representations we made before the date of this Agreement.

(d) Maryland. If the Retail Location is located in Maryland, then this Agreement will be governed by the laws of Maryland, and this Agreement will be amended and revised as follows (i) the acknowledgments made by you in Article 24 of this Agreement or any Licensee or Franchisee Disclosure Questionnaire you sign will not act as a waiver of your rights under the Maryland Franchise Registration and Disclosure Law, Md. Ann. Code, Article—Business Regulation, Title 14, Section 14-201 *et seq.* (the "Maryland Law"), (ii) Section 14-216(c)(25) of Maryland Law requires us to file an irrevocable consent to be sued in Maryland and so your consent to jurisdiction and venue in Hennepin County, Minnesota contained in Article 23.8 will not apply, and you may sue us in Maryland for claims arising under the Maryland Law; (iii) the provisions of Article 16.2(i) requiring a mutual release of claims as a condition of the Sale or Transfer of the Franchise will not apply to any liability under the Maryland Law; however, in that case, you will remain liable under the License Agreement; and (iv) any provision of this

Agreement that requires you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would be a violation of the Maryland Law in order to purchase the Franchise will not act as a release, estoppel or waiver of any liability we have under the Maryland Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years of the grant of the Franchise.

(e) Minnesota. If this Agreement is governed by the Minnesota Franchise Act, then (i) Article 3 of this Agreement will be amended to provide that, except in certain circumstances specified by law, we must give you at least 180 days prior written notice of nonrenewal of the Franchise; (ii) Article 17.3 will be amended to require that, except as set forth in Article 17.2 if we give you notice that you have breached this Agreement, that notice will be given to you at least 90 days before we terminate this Agreement, and you will have 60 days after receiving that notice to correct the breach specified in the notice; (iii) a court of competent jurisdiction will determine whether we are required to post a bond or other security to obtain an injunction against you, your Owners or Personal Guarantors, and the amount of the bond or other security; and (iv) Article 23.2 will be deleted from this Agreement.

(f) New York. If this Agreement is governed by the laws of New York, then (i) Article 22.1 will be amended to provide that you are not required to indemnify us against claims arising out of our breach of contract, negligence or other civil wrong, however the amendment of Article 22.1 will not affect in any way your obligation to obtain and maintain insurance coverage in accordance with Article 14, (ii) any modifications to the Operations Manual(s) we make will not unreasonably increase your obligations under this Agreement and will not place an excessive economic burden on the Business, and (iii) the release required contained in Article 16.2(i) and the choice of law provisions of this Agreement will not be considered a waiver of any right you are given under the Article 33 of the General Business Law of the State of New York.

(g) North Dakota. If this Agreement is governed by the laws of North Dakota, then (i) Article 17.3 of this Agreement will be amended to require that if we give you notice that you are delinquent in the payment of any fees or other payments you owe us, you will have 30 days after receiving notice to correct the breach by making full payment to us (including any applicable interest or late payment charges), (ii) the covenant not to compete upon termination or expiration of this Agreement contained in Article 20.3 may not be enforceable, except in certain circumstances provided by law, (iii) Article 22.3 is amended to provide that the prevailing party in any enforcement action will be entitled to recover its costs, expenses and attorneys' fees, and (iv) your consent to jurisdiction and venue in Hennepin County, Minnesota contained in Article 23.8 may not apply, but that does not mean that venue in Hennepin County, Minnesota is improper, or that you, your Owners, and Personal Guarantors are not subject to jurisdiction in Hennepin County, Minnesota, or in any other state.

(h) Rhode Island. If this Agreement is governed by the laws of Rhode Island, then any provision of this Agreement restricting jurisdiction or venue to a forum outside Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

(i) South Dakota. If this Agreement is governed by the laws of South Dakota, then (i) Article 17.3 of this Agreement will be amended to require that if we give you notice that you are delinquent in the payment of any fees or other payments you owe us, you will have 30 days after receiving notice to correct the breach by making full payment to us (including interest or late payment charges), (ii) the covenant not to compete upon termination or expiration of this Agreement contained in Article 20.3 may not be enforceable, except in certain circumstances provided by law, (iii) any provision of this Agreement that designates jurisdiction or venue outside of South Dakota or requires you to agree to jurisdiction or venue in a forum outside of South Dakota is void as to any cause of action that is otherwise enforceable in South Dakota, (iv) the provisions of Article 23.8 requiring litigation to take place in Hennepin County, Minnesota will not apply and any litigation between us will be conducted in South Dakota or at a mutually agreed upon location, and (v) under South Dakota Codified Laws ("SDCL") 37-5A-86, any acknowledgment provision, disclaimer or integration clause or other provision having a similar effect in this Agreement will not negate or act to remove from judicial review any statement, misrepresentation or action that violates SDCL Chapter 37-5A or a rule or order under Chapter 37-5 A.

(j) Washington. If this Agreement is governed by the laws of Washington, then (i) if there is a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Washington Act"), will prevail, (ii) a release or waiver of rights you sign will not include rights under the Washington Act, except when signed in connection with a negotiated settlement after this Agreement is in effect and where we are each represented by separate counsel, (iii) any provisions of this Agreement that unreasonably restrict or limit the statute of limitations period for claims under the Washington Act, or rights or remedies under the Washington Act like a right to a jury trial may not be enforceable, and (iv) transfer fees we charge must reflect our reasonable estimated or actual costs in effecting a Sale or Transfer.

(k) Wisconsin. If this Agreement is governed by the laws of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of this Agreement.

25.3 Severability.

The severability provisions of this Agreement contained in Article 23.3 of this Agreement will pertain to all of the applicable laws that conflict with or modify the provisions of this Agreement, including the provisions of this Agreement specifically addressed in Article 25.2 above.

IN WITNESS WHEREOF, you, your Owners, and we have each signed this Agreement effective as of the day and year appearing on the first page.

"LICENSOR"

NOVUS FRANCHISING, INC.

By: _____
Its: _____

"LICENSEE"

Legal Name of Licensee

By: _____

Print Name

Its: _____

The Owners signing below hereby agree to comply with all terms and conditions of this Agreement that apply to Owners.

<u>Print Name</u>	<u>Signature</u>	<u>Percent of Ownership Interest</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

PERSONAL GUARANTY

In consideration for, and to induce Novus Franchising, Inc. (the "Licensor") to sign the License Agreement to which this Guaranty is attached (the "License Agreement"), each person signing this Guaranty, jointly and severally guarantees to the Licensor and to the Licensor's successors and assigns the payment of all fees required to be paid to the Licensor or its affiliates by the Licensee identified in the License Agreement, whether provided for in the License Agreement or under any other agreement between the Licensor and the Licensee, and the performance by the Licensee of all of the provisions of such agreements. The people signing this Guaranty also specifically agree to be individually bound by all covenants, obligations and commitments of the Licensee contained in the License Agreement to the same extent as if each of the people signing this Guaranty had personally signed the License Agreement as Licensee.

Each of the people signing this Guaranty understand and agree that any modification of the License Agreement, including any addendum or addenda to the License Agreement, or waiver by the Licensor of the performance by the Licensee of any of its obligations under the License Agreement, or the giving by the Licensor of any extension of time for the performance of any of the obligations of the Licensee under the License Agreement, or any other forbearance on the part of the Licensor or any failure by the Licensor to enforce any of its rights under the License Agreement, including any addendum or addenda to the License Agreement, or any release by the Licensor of any of the obligations of the Licensee, will not in any way release any of the people signing this Guaranty from liability under this Guaranty or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of the Licensee is so released, terminated, or affected or diminished. Notice to the people signing this Guaranty of any such modification, waiver, extension or forbearance under the terms thereof is hereby waived.

No defense available to the Licensee, except the Licensee's full performance of its obligations, will be a defense for any of the people signing this Personal Guaranty or release of these people from their guarantees. This Guaranty will be enforceable upon 10 days' written notice by the Licensor to any of the people signing this Guaranty of any default by the Licensee of any of its covenants under the terms of the License Agreement and addendum or addenda to the License Agreement, and any other agreement between the Licensor and the Licensee.

Each of the people signing this Guaranty hereby waive any and all notice of default on the part of the Licensee; waive exhausting of remedies or recourse against the Licensee; and consent to any assignment of the License Agreement, in whole or in part, that the Licensor or its successors may make.

IN WITNESS WHEREOF, each of the people signing this Guaranty has done so effective as of the date appearing next to their names.

Dated:

Individually

Address

City

State

Zip Code

Telephone

Dated:

Individually

Address

City

State

Zip Code

Telephone

Dated:

Individually

Address

City

State

Zip Code

Telephone

1357096.4

DELETED

**NOVUS® GLASS REPAIR AND REPLACEMENT
AFFILIATE LICENSE AGREEMENT**

BETWEEN

NOVUS FRANCHISING, INC.
12800 Highway 13 South, Suite 500
Savage, Minnesota 55378
(952) 944-8000
FAX (952) 944-2542

AND

"LICENSEE"

BUSINESS ADDRESS

Street

City

State

Zip Code

Area Code

Telephone

SERVICE AREA

DATE OF AFFILIATE LICENSE AGREEMENT

_____, 20__

NOVUS® GLASS REPAIR AND REPLACEMENT
AFFILIATE LICENSE AGREEMENT
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NOVUS® GLASS REPAIR AND REPLACEMENT
AFFILIATE LICENSE AGREEMENT

THIS AGREEMENT (this "Agreement") is made and entered into this ____ day of _____, 20__, by and between Novus Franchising, Inc., a Washington corporation (the "Licensor," "us" or "we"), and _____, a(n) _____ (the "Licensee," "you" or "your").

INTRODUCTION

We have the right to use and license a business concept under the names "Novus®" and other Marks for operating, franchising, and licensing retail businesses of a distinctive character and quality that specialize in installing and repairing automotive glass and windshields, and installing and repairing other glass products under the Novus business system.

You have told us you want to acquire the right to develop, own, and operate a Novus glass repair and replacement business under an "affiliate" arrangement in conjunction with an automotive related or non-automotive glass related business that does not directly compete with the Novus business system. You have promised us that you will operate your Novus business under our quality standards, which we may change from time to time, and under the terms and conditions of this Agreement. Based on that promise from you, we are willing to provide you with marketing, technology, design specifications, training, and other business information, "know-how" and specifications that have been developed over time at a significant cost, and license to you the right to offer products and services under the Marks.

In recognition of this Introduction and in consideration of the mutual promises set forth in this Agreement, you and we agree as follows:

ARTICLE I.
DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions:

1.1 Abandon.

"Abandon" means any action or inaction on your part that suggests your willingness, desire or intent to discontinue operating the Business under the quality standards, uniformity requirements and the Business System as set forth in this Agreement and the Operations Manual(s), including your failure to operate the Business for seven consecutive days without our prior written consent.

1.2 Administrative Expenses.

"Administrative Expenses" means all overhead, including salaries for executives, in-house legal counsel, and employees, fringe benefits, commissions, attorneys' fees, accountants' fees, transportation costs, travel expenses, food and lodging, training costs, supplies, marketing costs, long distance telephone calls, and all other overhead expenses.

1.3 ANSI/AGRSS Standards.

"ANSI/AGRSS Standards" means the ANSI/AGRSS 002-2002 Automotive Glass Replacement Safety Standard or subsequent standard established by the Automotive Glass Replacement Safety Standards Council and the American National Standards Institute.

1.4 Approved Suppliers.

"Approved Suppliers" means those the suppliers and distributors that we approve in writing to supply certain Products and Services we specify in the Operations Manual(s), or otherwise, and will include those suppliers and distributors we approve at your request.

1.5 Business.

"Business" means the business we license to you under this Agreement to operate under the Marks. This term shall not include any other businesses you may operate at the same location or at any other location, so long as those other businesses do not sell products and services similar to or competitive with those you offer in the Business.

1.6 Business Assets.

"Business Assets" means (a) the Business, (b) the Retail Location, (c) the lease for the Retail Location, (d) the land and building (if any) for the Retail Location, (e) this Agreement, (f) the furniture, fixtures, vehicles, supplies, equipment and all other assets used in or by the Business; (g) any Ownership Interests in the Business, and (h) all of the other contract and lease agreements you have in connection with the operation of the Business.

1.7 Business System.

"Business System" means the distinctive automotive and other glass repair, replacement and installation Products and Services associated with the Marks, and the business methods, uniformity requirements, defined product offerings, automotive and other glass installation and repair methods, specialized training, standards of quality and service, procedures, specifications and instructions that we establish from time to time.

1.8 Claims and Damages.

"Claims and Damages" means all losses, damages, judgments, liabilities, fines, penalties, assessments, and all related expenses, including: (a) damages to real and personal property and damages for loss of use of real and personal property, (b) damages for lost profits, (c) special, consequential, exemplary and punitive damages, (d) personal injury damages, (e) damages resulting from the death of a person or persons, including wrongful death damages, (f) Costs and Expenses, (g) amounts paid in settlement of any disputed claims or litigation, (h) product liability damages, (i) amounts paid because of any court judgment or court decree, resulting from any civil or criminal claims, demands, allegations, lawsuits, arbitration proceedings, administrative actions or other legal proceedings, and (j) damages assessed under any federal, state or local statutes, rules, regulations or ordinances.

1.9 Costs and Expenses.

"Costs and Expenses" means all costs and expenses incurred in prosecuting or defending any claims or litigation, including court filing fees, witness expenses, deposition costs, investigation expenses, court reporter fees, attorneys' fees, expert witness fees, Salaries and Travel Expenses.

1.10 Designated Supplier.

"Designated Supplier" means the only and exclusive supplier or distributor we approve to supply certain Products and Services we specify in the Operations Manual(s), including certain windshield repair resins and certain equipment.

1.11 Existing Business.

"Existing Business" means the business which you were operating prior to the date of this Agreement at the same location in which you are operating the Business.

1.12 Financial Records.

"Financial Records" means financial statements (including all balance sheets and income statements), computer records, bank statements, deposit records, general and special ledgers, sales records, work papers, accounts, federal and state tax returns, financial memos, and other business and financial information relating to the Business.

1.13 Financial Statements.

"Financial Statements" means a balance sheet, profit and loss statement, statement of cash flow and explanatory footnotes prepared in accordance with generally accepted accounting principles applied on a consistent basis.

1.14 Glass Repair.

"Glass Repair" means automotive or windshield repair Products and Services and all other glass repair Products and Services.

1.15 Glass Replacement.

"Glass Replacement" means automotive or windshield replacement and installation Products and Services and other glass replacement and installation Products and Services.

1.16 Gross Revenues.

"Gross Revenues" means the total gross dollar amount received, billed or generated by, in connection with, or from the Business from all cash, credit and charge sales made to your customers or clients for all Products and Services sold to them including all amounts from or relating to automotive windshield repair or replacement Products and Services, automotive Glass Repair or replacement Products and Services, automotive glass installation Products and Services, other Glass Repair, replacement and installation Products and Services, building contract glazing Products and Services, the construction, repair, or replacement of any other glass products, and all other Products and Services of any kind unless we specifically exclude them from the definition of "Gross Revenues" in the Operations Manual(s) or otherwise in writing. "Gross Revenues" includes all sales for Products and Services as of the time that the Products and Services are sold to or completed for your customer or client so as to entitle you to payment, regardless whether or when you receive payment. For purposes of determining "Gross Revenues," there will be no deduction for bad debts or doubtful accounts. However, "Gross Revenues" will not include any sales, use or gross receipts tax imposed by any federal, state, municipal or governmental authority directly upon sales, if (a) the amount of the tax is added to the selling price and is expressly charged to the customer, (b) a specific record is made at the time of each sale of the amount of such tax, and (c) the amount of the tax is paid to the appropriate taxing authority. Gross Revenues will not include any monies you receive from

other businesses operated at the Retail Location, so long as those other businesses do not sell products and services that are similar to or competitive with those you offer in the Business or that we approve for sale in a Novus® business.

1.17 Home Page.

The "Home Page" means the home page that we establish for you on our website.

1.18 Immediate Family.

"Immediate Family" means an individual Licensee's (or an Owner's) child (including the spouse of a child), spouse, parent, grandchild or sibling.

1.19 Including.

The word "including" means, "including but not limited to", and "including but not by way of limitation."

1.20 Initial Equipment Package.

"Initial Equipment Package" means the Glass Repair and Glass Replacement, supplies and products and equipment we specify that you must purchase for the initial operation of the Business.

1.21 Key Employee.

"Key Employee" means a full-time management employee of the Business who has successfully completed all Required Training Programs.

1.22 Manager.

"Manager" means the person who is responsible, on a full-time basis, for the day to day operations and the overall management of the Business.

1.23 Marks.

"Marks" means and includes all of the trademarks, service marks, trade names, logos and commercial symbols we own or that are licensed to us that we license to you for use in the Business, including "Novus®," "NOVUS Auto Glass®," "Novus Auto Glass Repair and Replacement®," and "Novus Glass™".

1.24 Mobile.

"Mobile" means that you will operate the Business exclusively from vehicles and will not maintain a Retail Location.

1.25 Novus Social Media Site.

"Novus Social Media Site" means any Social Media Site that includes all or part of the "Novus®" name, any of the Marks, or a word, phrase or symbol confusingly similar thereto or a variation thereof, as part of the domain name, user name, account name, account profile or page reference.

1.26 Operations Manual(s).

"Operations Manual(s)" means the confidential manuals we develop that describe the operational standards and specifications, and the service and quality standards associated with the Marks and the Business System, whether distributed in hard copy or electronically or otherwise.

1.27 Owner.

"Owner" means any person or entity that has an Ownership Interest in the Licensee.

1.28 Ownership Interest.

"Ownership Interest" means (a) shares of capital stock in the Licensee, if you are a corporation, (b) a general partnership interest in the Licensee, if you are a partnership, (c) a membership interest in the Licensee if you are a limited liability company or a limited liability partnership, and (d) any other type of membership or other equity interest in the Licensee.

1.29 Payments.

"Payments" means all payments, compensation and/or other remuneration we receive from any Designated Supplier or Approved Supplier for any purchases of Products or Services you and/or any other Licensee of ours make, including payments in the form of (a) rebates, (b) volume discounts, (c) advertising and marketing allowances, (d) co-operative advertising, (e) price discounts, (f) signing bonuses or initial payments, (g) promotions, (h) co-branding of any products or services, (i) product development and testing, (j) market research, (k) public relations, (l) endorsements of any Products or Services, (m) goods or services of any kind, (n) administrative contributions and/or (o) any other form of benefit or consideration. "Payments" also means any payments, compensation and/or other remuneration we receive for attaining sales goals or market share in any market in which we or our Licensee operate.

1.30 Products and Services.

"Products and Services" means (a) all glass repair and glass replacement and related products and services you sell to customers of the Business, (b) all products and services we currently approve for sale in either affiliate Novus® locations or stand-alone Novus® locations, (c) all products and services we approve in the future for sale in either affiliate Novus® locations or stand-alone Novus locations that you are not currently selling in your existing business, and (d) all supplies, inventory, equipment and technology you use in the Business, including the Initial Equipment Package, other glass repair and glass replacement equipment, maintenance kits, drill systems, pumps, sprayers, tools, and all other supplies, equipment and technology we may require you to use in the operation of the Business.

1.31 Required Training Programs.

"Required Training Programs" means the training programs referred to in Articles 10.1, 10.2, 10.3 and 10.6 of this Agreement.

1.32 Retail Location.

"Retail Location" means real estate at a fixed location where you offer Products and Services to your customers.

1.33 Salaries and Travel Expenses.

"Salaries and Travel Expenses" means salaries, fringe benefits, federal and state payroll and employment taxes, lodging, food, automobile rental, transportation costs, travel costs and all other related travel expenses.

1.34 Sale or Transfer.

"Sale or Transfer," "Sell or Transfer," and "Sold or Transferred" means to sell, assign, trade, give away, transfer, pledge, lease, sub-lease or otherwise dispose of

1.35 Secure Website.

"Secure Website" means a password protected site on the World Wide Web that we control and is accessible only with our permission.

1.36 Social Media Site.

A "Social Media Site" shall mean and include any social networking and/or social media website, profile or account relating to or making reference to us, your Business or to the Business System in any manner.

1.37 Taxes or Tax.

"Taxes" or "Tax" means all federal, state, city and local taxes including individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, unemployment taxes, inventory taxes, personal property taxes, real estate taxes and other taxes you incur in operating the Business.

**ARTICLE 2.
GRANT OF LICENSE**

2.1 Initial Grant.

We hereby grant to you a non-exclusive license to operate a glass repair and glass installation and replacement business to be operated from your Existing Business, whether the existing business is a Mobile business or one operated from a Retail Location. You agree to operate the Business using the Marks (and no other trade name, trademarks, service marks, logos, or commercial symbols), and in conformity with the Business System.

2.2 Retail Location.

If the Business is to be operated from a Retail Location, then it shall be operated at the following single Retail Location: _____

(Street)

(City)

(State)

(Zip Code)

2.3 Service Area.

You will only have the right to use the Marks and the Business System in the following geographic area: _____

(the "Service Area" or "Service Area"). We may further define the Service Area in a writing, map or drawing attached to this Agreement and signed by each of us. You do not have the right to operate the Business or to sell any Products and Services under the Marks outside of the Service Area, except with our written permission, which we may give and withdraw at our sole discretion. You may not change your Service Area without our prior written approval, which approval we may withhold in our sole discretion. If we approve a change in your Service Area, then this Article 2.3 will be amended to set forth the new Service Area but the new Service Area will not take effect until we have each signed the amendment, and then only after you pay us a

Service Area Modification Fee of \$1,500, which fee will be due within 10 days after we approve the new Service Area.

2.4 Operation of the Business.

You have the right to own and operate one Business within your Service Area. If the Business is conducted as a Retail Location business, then you will provide to the public all Glass Repair and Glass Replacement Products and Services, and all other Products and Services we prescribe or approve, throughout the term of this Agreement. If you operate a Mobile business, you must operate at least one (but in the case of a Mobile business, not more than four) vehicle(s) fully equipped to provide Glass Repair and Glass Replacement Products and Services, throughout the term of this Agreement. The vehicles you operate under this Agreement may be operated only in your Service Area. You agree that you may not use any vehicle in connection with your Existing Business that displays the "Novus" name or any of the Marks, unless we have given you prior written approval.

If a customer requests any glass product or service that you do not offer at your Business but that is offered at other businesses operating in the Business System, then you must refer the customer to another Novus® business in the Business System for the provision of these products or services before referring that customer elsewhere. If there is a Novus® business operating within your Service Area, then you must refer the customer to that business (if there is more than one, then you must refer the customer to the Novus® business that is closest to the customer's home or place of business). If there is not a Novus® business in the Business System operating within your Service Area, then you must refer the customer to a Novus® business in the Business System operating within a Service Area that is adjacent to your Service Area (if there is more than one, then you must refer the customer to the Novus® business that is closest to the customer's home or place of business). If there are no other Novus® businesses located within these areas, then you may refer the customer to anyone you choose. You will not be paid for these referrals.

2.5 Nonexclusive Agreement.

We have the right to franchise, license, own, operate, and/or manage retail location or mobile Novus® businesses that are operated under the Marks (or under any other name or brand) and/or under the Business System, both within and outside of the Service Area, even if these businesses compete for customers with the Business. In addition, we and our affiliates may sell, license or otherwise distribute any Products or Services to third parties who are not Novus® businesses through any channel of distribution (including direct marketing, wholesale, infomercials, fleet, Internet, or electronic distribution), even if these third parties compete for customers with the Business.

2.6 Intentionally Omitted.

2.7 Conditions.

You agree to operate the Business in the Service Area in compliance with the terms of this Agreement for the entire term of this Agreement. The rights and privileges we grant to you under this Agreement are personal in nature; you do not have the right to franchise, sub-franchise, license, sublicense or subcontract any of your rights under this Agreement. You also

do not have the right to Sell or Transfer this Agreement, your rights under this Agreement, or the Business, except as specifically provided for in this Agreement.

ARTICLE 3. TERM AND RE-LICENSE RIGHTS

3.1 Term.

The term of this Agreement will be for 10 years, and will begin on the date of this Agreement and end on the date that is 10 years from the date of this Agreement (the 'Expiration Date').

3.2 Your Option to Re-License.

At the end of the term of this Agreement, you will have the option to re-license the Business in the Service Area for one additional 10 year term, provided that you have (a) given us written notice at least 210 days prior to the end of the term of this Agreement of your intention to re-license the Business in the Service Area, (b) complied with all of the terms and conditions of this Agreement and with our operating and quality standards throughout the term of this Agreement, (c) paid all monetary obligations you owe to us and to our affiliates before the end of the term of this Agreement, and have timely paid all those obligations throughout the term of this Agreement, (d) agreed in writing to make the reasonable capital expenditures necessary to replace and modernize the equipment, vehicles, and technology so that the Business will conform to our then-current Business System, and (e) signed the form of Affiliate License Agreement or other agreement(s) we are then offering to new affiliate licensees operating Novus businesses under an "affiliate" arrangement (the "New Agreement"). However, our pre-opening obligations will be waived and instead of paying an Initial Fee or any new initial training fee, you will pay a Re-License Fee of \$2,500. You will also be required to pay the Royalty Fees and all other fees at the rates specified in the New Agreement, and to pay all additional fees required by the terms of the New Agreement. You acknowledge that the terms, conditions, and economics of the New Agreement may vary in substance and form from the terms, conditions, and economics of this Agreement.

3.3 Your Option to Convert From or To a Mobile Business.

If at any time during the term of this Agreement, you are either: (i) operating a Mobile business and desire to convert to a Retail Location, or (ii) operating a Retail Location and desire to convert to a Mobile business; then, you will have the option to convert your Business, provided that you (a) give us written notice of your desire to convert your Business, (b) have complied with all of the terms and conditions of this Agreement and with our operating and quality standards throughout the term of the Agreement, (c) have timely paid all monetary obligations you owe to us and to our affiliates throughout the term of this Agreement, (d) agree in writing to make the capital expenditures necessary to convert your Business to conform to our then-current Business System, and (e) sign the form of New Agreement (as defined in Section 3.2 above). However, our pre-opening obligations will be waived and instead of paying a new Initial Fee, you will pay a Conversion Fee of \$1,500 at the time you sign the New Agreement. We will also waive any required initial training fee. The term for your Business will be as set forth in the New Agreement, and you will also be required to pay the Royalty Fees and all other fees and additional fees at the rates specified in the New Agreement. You acknowledge that the terms, conditions, and economics of the New Agreement may vary in substance and form from the terms, conditions, and economics of this Agreement.

3.4 Your Option to Convert to a Repair and Replacement Franchise.

You have the option to convert your Business to a stand-alone repair and replacement franchise at any time during the term of this Agreement after you have been operating the Business for at least twelve (12) consecutive months, provided that you (a) give us written notice of your desire to convert your Business, (b) have complied with all of the terms and conditions of this Agreement and with our operating and quality standards throughout the term of the Agreement, (c) have timely paid all monetary obligations you owe to us and to our affiliates throughout the term of this Agreement, (d) agree in writing to make the capital expenditures necessary to convert your Business to a stand-alone repair and replacement franchise in order to conform to our then-current Business System, and (e) sign the form of franchise agreement that we are then offering to new stand-alone repair and replacement franchisees (the "Repair and Replacement Franchise Agreement"). However, our pre-opening obligations will be waived and instead of paying an Initial Fee, you will pay an Affiliate License Conversion Fee of \$2,500 at the time you sign the Repair and Replacement Franchise Agreement. We will also waive any required initial training fee. The term of your agreement will be as set forth in the Repair and Replacement Franchise Agreement, and you will also be required to pay the Royalty Fees and all other fees, and any additional fees at the rates specified in the Repair and Replacement Franchise Agreement. You acknowledge that the terms, conditions, and economics of the Repair and Replacement Agreement may vary in substance and form from the terms, conditions, and economics of this Agreement.

ARTICLE 4.

LICENSING OF MARKS AND BUSINESS SYSTEM TO YOU

4.1 Ownership of Marks.

We warrant to you that we have the right to (a) use and license the Marks and the Business System in the United States, and (b) grant you the right to use the Marks and the Business System. Any and all improvements you make relating to the Marks or the Business System will be our sole and absolute property, and we will have the exclusive right to register and protect all such improvements in our name. Your use of the Marks and the Business System, as well as any goodwill arising from such use, will belong exclusively to us, and you will not be paid anything for those improvements. You will not take any action to contest the validity of our ownership of, the Marks, the Business System, or the goodwill associated with the Marks or the Business System.

4.2 Conditions to License of Marks.

Your nonexclusive personal right to use any of the Marks as the name of the Business and your rights to use the Marks and the Business System will exist only so long as you fully perform and comply with all of the conditions, terms and covenants of this Agreement. You have the right to use the Marks and the Business System only in the manner we prescribe, direct, and approve in writing, and you will adopt and use all variations of the Marks we designate from time to time. If, in our judgment, your actions infringe upon or demean the goodwill, uniformity, quality or business standard associated with the Marks or the Business System, then you must, upon written notice from us, immediately modify your use of the Marks or the Business System in the manner we prescribe. You will not make any changes or amendments whatsoever to the Marks or the Business System unless we approve those changes in writing.

4.3 Changes; Adverse Claims to Marks.

If we decide to change any of the Marks, or if there is any claim by any party that its rights to any or all of the Marks are superior to ours, or if there is a determination by a court that any party's rights to the Marks are superior to ours, then upon written notice from us, you will immediately adopt and use the changes and amendments to the Marks that we specify. If so directed, you will immediately cease using the former Mark, and will, as soon as reasonably possible, begin using the new Marks or Marks we designate.

4.4 Defense or Enforcement of Rights to Marks or Business System.

You will have no right to and will not defend or enforce any rights associated with the Marks or the Business System in any court or other proceedings for or against imitation, infringement, prior use or for any other claim or allegation. You will give us prompt and immediate written notice of any and all claims or complaints made against or associated with the Marks and the Business System and will, without compensation for your time, cooperate in all respects with us in any lawsuits or other proceedings involving the Marks and the Business System. We will have the right to determine whether we will start or defend any litigation involving the Marks and/or the Business System.

4.5 Tender of Defense.

If you are named as a defendant or party in any action involving the Marks or the Business System solely because the plaintiff or claimant is alleging that you do not have the right to use the Marks or the Business System, then you may tender the defense of the action to us and we will, at our expense, defend you in the action, provided that you have notified us of the action, and sent us all notices and pleadings you receive concerning the action, within 10 days after you receive them. We will have no other liability to you for any Costs and Expenses that you incur in any litigation involving the Marks and the Business System.

4.6 Your Right to Participate in Litigation.

You may, at your expense and without any obligation on our part to reimburse you for any Costs and Expenses, retain an attorney to represent you individually in all litigation and court proceedings in which you are named as a defendant that involve the Marks or the Business System. However, we and our attorneys will control all litigation involving the Marks and the Business System.

ARTICLE 5. INITIAL FEE

You will pay us an "Initial Fee" of \$4,500. This fee will be due and payable when you sign this Agreement. The Initial Fee will be fully earned by us at the time you sign this Agreement and is not refundable. If you are an existing Novus® affiliate licensee that is re-licensing an existing business, you will not have to pay this Initial Fee but will instead pay a Re-License Fee as set forth in Article 3.2. If you converting your Business from a Mobile business to a Retail Location or from a Retail Location to a Mobile business, or if you are converting your affiliate license to a stand-alone repair and replacement franchise, you will not have to pay this Initial Fee but will instead pay a Conversion Fee or an Affiliate License Conversion Fee as set forth in Articles 3.3 and 3.4.

ARTICLE 6. ROYALTY FEES

6.1 Calculation of Royalty Fees.

In addition to paying us the Initial Fee, you will, during the entire term of this Agreement, pay us monthly "Royalty Fees" equal to the greater of (a) the Minimum Monthly Royalty Fees set forth in Article 6.2, or (b) 8% of your Gross Revenues from the sale of any and all Products and Services you sell in or from your Business.

6.2 Minimum Monthly Royalty Fee.

(a) Amount Payable. Except as provided for in Article 6.2(b), beginning in the 7th month after you sign this Agreement, the Minimum Monthly Royalty Fees you must pay us will be \$250.

(b) Determination of Royalty Fees Payable. If the actual monthly Royalty Fees calculated under Article 6.1 are greater than \$250, then you must pay us the amount of the actual monthly Royalty Fees payable for the month. If the actual monthly Royalty Fees calculated under Article 6.1 are less than \$250, then you must pay us \$250 as the Royalty Fees for that month.

6.3 Intentionally Omitted.

6.4 Payment of Royalty Fees.

Unless we agree to other arrangements, in our sole discretion, before you begin operating the Business, you must sign such documents as we require to provide your unconditional and irrevocable authority and direction to your bank authorizing and directing your bank to pay and deposit directly to our account, and to charge to your account, on the 1st day of each month, the Minimum Royalty Fees, and on the 15th day of each month, the balance of any Royalty Fees you owe that month.

(a) The authorizations will be in the form our bank requires and will permit us to designate the amount to be debited or drafted from your account for the Royalty Fees. If you change your bank, or we require additional documents, you will sign such additional documents as we may request to continue this authority. If you fail at any time to provide the Gross Revenues Report required under this Agreement, then we may estimate the amount of the Royalty Fees you owe us based on the highest of the last three monthly Royalty Fees you owed us. You must at all times maintain a balance in your bank account sufficient to allow the appropriate amount to be debited from your account for payment of the Royalty Fees you owe us.

(b) Regardless the method by which we accept payment of Royalty Fees, your failure to deliver any Royalty Fees to us on the dates set forth above will be a material breach of this Agreement. Your obligation to pay us the Royalty Fees is absolute and unconditional, and will remain in full force and effect until the term of this Agreement has expired or until this Agreement has been terminated in accordance with the terms and conditions of this Agreement.

6.5 Late Payment Charges on Unpaid Royalty Fees.

If you fail to timely pay any Royalty Fees due to us, then we may add a late payment charge to the unpaid and past due Royalty Fees. The late payment charge will equal the lesser of (a) the maximum legal interest rate allowable in the state in which the Business is located, or (b) 1½% per month.

ARTICLE 7. OPERATIONS MANUALS

7.1 Compliance with Operations Manual(s).

We will loan one copy of our Operations Manual(s) to you when you successfully complete the Required Training Programs, or we will provide access to a Secure Website containing the Operations Manual(s). You acknowledge that the Operations Manual(s) are designed to protect our standards and systems, and the Marks, and not to control the day-to-day operation of the Business. In order to protect our reputation and goodwill, and to maintain uniform operating standards under the Marks and the Business System, you will at all times operate the Business in compliance with our confidential Operations Manual(s) and all standards we establish for the Business. You will conform to the common image and identity created by the Products and Services and associated with the Business System that are portrayed and described in the Operations Manual(s).

7.2 Confidentiality of Operations Manual(s).

You will at all times during and after the term of this Agreement treat the Operations Manual(s), any other manuals we create or approve for you to use in the operation of the Business as proprietary and confidential, and you will use all reasonable means to keep all information in these manuals confidential. You and your employees will not copy, duplicate, record or reproduce any portion of the Operations Manual or make it available to any unauthorized person. You will not use any portion of the Operations Manual(s) to operate any other business or for any purpose except the operation of the Business.

7.3 Revisions to Operations Manual(s).

We reserve the right to revise the Operations Manual(s) at any time. You will conform the Business to all changes and modifications we make to the Operations Manual(s), including the addition of new Products and Services, within a reasonable time as we determine in our sole discretion. You will at all times keep the Operations Manual(s) current and up-to-date, and in the event of any dispute, the terms of the master copy of the Operations Manual(s) we maintain, as amended from time to time, will be controlling in all respects. If we publish the Operations Manual(s) on a Secure Website, then the Operations Manual(s) as published will be the master copy and we will not be required to update any hard copy in your possession.

7.4 Confidentiality of Other Information.

We will be disclosing and providing you with certain confidential and proprietary information concerning the Business System and the procedures, operations and data used in connection with the Business System. You will not, during or after the term of this Agreement, communicate, disclose, copy, duplicate, reproduce, reverse engineer or use for the benefit of, any person or entity any such confidential and proprietary information, trade secrets, knowledge or know-how concerning the methods of operation which we communicate to you, or that relate to the

operation of the Business, including any confidential and proprietary information, trade secrets, knowledge or know-how published on a Secure Website. You will disclose such confidential and proprietary information only to your employees who must have access to it in order to operate the Business, and you will, before providing any employee with access to our confidential or proprietary information, have that employee sign a confidentiality agreement. Any and all information, knowledge and know-how including drawings, products, processes, trade secrets, formulas, photographs and visual displays of products or processes, including video tapes, CD-ROM, digital recordings, and digitally stored materials, brochures, marketing materials, equipment, technology, methods, procedures, specifications, techniques, teaching methods, computer software programs, systems and other data that we copyright or designate as confidential or proprietary will be deemed confidential and proprietary for the purposes of this Agreement, including the reverse engineering of proprietary Novus® Resins and Related Products, as defined in Article 8.2 below.

7.5 Exclusive Property.

All materials, methods and systems relating to the Business System, including the Operations Manual(s), photographs and visual displays of products and processes, all confidential and proprietary information of ours, and any and all future developments by you of such materials, are and will be our sole and exclusive property. All of the information we or our affiliates obtain about the Business and all information in your records or ours concerning the customers of your Business, and all revenues we derive from this information, will also be our sole and exclusive property. You acknowledge that you have no rights in any of this property, except the right to use that property under this Agreement, and you may at any time during the term of this Agreement use in the operation of your Business (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your Business, such as customer data

ARTICLE 8 PRODUCTS AND SERVICES; SUPPLIERS

8.1 Products and Services.

With the exception of Glass Replacement which you may begin to offer and sell in the Business at any time, you will offer and sell all of the Products and Services we require to be sold as part of the Business System. You will, within a reasonable time after receiving written notice from us, add and offer any new Products and Services that we require to be sold as part of the Business System. You may also offer and sell any of the optional Products and Services that we approve to be sold in the Business System. You will not, under any circumstances, have the right to offer or sell any Products and Services in the Business that we do not authorize in writing or in our Operations Manual(s). We may add to or eliminate any of the foregoing Products and Services at any time upon notice to you, but if we eliminate any Products, we will give you a reasonable time to liquidate your inventory of those Products. You will maintain sufficient inventories of all Products and Services necessary to realize the full economic potential of the Business and will maintain any minimum inventories of Products and Services we specify. You will offer for sale and will sell in the Business those Products and Services we require or approve for sale only on a retail basis (to the end user) and only within your Service Area. We may require that you purchase, and you will purchase, certain Products and Services we specify only according to our standards and specifications for such Products and Services, including standards

and specifications consisting of only a nationally recognized brand name or specific manufacturer. However, unless we tell you otherwise in this Article 8, you may purchase these Products and Services from any supplier or distributor. To the extent we do tell you that you cannot purchase certain Products and Services from any supplier, those Products and Services will be available exclusively from us or from approved suppliers or distributors. If you elect not to offer Glass Replacement at the commencement of the Business, you agree to refer all requests for Glass Replacement to another Novus repair and replacement franchise or business in your Service Area or, if there is no other Novus repair and replacement franchise or business in your Service Area, then to another certified replacement specialist who will be designated by us.

8.2 Limitations on Sales.

You will not sell any proprietary Products and Services, including Resins and Related Products as defined in Article 8.4, on a wholesale basis (for resale to another retailer or wholesaler) and will not sell any Products and Services or other products and services under any of the Marks or the Business System (a) on a retail basis at or from any other location, (b) by means of the Internet (other than from a website we approve), catalogue sales, mail order sales or infomercials, or (c) by any other means or methods of sales or distribution. You agree not to sell any other products and services in your Existing Business which are or may be similar to or competitive with the Products and Services which you may offer in the Business, including all Glass Repair, replacement and installation products and services.

8.3 Pricing of Products and Services.

You have the right to sell the Products and Services to your customers at whatever prices and on whatever terms you determine. However, we may establish a suggested resale price for any Products and Services. While you are not required to sell any Products and Services at the suggested resale price, if you give away or sell any Product or Service for a price less than the suggested retail price, then in calculating Gross Revenues, you will be deemed to have received the suggested retail price for such Products and Services, and shall report your Gross Sales taking this suggested retail price into account as the Gross Revenues you received from the transaction.

8.4 Use of Novus® Resins.

You acknowledge that we have developed a unique, high quality line of windshield repair resins, equipment and other products and equipment to be used in performing windshield repair services ("Resins and Related Products"), and that we have developed certain national warranty programs relating to the quality of windshield repair services provided under the Novus® name. You further acknowledge that it is of paramount importance to maintaining the uniform high-quality image for windshield repair services associated by the public with the Marks and Business System that only Resins and Related Products be used by all businesses performing windshield repair services under the Novus® name. Therefore, in order to maintain and ensure the quality of the windshield repair services you provide to your customers under the Novus® name, and in order for us to allow you to participate in any warranty programs we offer, you will use only the Resins and Related Products that we designate or approve in writing. You will not resell any Resins and Related Products to any person or entity without our prior written consent.

8.5 Designated Suppliers.

You may only purchase Resins and Related Products from us or from our Designated Supplier. We may require, in our sole discretion, that you purchase, and you will purchase, certain other Products and Services we specify only from a Designated Supplier. We or our affiliates may be a Designated Supplier, and the only Designated Supplier, for certain Products and Services. You will not have the right to substitute any new supplier or distributor for any Designated Supplier or to require us to appoint or approve any new supplier or distributor as a Designated Supplier. We will have the right to require any Designated Supplier to sign a contract containing terms and conditions acceptable to us, including those relating to pricing, delivery, terms, product availability, economic viability, service and quality and the right to modify at any time the terms or conditions of that contract. We may at any time add or remove a Designated Supplier or add, remove or modify in any manner any requirement that you purchase any given Products and Services only from a Designated Supplier.

8.6 Approved Suppliers.

We may require, in our sole discretion, that you purchase, and you will purchase, certain Products and Services we specify only from Approved Suppliers. If you desire to purchase any Products and Services that we require you to purchase from Approved Suppliers from other suppliers and distributors, then you must, at your expense, submit to us samples and specifications, and other business and product information we request, for review and/or product testing to determine whether the supplier or distributor and its Products and Services meet our standards and specifications. We will have the right to inspect the facilities of the proposed supplier or distributor. Within 10 days after being invoiced, you will reimburse us for the costs and expenses we incur to (a) analyze, review and test the products and/or services and the samples, and (b) conduct an inspection of the facilities of the proposed supplier or distributor, subject to a minimum fee we may set from time to time. We will complete all testing of all products and/or services, and notify you of our determination within 45 days after we receive all of the required information. We will have the right to require any new or existing Approved Supplier to sign a contract containing terms and conditions acceptable to us, including those relating to pricing, delivery, terms, product availability, economic viability, service and quality and the right to modify at any time the terms or conditions of that contract. We may at any time add or remove an Approved Supplier or add, remove or modify in any manner any requirement that you purchase any given Products and Services only from an Approved Supplier.

8.7 Initial Equipment Package; Products and Services Used in the Business.

You must purchase the Initial Equipment Package from us when you sign this Agreement. You will obtain, pay for and use in the Business, but not offer or sell, those Products and Services, including the Novus resins described in Article 8.2 and the Initial Equipment Package, that we specify for use but not for sale in the Business, and at all times you will maintain a minimum inventory of such Products and Services that we specify. The Products and Services, Retail Location and vehicles (including all graphics on the vehicles) you use in the Business must conform to the quality standards, specifications and uniformity requirements we establish from time to time. All vehicles you operate that bear our Marks must be kept clean, be properly maintained and be in good working order.

8.8 Branding of Products.

Except as we approve in the Operations Manual(s) or otherwise in writing, you will not under any circumstances have the right to: (a) use or display the Marks on or in connection with any Product and Service; (b) acquire, develop, create, package or manufacture any product using the name "Novus®," or any of the Marks, or direct any other person or entity to do so; (c) acquire, develop or manufacture any product that has been developed or manufactured by or for us for use with the Business System and which is sold under any of the Marks, or direct any other person or entity to do so; or (d) use, have access to, or have any rights to any proprietary formulas or configurations for any Products and Services developed by us or on our behalf

8.9 Profit and Payments.

You acknowledge that we or our affiliates may make a profit on purchases of Products and Services you make from us. You also acknowledge that we or our affiliates may receive Payments based in whole or in part on purchases of Products and Services you make from a Designated Supplier, Approved Supplier or another third party. Any Payments we or our affiliates receive from a Designated Supplier, Approved Supplier or other third party as a result of your purchases from Designated Supplier or Approved Supplier or other suppliers or distributors will be our property and you will not have any right to any portion of those Payments.

8.10 Purchases from Us, or From Designated Supplier or Approved Supplier.

We and our affiliates will have the right to change the prices, delivery terms, payment terms, and other terms relating to the Products and Services sold to you without giving you prior notice, and discontinue the sale of any Products and Services for any reason. We and our affiliates will not be liable to you for the unavailability of Products and Services from us or from a Designated Supplier or Approved Supplier, or for any delay in shipment or receipt of Products and Services from us, or from a Designated Supplier or Approved Supplier due to temporary product shortages, order backlogs, production difficulties, delays, unavailability of transportation, fire, strike, work stoppage, or other causes beyond the control of us or our affiliates.

8.11 National or Regional Accounts.

From time to time, we may offer you the opportunity to provide services to a national or regional insurance company, fleet account, or other account in your Service Area. If we do so, you have the right to accept the account, provided you comply with all of our procedures for servicing the account (which may include pricing and service policies, as negotiated with the account). If you decide not to service the account, or if the account expresses dissatisfaction with your servicing of the account, then we have the right to permanently assign the right to service that account in your Service Area to another Novus business, including one owned by us or our affiliates, or to other service providers.

ARTICLE 9. RETAIL LOCATION SITE SELECTION

9.1 Site Selection.

You acknowledge that we are approving your operation of the Business from an existing location at which you are operating the Existing Business. Therefore, we are providing no site selection assistance to you. Our approval of your operation of the Business at your existing location is not

a representation, warranty or guaranty by us that the Business will be economically successful or profitable if it is operated at that site, and you will assume all responsibility for the business and economic risks associated with the selection of the site.

9.2 Intentionally Omitted.

9.3 Intentionally Omitted.

9.4 Construction or Renovation.

You are responsible for renovating and inspecting the Retail Location during any renovation of the Retail Location to accommodate the Business. You are also responsible for complying with all local, state and federal laws, ordinances, statutes and building codes, and for acquiring all licenses, building permits and other permits required by all federal, state, city, municipal and local laws in connection with the operation or renovation of the Retail Location.

9.5 Our Option to View Retail Location.

You will submit plans and specifications for the Retail Location to us for our review before beginning any renovation. We may, at our expense, view the Retail Location during renovation at such times as we deem necessary for the purpose of determining the progress of renovation and to determine whether the interior and exterior of the premises have the physical appearance generally associated with the Marks and Business System. Our review of your plans and specifications, and our viewing of the premises during renovation will not be for the purposes of determining that the Retail Location is being renovated (a) according to the plans and specifications, (b) in compliance with applicable laws or ordinances, or (c) in a quality manner. We will have no responsibility or liability to you or to any other party if the premises are not renovated according to the plans and specifications, in compliance with applicable federal, state or local laws or ordinances, or in a workmanlike manner.

9.6 Relocation.

If you operate from a Retail Location, you may not move that location without our consent. If you are moving the Existing Business, we will approve the relocation of the Business to the new location of your Existing Business so long as the proposed new location is not within two miles of any stand-alone Novus[®] business that is managed, owned, or operated by us or by any franchisees of ours, and so long as the new location, including the building and premises, complies with all applicable provisions of this Agreement and with our then-current site specifications. Relocation of the Retail Location under this provision will not change or alter the Service Area unless the new location is not located within the Service Area, in which case we will designate a new Service Area in our sole discretion.

9.7 Catastrophes.

If the Retail Location is damaged or destroyed by fire or other casualty, then you will, within 30 days after the damage or destruction, initiate the repairs and reconstruction necessary to restore and reopen the Business.

ARTICLE 10. TRAINING

10.1 Initial Training.

We will provide an initial training program (the "Initial Training Program") for you and one employee you designate (provided your employee takes the training at the same time you do). The Initial Training program will be held in Minneapolis, Minnesota, or at another location we designate. The Initial Training Program will include classroom and/or hands-on instruction in understanding the automotive industry, reporting requirements, selling and marketing techniques, customer service, quality control, equipment operation and maintenance, conducting sales calls and presentations, and other business, financial and marketing topics we select.

10.2 Initial Glass Repair Training.

We will provide initial Glass Repair training (the "Initial Glass Repair Training") for you and one employee you designate (provided your employee takes the training at the same time you do). The Initial Glass Repair Training will be held in Minneapolis, Minnesota, or at another location we designate. It will include classroom and on the job training in Glass Repair, including varieties and types of windshield damage, repair capabilities, the Novus® system for glass repairs and related services. The Initial Glass Repair Training will last approximately three days. You must complete the Initial Glass Repair Training before you begin operating the Business.

10.3 Initial Glass Replacement Training.

We recommend you initially hire an experienced National Glass Association (NGA) certified master auto glass technician before you begin offering Glass Replacement in the Business who passes our test for Glass Replacement services. However, if you do not employ such a person, then before you begin offering Glass Replacement in the Business, you must have an employee attend and successfully complete our initial Glass Replacement training program (the "Initial Glass Replacement Training"). (If the person you hire leaves your employment, then before you can continue offering Glass Replacement in the Business, you must either hire another experienced NGA certified master auto glass technician who passes our test for Glass Replacement services, or have an employee attend and successfully complete our Initial Glass Replacement Training.) We will provide the Initial Glass Replacement Training to you and one employee you designate (provided your employee takes the training at the same time you do). The Initial Glass Replacement Training will be held at a Novus regional training location we designate. The Initial Glass Replacement Training will include hands-on instruction in glass replacement, understanding the automotive glass replacement industry, quality control, equipment operation and maintenance, and other topics we select. The purpose of the Initial Glass Replacement Training will be to teach the fundamentals of glass replacement and the Glass Replacement business. The trainee will not become an expert in glass replacement over the course of this training program, but will be taught basic techniques and methods and will be provided with criteria for hiring experienced Glass Replacement installers.

10.4 Initial Training Fee.

You must pay us a nonrefundable training fee of \$8,000 for our Initial Training Program (the "Initial Training Fee"). The Initial Training Program consists of Initial Glass Repair Training, and Initial Glass Replacement Training. If, however, you do not initially offer Glass

Replacement services, then we reduce the Initial Training Fee to \$4,000, and you would not attend the Initial Glass Replacement Training. However, if you subsequently want to offer Glass Replacement services, we will then require you take the Initial Glass Replacement Training, and pay an additional fee of \$4,000 for that training.

There are certain situations where you may offer Glass Replacement services, but where we will waive the requirement that you take the Initial Glass Replacement Training and/or pay us for that training. If the principal owner/operator of the Business is an experienced NGA certified master auto glass technician who passes our glass replacement test, then we will waive the requirement that you take the Initial Glass Replacement Training and reduce the Initial Training Fee to \$4,000. In addition, if you employ a full-time experienced NGA certified master auto glass technician (other than your principal owner/operator) who passes our glass replacement test, then you still must pay the initial Training Fee, but we will not require that person to attend the Initial Glass Replacement Training, and if that person remains employed full-time in the Business continuously for at least one year following the date you began provided Glass Replacement services, then we will give you a credit for all but \$4,000 of the Initial Training Fee you paid, which you may use for product purchases, or to apply against the principal of any initial financing we provide to you.

10.5 Intentionally Omitted.

10.6 Annual Programs.

We may require you annually attend one additional training program (which could be our annual meeting or convention). Whether or not you attend this program, you must pay our then-current fee for attendance.

10.7 Additional Training.

You and the appropriate employees of yours must attend and successfully complete all additional Glass Repair and Glass Replacement and other technical training we require to (a) improve the quality and standards of Products and Services offered in connection with the Business System, (b) improve the operation of the Business, or (c) maintain the product and service consistency we require. You will pay us our then-current training fee for each employee who attends any additional training programs we conduct. In addition, you will register with and complete all training and other requirements to obtain registration from the Automotive Glass Replacement Safety Standards Council indicating that you meet ANSI/AGRSS Standards within six months of the registration, and provide us a copy of the registration within 10 days of your receipt of the certification, and within 10 days of any subsequent request on our part. If you are subject to validation or audit by AGRSS, you will provide us with the results of the audit within 10 days after your receipt of those results, and will promptly correct any deficiencies shown in the audit.

10.8 Payment of Salaries and Expenses, Release of Claims.

You will pay the Salaries and Travel Expenses for yourself and all your employees who attend any required training program. You, for yourself and all employees who attend the Required Training Programs and any additional training programs we conduct, hereby release and agree to hold us and our officers and directors harmless from and against any and all claims, liability, damages, or causes of action of any nature arising from the participation and attendance by you or any employee of yours in any of the training programs we approve, conduct, or require.

ARTICLE 11. OPENING ASSISTANCE, INITIAL ADVERTISING

11.1 Opening Assistance.

After you and your employees have successfully completed all required training, we will, if this is your first Affiliate License Agreement with us, make a representative of ours available to you by telephone during the first 60 days after you complete the training, to assist you in implementing the Business System.

11.2 Initial Advertising.

We will provide you with recommended advertising and promotional production materials for conducting an initial advertising and promotional campaign for the Business. The initial advertising and promotional campaign materials will generally include newspaper advertising, radio spots, television commercials (to be customized with "tag lines" by us at your expense), Yellow Pages advertisements, outdoor advertisements, Internet advertising, press releases, business announcements, direct mail advertisements, and other advertising and promotional materials that we deem appropriate. You will be responsible for all costs relating to the placement, distribution or mailing all advertising and promotional materials and are expected to spend a minimum of \$2,000 on your initial advertising and promotional campaigns.

ARTICLE 12. OUR OBLIGATIONS

12.1 Business System.

Consistent with our uniformity requirements and quality standards, we or our authorized representative will (a) provide you with a written schedule of all supplies, technology and equipment we think is necessary for the operation of the Business, (b) periodically review the Business and render written reports to you as we deem appropriate, (c) legally protect and enforce the Marks and the Business System for the benefit of all of our franchisees and licensees in the manner we deem appropriate, (d) provide you with the Operations Manual(s) and all supplements that may we may publish from time to time or provide you access to a Secure Website containing the Operations Manual(s) and supplements, and (e) upon your reasonable request, render advisory services by telephone or in writing pertaining to the Business System and the operation of the Business as we deem appropriate, reasonable and necessary.

12.2 Our Marketing Expenditures.

Each calendar year during the term of this Agreement, we will make expenditures for general advertising, marketing, public relations and promotion of the Glass Replacement, Glass Repair and other Products and Services provided under the Marks (referred to in this Article as "Marketing Expenditures"). The amount we will spend on Marketing Expenditures will be equal to (i) 2% of the Gross Revenues on all Glass Repair Products and Services sold by all our franchisees and licensees on which we are paid royalties, and (ii) 3% of the Gross Revenues of all other Products and Services on which we receive Royalty Fees of 8% or more from our franchisees and licensees. Marketing Expenditures we make will be based on Gross Revenues and not on any Minimum Monthly Royalty Fee paid by you or any other franchisees or licensees. We will determine how, where, and when the Marketing Expenditures will be spent, including purchasing and paying for product research and development, sales and marketing materials,

advertising materials, ad slicks, brochures, and radio and television commercials, services provided by advertising agencies, market research, media time and space advertising (including Internet, radio, television, newspaper, magazine and other print advertising), promotions, convention expenses, development and protection of our Marks, marketing, public relations, telemarketing, the establishment and maintenance of Internet sites promoting our brand, including Social Media Sites, the cost of providing toll-free and other telephone services for the benefit of our franchisees, and other national, regional and local advertising and promotion that we deem appropriate. We may also use the Marketing Expenditures to pay for long distance telephone charges, office rental, furniture, fixtures and equipment, leasehold improvements, Salaries and Travel Expenses, office supplies and other administrative costs we incur in connection with these advertising activities. We will have the absolute right to spend the Marketing Expenditures for advertising, marketing and promoting Glass Replacement services, Glass Repair services, and/or other Products and Services, in any manner or way that we choose, even if you do not offer some of the advertised Products and Services in the Business. We will have no obligation to spend any portion of the Marketing Expenditures in your Service Area. If you request, we will provide you with a report of the Marketing Expenditures within 120 days after the end of each calendar year.

ARTICLE 13. QUALITY CONTROL, UNIFORMITY AND STANDARDS REQUIRED OF LICENSEES

13.1 Standards of Quality and Service.

We will from time to time publish uniform standards of quality and service for the Business System to protect and maintain (for our benefit and for the benefit of all Novus® franchisees and licensees) the distinction, goodwill and uniformity represented and symbolized by the Marks and the Business System. You agree to comply with all such standards, which will include replacement of graphics, signage and equipment as necessary to comply with our standards.

13.2 Identification of Business.

You will operate the Business so that it is clearly identified and advertised under the Marks we specify. The style and form of the word "Novus®" and the Marks you use in your advertising, marketing, public relations, telemarketing or promotional programs or campaigns, including but not limited to any Internet website, or Social Media Site, must comply with our specifications as set forth in the Operations Manual(s) or otherwise, and must be at least 25% in size to that of your Existing Business name, logo or marks. Further, you agree that you will:

(a) Use the name "Novus®," the Marks, the approved logo and all graphics commonly associated with the Business System on all, and jointly with all of your Existing Business', advertising, public relations and promotional materials, including but not limited to on the Home Page or any Social Media Site approved by us, signage, vehicles, checks, stationery, paper supplies, business cards and other materials in the identical combination and manner we specify, and in a size at least 25% of the Existing Business' name, logo or marks;

(b) Place a Novus patch on all uniform shirts issued to, or purchased by, employees of the Existing Business;

(c) Purchase from us, at the time you sign this Agreement, an Initial Franchise Identification Package for the Business, which will include an initial supply of decals, invoices, business cards, uniforms, and other logo items you will initially use in the operation of the Business;

(d) Advertise the name of the Business jointly with the Existing Business on any vehicles or materials you use in the Existing Business and such advertising will be at least 25% in size to that of your Existing Business' name, logo or marks;

(e) Not use all or part of the "Novus®" name, any of the other Marks, or any similar name, word or symbol or variant thereof, in a domain name, account name, profile or URL, except as specifically approved by us; and

(f) At your expense, comply with all trademark, trade name, service mark, copyright, patent and other registration notices and notice markings that we require or that are required by applicable law.

If you fail to comply with any of our brand identity standards, and do not correct your noncompliance within 10 days after notice, then in addition to any other rights we may have, we may charge you an image fee, of up to \$500 per month, until you comply.

13.3 Compliance with Standards.

You will operate the Business and use the Marks and the Business System in compliance with the moral and ethical standards, quality standards, operating procedures, policies, specifications, requirements and instructions we set forth in the Operations Manual(s), as amended and supplemented from time to time. You will conform to all customer service standards and policies we specify.

13.4 Your Name.

You will not use the word "Novus®" or any words confusingly similar to any of the Marks, or part or variant thereof, in your corporate, partnership or sole proprietorship name. You agree not to use the Marks in association with your Existing Business other than on signage that includes the name of the Existing Business and then only in compliance with the provisions of Article 13.2 and with the Operations Manual(s). You further agree not to operate your Existing Business under any name that is or may be confusingly similar to the name "Novus®" or any of the marks. You will hold yourself out to the public as an independent contractor operating the Business under a license from us and you will clearly indicate on the Business checks, stationery, business cards, invoices, receipts, advertising, public relations and promotional materials, including your Home Page and any Social Media Site approved by us, and other written materials that you are a licensee of ours. You will display signs at the Retail Location that are clearly visible to the general public indicating that the Business is independently owned and operated as a licensed business. You will file for a certificate of assumed name in the manner required by applicable state law so as to notify the public that you are operating the Business as an independent business under this Agreement.

13.5 Advertising and Promotion.

You will spend at least 4% of your Gross Revenues each calendar quarter for local advertising and to promote the Business in the Service Area, including Yellow Page advertising and other advertising and promotional programs we approve. In January of each year, you must provide us with information in a form we request showing the expenditures you made in the previous year on these advertising and promotional programs. If you did not spend the entire amount we required you to spend in that year, you must submit the difference to us, with your report, and we will add that money to the Marketing Expenditures we make under Article 12.2 of this Agreement. All advertising, marketing, public relations, telemarketing and promotional materials making use of the Marks must be approved by us prior to use or placement, and you will not conduct any media advertising or promotion for the Business until we have given you our prior written approval. Any advertising or promotional materials we provide to you will be deemed approved. If more than one franchisee or licensee is authorized by us to operate in the Service Area, then we will have the right to require you to become a member of, participate in and contribute to a local cooperative advertising group. The local advertising group will, by the majority vote of its members, determine and carry out approved local advertising and promotion for the benefit of all of the franchisees and licensees in the Service Area, and will allocate the costs of local advertising and promotion, including Yellow Page advertising, among the members. Any amounts you contribute to the local advertising group will be credited towards your 4% local advertising obligation under this Article 13.5. You will not permit any third party to advertise its business, or its products and services in conjunction with the Business without obtaining our prior written approval.

13.6 Telephone Directory Listing.

We may require you to obtain local telephone service with a dedicated telephone line for the Business, from a supplier we designate. If we so require, we will pay the cost of the telephone number that we select for your business (and we will own that telephone number) as a Marketing Expenditure, but you will purchase and pay for your own local telephone service. You will continually advertise the Business in the Yellow Pages in the Service Area under all of the listings we designate or approve. The timing, size, form, content, layout, copy and presentation of all Yellow Pages advertising will conform to our specifications. You will participate in the Yellow Pages advertising programs and in such other directory advertising programs as we may specify from time to time. You will pay all costs for Yellow Pages and other directory advertising. If more than one franchisee or licensee is authorized to operate within any Service Area covered by a single directory, then you will, upon written notice from us, participate in a single cooperative advertisement and prepay your proportionate share of the placement of such cooperative advertisement. All Yellow Page advertising done in accordance with this Article will qualify as part of the 4% local advertising obligation set forth in Article 13.5.

13.7 Signage.

You will only display signage at the Retail Location and on any vehicles you use in operating the Business that meet our specifications, and you will not use or display any other signs of any kind or nature in connection with the Business without obtaining our prior written approval. You will display exterior and interior signage for the Business which must be at least 25% in size to the signage identifying the Existing Business at the Retail Location, you must either order your building signage from us (and pay for that signage) at the time you sign this Agreement, or within 30 days after you sign this Agreement, you must provide us a copy of a paid receipt,

evidencing that you have purchased and paid for signage that meets our requirements from a supplier we have approved. In addition, you must erect the building signage for the Business within 60 days of the date of this Agreement or within 15 days of the date you acquire possession of the Retail Location, whichever is later, but in any event, before you begin operating the Business. You will be responsible for all costs of acquiring and installing the signage. If you fail to install the required signage in the month you begin operating your business, you will then be responsible to pay us an additional image fee of \$500 per month, on the first day of each subsequent month, until the signage has been installed. You will not alter or redesign the signage without our prior written approval.

13.8 Maintenance of Equipment.

You will, at your expense, repair and keep in proper working condition the equipment and technology used in the Business. All such equipment and technology must at all times meet our quality standards. All replacement equipment, technology, supplies and other items you use in the Business must comply with our then-current standards and specifications.

13.9 Participation in Warranty Programs.

You will offer to the customers of the Business, and participate in, all product and service warranty programs we establish. You will also participate in the "warranty reciprocity program" and will accept and abide by all requirements and limits on warranty compensation we establish. You will reimburse any other franchised or company-owned Novus® business that satisfies any warranty or guaranty on work performed by you for the cost of all replacement parts and the labor charges we establish from time to time. You will submit to us written claims for warranty work you perform that result from Products and Services provided by other franchised or company-owned businesses. We will use reasonable efforts to timely notify you if you will not be reimbursed for providing warranty work.

13.10 Customer Records.

In order to comply with applicable federal and state laws, including any glass or other product recalls required by law, and to properly process warranty claims for customers who have purchased products and services from you or from other licensees or franchisees, you will maintain complete and accurate records of all sales and services for all products and services sold to the customers of the Business. You will, upon written request from us, provide us with: (a) the name, address, city, state, zip code and telephone number for each of the customers of the Business, together with a complete description of the Products and Services purchased by the customer, including, if applicable, brand and model numbers; (b) all warranty cards received from these customers; (c) any other information concerning these customers that we require to comply with applicable laws or to provide required product or service information; and (d) all other reports we require, including accurate records for all customer service and repair calls made by you for any Products and Services.

13.11 Our Right to Review.

We may, after giving you three days written notice, inspect: (a) the Retail Location; (b) the vehicles you use in the Business; and (c) the inventory for the Business. We also have the right to review the business records of the Business and to examine your operating practices to determine whether they meet our quality and service standards. We have the right to take photographs, and make video, digital and/or audio recordings during the inspection.

13.12 Remodeling of Retail Location.

If you operate a Retail Location business, you must periodically make reasonable capital expenditures necessary to remodel, modernize and redecorate the portion of the Retail Location devoted to the Business, and to replace and modernize your furniture, fixtures, signage, supplies and equipment in the Business so that the Business reflects the then common image we want portrayed by businesses operating under the Marks (hereinafter referred to as "remodeling"). All remodeling of the portion of the Retail Location in which the Business is operated must be done in accordance with our standards and specifications and with our prior approval. You must begin remodeling the portion of the Retail Location devoted to the Business within three months after you receive written notice from us specifying the required remodeling, and you will diligently complete the remodeling within a reasonable time. Except as provided under Article 13.8, we will not require you to remodel the Retail Location, or to replace or modernize your furniture, fixtures, supplies and equipment, more than once every five years.

13.13 Merchandising.

All interior merchandising of the Business at the Retail Location must meet our specifications, which may include specifications to assure that the merchandising of your Existing Business is maintained separately from the Business.

13.14 Compliance with Applicable Laws.

You will, at your expense, comply with all federal, state, city, local and municipal laws, ordinances, rules and regulations pertaining to the operation of the Business, including all health and safety laws and regulations, all driving and vehicle laws, all environmental laws, and all employment laws. You will, at your expense, be responsible for determining all drivers and other licenses and permits required by law for the Business and for your employees, for obtaining all licenses and permits, and for complying with all applicable laws.

13.15 Payment of Taxes and Other Obligations.

You will be responsible for the prompt filing and payment of all Taxes. You will timely pay all of your liquidated obligations and liabilities due and payable to us, and to your suppliers, lessors and other creditors, including obligations to pay suppliers for Products and Services.

13.16 Reimbursement of Our Taxes.

We will pay our own corporate income and other taxes. However, if any "franchise" or other tax that is based on the Gross Revenues, receipts, sales, business activities or operation of the Business ("franchise tax") is imposed upon us by any taxing authority (including any sales, income or related tax imposed upon us by the state in which the Business is located as a result of any royalties or other fees you pay to us), then you will, upon receiving written notice, reimburse us in an amount equal to the amount of the tax and related costs imposed on us.

13.17 Standard Attire.

Those of your employees who are involved in the operation of the Business must wear the uniforms and standard attire we specify, and maintain those uniforms in a clean condition. All employees involved in the Business must practice good personal hygiene. If you and your employees wear uniforms or standard attire for your Existing Business, such uniforms or standard attire will display the Novus name, logo or Mark as we specify.

13.18 Business Hours, Personnel.

The Business will be open for business, at your option, either during all hours the Existing Business is open, or from at least 8:00 a.m. to 5:00 p.m. Monday through Friday. When you or your Manager are not on duty, you will have at least one employee on duty that has successfully completed the Required Training Programs necessary to be certified by us as "Factory Trained." At least half of the employees of the Business must at all times have successfully completed the training required to be certified by us as "Factory Trained." You will at all times have at least one full-time employee (who may be the Licensee if the Licensee is an individual) who has successfully completed the Required Training Programs. You will at all times have a sufficient number of adequately trained and competent personnel on duty in the Business to guarantee efficient service to your customers and clients to comply with our customer service standards.

13.19 Security Interest.

To secure the payment of the fees and your obligations set forth herein, you grant us a security interest in the receivables, inventory, equipment, and other assets of the Business, whether now existing or hereinafter created, together with all proceeds of such assets. You authorize us to file one or more financing statements to evidence this security interest. This Agreement and the license granted to you under this Agreement may not be the subject of a security interest, lien, levy, attachment or execution by your creditors or any financial institution, except with our prior written approval.

13.20 Notices of Lawsuits or Other Claims.

You will immediately deliver to us a copy of all lawsuits, consumer claims, employee claims, federal or state administrative proceedings or investigations, and other claims, actions or proceedings relating to the Business. You will provide us all additional information we request regarding any of those matters.

13.21 Fax Equipment.

You will obtain and maintain at all times during the term of this Agreement an electronic telephone facsimile ("fax") or such other telecommunications or information processing equipment we specify for use in the Business. Your fax equipment must be in operation to receive and send information at all times during business hours.

13.22 Office Equipment; Computer Hardware and Software.

You must obtain and maintain during the term of this Agreement such office equipment and software as we may from time to time require you to use in operating the Business, including (a) photocopy equipment, (b) a point of sale and accounting software package to perform customer and inventory management, data processing, and accounting functions, (c) computer hardware and peripheral equipment necessary to operate the point of sale and accounting software, and (d) the computer software necessary to provide the Products and Services we specify. You will, upon written notice from us, upgrade all computer equipment and all point of sale and accounting software used in the Business to the standards and specifications we specify. All office equipment and software must meet our standards and specifications.

13.23 Telephone Equipment.

In addition to standard telephone equipment, you must obtain and maintain during the term of this Agreement such mobile or portable cellular telephone equipment, paging equipment, and

wireless communication devices as we may from time to time require you to use in the Business, which must meet the standards and specifications we specify. During the minimum business hours we specify, incoming telephone calls received by the Business must either be answered live by you or an employee, or by a telephone service that is answered by a person who is properly trained to schedule jobs and appointments and take messages for the Business.

13.24 E-Mail Address.

You must have access, during the term of this Agreement, to the World Wide Web, 24 hours a day, seven days a week, using a high speed Internet connection. We will provide one e-mail address to you for you to use in the operation of the Business, at no additional charge. You must use this e-mail address in the operation of the Business, and you may not separately establish any other e-mail addresses for the Business. If, however, you do want additional e-mail addresses, we will provide them to you at an additional cost of \$25 each. Your e-mail address will be used as a method for you and us to communicate with each other and to transmit documents and other information. Except as set forth in the Operations Manual(s), you will not use the word Novus® or any of the other Marks as any part of your e-mail address. You must review your e-mail at least once during every business day and use reasonable efforts to respond to all e-mails from our employees and executives within 24 hours during business days and within 36 hours during weekends and holidays.

13.25 World Wide Web Presence and Social Media.

We will establish a home page for you on our website. You will pay us an initial fee of \$300 to establish the Home Page when you sign this Agreement, and you must pay us a monthly maintenance fee to maintain the Home Page. If you have a home page for the Existing Business, you will include our principal trademark and logo on the home page of that website, with a link from that trademark or logo to the Home Page. You will not otherwise use our Marks on the website for the Existing Business, without our prior consent, and then in all cases only in the manner we approve. You may not otherwise establish a website or home page on the World Wide Web, or establish, use, or maintain, or have established or maintained on your behalf, either alone or in concert with others, any other Social Media Site except as we may approve in our sole discretion. The Home Page and any Social Media Site approved by us must be operated and maintained by you in compliance with all provisions of this Agreement, including those regarding the use of confidential and proprietary information, as well as any and all operating procedures, policies, standards and requirements as we may specify from time to time. You also must operate and maintain the Home Page and any Social Media Site approved by us in compliance with all applicable laws, rules, and regulations, including but not limited to those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements. We reserve the right at any time, in our sole discretion, to require you to remove, delete or modify any website, homepage, Social Media Site, or any information, content or post thereon. We will retain sole ownership of any Novus Social Media Site, including any domain name related thereto and all content thereon.

13.26 Referral Programs.

From time to time, we may prescribe glass repair and/or glass replacement referral or marketing programs to you, whether Internet based or otherwise, and we may require that you participate in these programs (and pay all fees associated with such participation).

13.27 Entity Requirements Regarding Formation Documents.

If you operate the Business as an entity that is separate from the Existing Business, you must, at our request, provide us a copy of your Articles of Incorporation, Articles of Organization or other documents required by state law to form your entity.

**ARTICLE 14.
INSURANCE**

14.1 General Liability Insurance.

You must purchase and maintain general liability insurance with coverage of at least \$1,000,000 insuring you and your officers, directors, agents and employees, from and against any and all loss, liability, damage, claim and expense of any kind whatsoever, including bodily injury, personal injury, death, property damage, products liability and all other damages resulting from (a) the condition, operation, use, business or occupancy of the Business or the Retail Location and (b) the operation of any customer's vehicle by any of your employees.

14.2 Garage Keepers Liability Insurance.

You must purchase and maintain garage keepers insurance with coverage of at least the amounts set forth below insuring you and your officers, directors, agents and employees, from and against any and all loss, liability, damage, claim and expense of any kind whatsoever, including personal injury, death, property damage, fire and theft caused to any customer's vehicle in your care, custody and control as a result of fire, explosion, theft, vandalism, riot and civil commotion, and collision. The garage keeper's insurance coverage must be written on a direct primary basis and be at least \$100,000 for a Retail Location and at least \$100,000 for a Mobile Unit.

14.3 Vehicle Liability Insurance.

You must purchase and maintain automobile liability insurance with coverage of at least \$1,000,000 (combined single limits) insuring you and your officers, directors, agents and employees, from any and all loss, liability, damage, claim and expense of any kind whatsoever resulting from the use, operation or maintenance of all automobiles or vehicles owned or used by you or any of your employees (including automobiles owned or leased by any of your employees) in connection with the Business. If offered, you will also have adequate uninsured motorist insurance coverage.

14.4 Property Insurance, Fire and Extended Coverage.

You must purchase and maintain "all risks" property insurance coverage, which must include fire and extended coverage, vandalism and malicious mischief coverage, and garage keepers' coverage for the Retail Location, inventory, machinery and equipment you own or lease for the Business. Your property insurance policy (including fire and extended coverage) must have coverage limits of at least "replacement" cost.

14.5 Umbrella Liability Coverage.

You must purchase and maintain umbrella liability insurance in the minimum amount of \$1,000,000 that will provide additional liability insurance coverage for any liability incurred by you in excess of the primary liability insurance coverage you carry under your general liability insurance, vehicle liability insurance and employer's liability insurance policies.

14.6 Worker's Compensation Insurance.

You must purchase and maintain worker's compensation insurance covering your employees who are injured in the course of employment, as well as employers liability insurance having primary limits of \$500,000 covering bodily injury by disease per employee, \$500,000 covering bodily injury by disease in aggregate, and \$500,000 covering bodily injury by accident.

14.7 Other Insurance.

The insurance coverage set forth in this Article only describes the minimum insurance we require you to obtain. It is your obligation to determine whether you need to carry other insurance, or higher levels of insurance either by law or because of the nature of the Business or any contract you have signed. We also have the right to require you to obtain additional insurance coverages. If you have insurance for the Existing Business that meets the minimum requirements of this Article 14, you need not purchase separate insurance, so long as you comply with the provisions of Article 14.8.

14.8 Our Rights.

All insurance policies we require you to obtain must name us as an additional named insured, and must provide that we will receive copies of all notices of changes in these policies, or cancellation, nonrenewal, or coverage reduction or elimination, at least 30 days before any cancellation, nonrenewal or change takes effect. Before operating the Business, and immediately after changing any insurance coverage's, you must provide us with certificates of insurance confirming you have obtained all the insurance coverage we require. If you fail to maintain the insurance coverage we require, or fail to timely provide us evidence of this coverage, we have the right, but not the obligation, to obtain the required insurance coverage. You will promptly sign all applications and other documents required to obtain the required insurance, and will, upon receipt of an invoice, immediately reimburse us for the cost of obtaining the required insurance.

ARTICLE 15. FINANCIAL STATEMENTS AND REPORTING

15.1 Financial Statements.

You must give us annual Financial Statements for the Business within 90 days after your fiscal year-end. At your option, the Financial Statements may be prepared solely for the Business, or they may be part of the financial statements you prepare for the Existing Business. If they are part of the financial statements for the Existing Business, you will provide such additional information concerning the revenues and expenses of the Business as we may request. All Financial Statements you provide to us must be verified by your accountant.

15.2 Verification of Financial Statements.

If your annual or semi-annual Financial Statements are not prepared by an independent certified public accountant, then you (if you do not operate as an entity), or your senior executive officer, must certify the accuracy and completeness of the Financial Statements.

15.3 Gross Revenues Report.

You must maintain an accurate written record of the daily Gross Revenues for the Business, which must be maintained separately from the daily gross revenue records for your Existing

Business. By the 10th day of each month, you must give us a signed statement of the Gross Revenues generated by the Business (the "Gross Revenues Report") in the preceding month, using the forms we specify.

15.4 Our Audit and Review Rights.

We have the right at any time to review and audit your Financial Records for the Business and for your Existing Business for the last five fiscal years. The review may be conducted by an employee of ours or by other people we designate. If we elect to proceed with an audit of your Financial Records, then the audit will be conducted by a certified public accountant. You and your accountants will make all of your Financial Records available to us for review and audit at the Retail Location, or in the case of a Mobile business, at the place specified in Article 24.16 for notice to you. You will also provide our representative(s) with adequate facilities to conduct the review and audit. We and our representatives will have the right to make copies of all or any of the Financial Records and to copy and duplicate all Financial Records on your computer system. You should expect to have your Financial Records reviewed and/or audited by us at least once every five years. You will at all times store and maintain the Financial Records in a dry, safe and secure place. We will provide you with a written copy of the report prepared by the reviewer or auditor.

15.5 Audit/Review Costs.

If our audit or review results in a determination that you have overpaid monthly Royalty Fees or other amounts due to us, the amount of the overpayment will be refunded to you within 20 business days from the date of the report. If our audit or review results in a determination that you underpaid us, then you will, within 20 business days of receipt of an invoice, pay us the amount of all past due monthly Royalty Fees and other amounts owed to us, together with late payment charges as provided for in this Agreement. If our audit or review results in a determination that you underpaid the monthly Royalty Fees by more than \$500 during any 12 month period, then you must reimburse us for all costs and expenses we incurred in connection with the review and audit of your Financial Records, including payments made to the accounting firm conducting the review or audit and the Salaries and Travel Expenses incurred by our employees who were involved with or conducting the audit or review. If we had someone other than a certified public accountant review your Financial Records under Article 15.4 and the review shows an underpayment of the monthly Royalty Fees by more than \$500 during any 12 month period, you may contest the review and request an audit by an independent certified public accountant. You must pay for the audit by the independent certified public accountant, but if the audit reveals that you did not underpay the monthly Royalty Fees by more than \$500 during any 12 month period, then we will reimburse you for the cost of the audit.

ARTICLE 16. [INTENTIONALLY OMITTED]

ARTICLE 17. ASSIGNMENT

17.1 Assignment by Us.

This Agreement may be unilaterally Sold or Transferred by us without your approval or consent, and will inure to the benefit of our successors and assigns. We will give you written notice

within 30 days after any Sale or Transfer, and the assignee will be required to fully perform our obligations under this Agreement.

17.2 Approval of Transfer.

This Agreement or the Business, or the Business Assets may be Sold or Transferred by you or the Owner only with our prior written approval. In addition, you must obtain our prior written approval to Sell or Transfer any Ownership Interest that would result in either a change or control of Licensee or 50% or more of the Ownership Interest of Licensee being Sold or Transferred since the date of this Agreement. If you are not Selling or Transferring the Existing Business as part of any such Sale or Transfer, then we will not have any obligation to approve the Sale or Transfer, and likely will not do so if the proposed transferee proposes to operate the Business from a location that is within two miles of any existing Novus franchisee (or within such greater distance as may be included in any exclusive rights that we may grant to a Novus franchisee). In any event, to obtain our approval to any Sale or Transfer that requires our approval, the Sale or Transfer must, at a minimum, meet the following requirements:

- (a) All of your monetary obligations due to us and our affiliates have been paid in full, and you are not otherwise in default under this Agreement;
- (b) You and your Owners, in the case of a Sale or Transfer of an Ownership Interest, have signed and delivered a written agreement, in a form satisfactory to us, agreeing to be bound by the provisions of this Agreement, including the covenants not to compete contained in Article 21.3 of this Agreement;
- (c) The transferee does not own or operate, and is not involved in a business that competes directly or indirectly with or is similar to any Novus® business;
- (d) The transferee meets our managerial, financial and business standards for new franchisees or affiliate licensees, as the case may be, possesses a good business reputation and credit rating, and possesses the aptitude and ability to operate the Business in an economic and businesslike manner (as may be shown by prior related business experience or otherwise). In addition, if the Sale or Transfer is not made in connection with the Sale or Transfer of the Existing Business but to someone who has an existing business from which they desire to operate the Business, that existing business meets our then-current requirements for an affiliate license;
- (e) The transferee agrees to acquire all additional items we require to identify the Business to ensure that the transferee's Business will comply in all respects with our then-current standards and specifications;
- (f) The transferee agrees to acquire all additional equipment we require to ensure that the equipment used by the transferee in the Business will comply in all respects with our then-current standards and specifications;
- (g) If the Business is sold separate from the Existing Business, we approve the new location for the Business;

(h) Before the Sale or Transfer occurs, the transferee agrees (i) that the transferee and the appropriate employees designated by the transferee will attend and successfully complete the Required Training Programs, (ii) to pay all required training fees to us, and (iii) to pay the Salaries and Travel Expenses for all persons who attend the Required Training Programs;

(i) You sign a general release of all claims you may have against us; and

(j) You and the transferee have timely provided all of the information relating to the Sale or Transfer of this Agreement that we request to properly document the Sale or Transfer.

In addition, in the case of a proposed Sale or Transfer of this Agreement, or the Business, or the Business Assets, if the proposed transferee proposes to operate the Business in connection with an existing business, the proposed transferee must sign new agreements, in the form we then use in the grant of affiliate repair and replacement licenses, including a new affiliate license agreement and personal guaranty (and/or other agreement(s) we then require of affiliate licensees), and pay us our then current Initial Fee in connection with the grant of such licenses. In the case of a proposed Sale or Transfer of this Agreement, or the Business, or the Business Assets, to someone who will not be operating the Business in connection with an existing business, then as an additional condition to our approval, the proposed transferee must sign new agreements, in the form we then use in the grant of stand-alone repair and replacement franchises, including a new franchise agreement and personal guaranty, and must also pay our then current Initial Fee for such franchises.

17.3 Acknowledgment of Restrictions.

You acknowledge and agree that the restrictions imposed by us on any Sale or Transfer in this Article 17 are reasonable and necessary to protect the goodwill associated with the Business System and the Marks, as well as our reputation and image, and are for the protection of us and all other franchisees and licensees that own and operate a Novus® business. Any Sale or Transfer of the Business Assets permitted by this Article will not be effective until we receive fully signed copies of all documents relating to the Sale or Transfer, and we have consented in writing to the Sale or Transfer.

ARTICLE 18. OUR TERMINATION RIGHTS, DAMAGES

18.1 Termination for Your Breach.

In addition to our other rights of termination contained in this Agreement, we have the right to terminate this Agreement if (a) you or any of the employees of the Business fail to successfully complete the Required Training Programs within the time periods specified in this Agreement, (b) you fail to open and begin operating the Business within three months from the date of this Agreement or when renovations to the Retail Location to accommodate the Business have been completed, whichever is earlier, (c) you violate any material provision, term or condition of this Agreement, including failure to timely pay any Royalty Fees or any other monetary obligations or fees due to us or our affiliates, or violate any material provision, term or condition of any other agreement with us or with any affiliate of ours, (d) you, or any of your partners, directors,

officers or Owners are convicted of or pleads guilty to a charge of violating any civil or criminal law relating to the Business, (e) you fail to conform to the Business System or our standards of uniformity and quality for the Products and Services, (f) you fail to timely pay any of your obligations or liabilities to your landlord, employees, suppliers, banks, purveyors and other creditors, or to us or to our affiliates, under this Agreement or under any other agreement, (g) you are deemed insolvent within the meaning of any state or federal law, any involuntary petition for bankruptcy is filed against you, or you file for bankruptcy or are adjudicated a bankrupt under any state or federal law, (h) you make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of the Business Assets for the benefit of creditors, (i) any check you issue is dishonored because of insufficient funds (except where the check is dishonored because of an error in bookkeeping or accounting) or closed accounts, or you fail to maintain a balance in your bank account sufficient to allow payment of Royalty Fees to us by direct bank debit, (j) you fail to purchase or pay for the supplies, equipment and technology required for the Business, (k) you Abandon the Business, (l) you are involved in any act or conduct that impairs the goodwill associated with the Marks, or the Business System, (m) you refuse to fully cooperate with us or our designee in the performance of an audit of your financial records in accordance with Article 15.4, or (n) you fail to file any required Tax return or fail to timely pay any Taxes when due.

18.2 Our Immediate Termination Rights.

Notwithstanding Article 18.3, we will have the right, unless precluded by applicable law, to immediately terminate this Agreement, by giving you written notice of immediate termination, if (a) you or any of your partners, directors, officers or Owners are convicted of or plead guilty to violating any law relating to the Business, or any gross misdemeanor or felony, (b) you are insolvent within the meaning of any state or federal law, any involuntary petition for bankruptcy is filed against you, or the you file for bankruptcy or are adjudicated a bankrupt under any state or federal law, (c) you make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of the Business Assets for the benefit of creditors, (d) you Abandon the Business, (e) you are involved in any act or conduct that materially impairs the goodwill associated with the Marks or the Business System and you fail to correct the breach within 24 hours of receiving written notice of the breach from us, or within the time specified by law, (f) you fail or refuse to produce your financial and business records for audit by us as required by Article 15.4, or (g) relocate the Business without obtaining our prior written approval.

18.3 Notice and Opportunity to Cure.

Except as provided in Article 18.1 and/or Article 18.2, we will not have the right to terminate this Agreement unless and until we give you (a) written notice setting forth the alleged breach in detail, and (b) you fail to correct the alleged breach within the period of time specified by applicable law. If applicable law does not specify a time period to correct an alleged breach, then you will have 30 days after receiving the written notice to correct the alleged breach, except where the written notice states that you are delinquent in the payment of any Royalty Fees or other amounts payable to us under this Agreement or under any other agreement, in which case you will have 15 days after receiving the written notice to correct the breach by making full payment (including any applicable interest or late payment charges).

18.4 Notice of Termination.

If we have complied with the provisions of this Article 18 and you have not corrected the alleged breach set forth in the written notice within the time period specified in this Agreement, then we may terminate this Agreement by giving you written notice of termination. The effective date of termination will be the date the written notice of termination is received, as specified in Article 24.16, or such later date as is specified in the notice.

18.5 Other Remedies.

Nothing in this Article or this Agreement will preclude us from seeking other remedies against or damages from you under state or federal laws, common law, or under this Agreement, including attorneys' fees and injunctive relief. If we terminate this Agreement under this Article, or if you breach this Agreement by a wrongful termination or a termination that does not comply with the terms and conditions of Article 19 of this Agreement, then we will be entitled to seek recover from you all damages that we have sustained and will sustain in the future as a result of your breach of this Agreement.

ARTICLE 19. YOUR TERMINATION RIGHTS

19.1 Termination for Our Breach.

You have the right to terminate this Agreement if you comply fully with this Article 19.1 and we violate any material provision, term or condition of this Agreement. However, to exercise this right, you must first give us written notice setting forth the alleged breach in detail, and we must fail to correct the alleged breach within 30 days after receiving this written notice. If you have complied with the provisions of this Article 19.1 and we have not corrected the alleged breach set forth in the written notice within the time period specified in this Agreement, then you may terminate this Agreement by giving us written notice of termination. The effective date of termination will be the date set forth in your written notice of termination, provided that the notice will be ineffective unless it provides that the termination will be effective no earlier than 10 days after we receive the notice of termination.

19.2 Termination Upon Sale or Transfer.

You will also have the right to terminate this Agreement in connection with a proposed Sale or Transfer of the Existing Business to someone who prefers not to continue the Business or to someone we do not approve, provided that you give us at least 60 days notice of your intention to terminate this Agreement, and further provided that at least 20 days before the termination takes effect, you pay us a termination fee equal to 24 times the average monthly Royalty Fees you owed to us for the 12 months immediately prior to the date of your written notice of termination, however, if the term remaining of this Agreement is less than 24 months, then the multiplier of 24 will be reduced to the number of full or partial calendar months you have remaining on the term of this Agreement. If, however, you exercise this right, you may not sell or transfer your customer lists or other tangible or intangible assets to any person who proposes to operate a glass repair or glass replacement or installation business in your Service Area. If you do not fully comply with the provisions of this Article 19.2, then the termination will be considered to have taken place other than in accordance with this Article 19, in which case we will have the right to retain the termination fee to offset any damages caused by your improper termination, and the

right to recover other fees and payments that you would have owed us through the normal date of expiration of this Agreement.

19.3 Compliance With Post-Termination Obligations.

If you exercise your right to terminate the Agreement under this Article 19, you must still comply with all other post-termination obligations in Articles 20 and 21 of this Agreement.

ARTICLE 20.

YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION

20.1 Termination of Use of Marks.

Upon termination or expiration of this Agreement for any reason, you (a) will not have any further right to use the name "Novus[®]," the other Marks and/or the Business System, (b) will immediately cease using the name Novus[®] and the Marks in all advertising, marketing and promotional materials, including promotional materials on the World Wide Web and any Social Media Site, (c) will take all other actions relating to the name Novus[®] and the Marks as we may request, and (d) not hold yourself out, or advertise the Existing Business or any other business, as formerly a Novus[®] business or by any other means that suggests you had a prior relationship with us. You agree and acknowledge that your continued use of the name Novus[®] and the Marks after the expiration or termination of this Agreement will be without our consent and will constitute an "exceptional case" under federal trademark law (15 U.S.C. §1117) entitling us to recover treble damages, costs and attorneys' fees.

20.2 Other Obligations Upon Termination.

If this Agreement expires or is terminated for any reason you will immediately comply with all applicable provisions of this Agreement, and within five days after termination (a) submit to us Gross Revenues Reports for all periods through the date of expiration or termination that have not previously been provided; (b) pay all Royalty Fees and all other amounts you owe us or our affiliates, including, if this Agreement terminates for any reason prior to the Expiration Date, Minimum Monthly Royalty Fees and equipment lease payments for all periods through the Expiration Date, (c) return to us by first class prepaid United States mail the Operations Manual(s), all Glass Repair, Glass Replacement, and other equipment leased from us, and all advertising materials, signage, and other printed materials pertaining to the Business System, (d) provide us with a copy of all your customer records from the Business, (e) inform the suppliers of the Business in writing of the expiration or termination and send us a copy of all such communications, (f) change the exterior and interior appearance of the Retail Location and any vehicles used in connection with the Business so that they will be easily distinguished from the appearance of retail locations and vehicles used in Novus[®] businesses, and (g) cancel any assumed name or similar registration filed under Article 13.4.

20.3 Assignment of Telephone Directory Listings, Domain Names and Other Electronic Information.

You acknowledge and agree that we have the absolute right and interest in and to all telephone numbers and directory listings associated with the Marks, and you hereby authorize us to direct the telephone company and all listing agencies to transfer and assign to us or our designee the telephone numbers and directory listings for your Business upon our request at any time following expiration or termination of this Agreement, in our sole and absolute discretion. Upon

execution of this Agreement, you will deliver to us an executed assignment in blank, in the form required by us, assigning all telephone numbers for your Business to us or our designee. By execution of this Agreement, you authorize us to deliver this assignment to the telephone company at any time following termination or expiration of this Agreement, or if we acquire your Business, as determined by us in our sole and absolute discretion, and to notify the telephone company and all listing agencies of the termination or expiration of your right to use all telephone numbers and all classified and other directory listings for the Business, and to authorize the telephone company and all listing agencies to assign and transfer to us or our designee all telephone numbers and directory listings of your Business. The telephone company and all listing agencies have the right to accept either this Agreement or the assignment in blank delivered upon execution of this Agreement, as evidence of our exclusive rights to such telephone numbers and directory listings and the authority from you for the telephone company and listing agencies to transfer all such telephone numbers and directory listings to us or our designee. By execution of this Agreement, you also hereby agree to execute and deliver and any all documents as we may require to assign and transfer to us or our designee all telephone numbers and directory listings of your Business. This Agreement will be your release of the telephone company and listing agencies from any and all claims, actions and damages that you may at any time have the right to allege against them in connection with the transfer of your telephone numbers and directory listings to us. You also acknowledge that we have the absolute right and interest in and to the Home Page and any Novus Social Media Site, including, but not limited to, any domain name associated therewith or content thereon, and you agree to take any and all actions as may be necessary to assign and transfer access to and the registration or listings thereof to us upon termination or expiration of this Agreement.

ARTICLE 21. LICENSEE'S COVENANTS NOT TO COMPETE

21.1 Your Acknowledgments.

You acknowledge that, under this Agreement, you, your Owners and your employees will receive specialized training, "know-how," current and future marketing and advertising plans, business plans and strategies, business information, concepts, proprietary technology, formulas, marketing and promotional techniques, confidential information and trade secrets from us pertaining to the Business System and the operation of the Business. You also acknowledge that we have advised you that this Article 21 is a material provision of this Agreement, and that we would not grant a Novus® franchise to you or provide you with our Business System, technology, business information and "know-how," proprietary concepts, and experience if you intended to own, operate or be involved in a business that competes directly or indirectly with the Business or the Business System. For the purposes of this Article 21, any business that offers or provides, directly or indirectly, automotive windshield repair or replacement products and services, automotive glass repair or replacement products and services, automotive glass installation products and services, other glass repair, replacement and installation products and services, building contract glazing products and services, and the construction, repair, or replacement of any other glass products, will be considered competitive with or similar to the Business System and the Business.

21.2 In-Term Covenant Not-to-Compete.

You agree that you, your Owners, the Personal Guarantors of your obligations under this Agreement (the "Personal Guarantors"), and the members of your and their Immediate Families will not, during the term of this Agreement, for your or their own account, or as an employee, agent, consultant, partner, officer, director, member, or owner of any other person, firm, entity, partnership, company, or corporation, (a) seek to employ any person who is at that time employed by us or by any Novus® franchisee or licensee without the prior consent of their employer, or (b) own, operate, lease, franchise, license, conduct, engage in, consult with, be connected with, have any interest in, or assist any person or entity engaged in any business that is in any way competitive with or similar to the Business System or the Business (including any glass repair and/or glass replacement or installation business).

21.3 Post-Term Covenant Not-to-Compete.

You agree that you, your Owners, the Personal Guarantors, and the members of your and their Immediate Families will not, for a period of two years after the termination or expiration of this Agreement, for your or their own account or as an employee, agent, consultant, partner, officer, director, member, or owner of any other person, firm, entity, partnership, company, or corporation (a) seek to employ any person who is at that time employed by us or by any Novus® franchisee or licensee without the prior consent of their employer, or (b) own, operate, lease, franchise, license, conduct, engage in, consult with, be connected with, have any interest in, or assist any person or entity engaged in any or other business that is in any way competitive with or similar to the Business System or the Business (including any glass repair and/or glass replacement or installation business) which is located within (i) your Service Area, (ii) any service area we grant to any other Novus® franchise or business, or (iii) within 10 miles of any business location of any Novus® franchise or business in the United States and its possessions. You, your Owners, and the Personal Guarantors expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect us and our franchisees or licensees if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to permit us the opportunity to resell and/or develop a new Novus® business within your Service Area. You also agree that if you, your Owners, the Personal Guarantors, or the members of your or their Immediate Families violate this covenant not to compete, the term of the non-compete will be extended for any person engaged in violating this covenant not to compete, until two years after the violation has ceased.

ARTICLE 22. NATURE OF OUR RELATIONSHIP

22.1 Independent Relationship.

You are an independent business owner and, as a consequence, there is no employer-employee or principal-agent relationship between us and you. You will not have the right to and will not make any agreements, representations or warranties in our name or on our behalf or represent that our relationship is other than that of licensor and licensee. Neither of us will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties. You will take all reasonable steps necessary to inform the public, clients, customers, suppliers, lenders and other business establishments that the Business is independently owned and operated by you.

22.2 Operation of Business.

You will be totally and solely responsible for the operation of the Business, and will control, supervise and manage all the employees, agents and independent contractors who work for or with you or at the Retail Location. You will be solely responsible for the acts of your employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that they comply with all federal, state and local laws, rules and regulations. We will not have any right, obligation or responsibility to control, supervise or manage the Business, or your employees, agents or independent contractors.

ARTICLE 23. INDEMNIFICATION

23.1 Indemnification by You.

We are not responsible for Claims or Damages arising out of, from, or in connection with your operation of the Business or the Existing Business. You agree to indemnify us and our affiliates against, and reimburse us and our affiliates for, all Claims or Damages we incur in defending any claim brought against us or in any action in which we are named as a party arising out of, from, as a result of, or in connection with the Business, the Existing Business, the Retail Location, and/or the operation of the Business or the Existing Business, including Claims or Damages arising from (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission by you or your employees, agents or representatives, (b) any failure on your part to comply with any federal, state or local laws or regulations, (c) your failure to pay any of your debts or obligations, or (d) your failure to comply with any requirement or condition of this Agreement or any other agreement with us or our affiliates. We will have the right to defend, at your expense, any claim made against us arising as a result of or from the Business or the Existing Business.

23.2 Indemnification by Us.

We agree to indemnify you against, and to reimburse you for, any obligation or liability for Claims or Damages to persons other than you or your owners that is attributable to our agreements or representations, or that is caused by our negligent or willful action, including the obligation to defend any litigation brought against you that is attributable to our agreements or representations, or caused by our negligent or willful action. We will have the right to participate in and to control any litigation or proceeding that might result in liability of or expense to you subject to indemnification by us.

23.3 Collection and Enforcement Costs.

You will pay us for any and all Costs and Expenses we incur for the collection of past due Royalty Fees or other amounts due to us or our affiliates. In addition, you will pay all Costs and Expenses we incur in successfully enforcing any term, condition or provision of this Agreement, in successfully enjoining any violation of this Agreement by you, or in successfully defending any lawsuit you bring against us.

ARTICLE 24.

INTERPRETATION AND ENFORCEMENT OF AGREEMENT

24.1 Injunctive Relief.

You, your Owners and the Personal Guarantors agree that, notwithstanding any other provision of this Agreement, we will have the right to petition a court of competent jurisdiction for the entry of temporary restraining orders, temporary and permanent injunctions and orders of specific performance (a) enforcing the provisions of this Agreement relating to (i) the Marks and the Business System, (ii) your obligations on termination or expiration of this Agreement, (iii) your Sale or Transfer of this Agreement, the Business Assets, or any Ownership Interest, (iv) the confidentiality of the Operations Manual(s) and other confidential information, and/or (v) any covenants not to compete, and (b) enjoining any act or omission by you or your employees that (i) is a violation of any law, ordinance or regulation, (ii) is dishonest or misleading to the clients or customers of the Business or other Novus® businesses, (iii) is a danger to the employees, public, guests, clients or customers of the Business, or (iv) may impair the goodwill associated with the Marks or the Business System. You agree that we will be entitled to obtain this injunctive relief without posting a bond or, if a court nevertheless requires a bond, by posting a bond set by the court in an amount not to exceed \$5,000.

24.2 Waiver of Punitive Damages.

Each of us (and your Owners and Personal Guarantors) agree to waive, in the fullest extent permitted by law, any right to, or claim for, any punitive or exemplary damages against each other and against our respective affiliates, employees or agents, and agree that in the event of a dispute between us, each of us will be limited to the recovery of any actual damages we sustain, and/or to injunctive relief, as permitted by the court.

24.3 Severability.

All provisions of this Agreement, including those relating to covenants not to compete, are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not included in this Agreement, and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement or the taking of some other action not required in this Agreement, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement or any of our specifications, standards or operating procedures are invalid or unenforceable, then the period of notice or other action required by that law or rule will be substituted for the notice requirements in this Agreement, or the invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent, but only to the extent, required to be valid and enforceable.

24.4 Waiver of Obligations.

Neither you nor we will be considered to have waived any obligation of or restriction on the other person unless the waiver is in writing and signed by each of us. Our acceptance of any payment by you, or our failure, refusal or neglect to exercise any right under this Agreement or to insist on full compliance by you of your obligations under this Agreement, including any mandatory specification, standard or operating procedure, will not be considered a waiver by us of any provision of this Agreement. However, if either of us fails to notify the other in writing of

any alleged misrepresentation, violation of law, deticiency, or breach of this Agreement to the other party within one year from the date that we have knowledge of, believe, determine or are of the opinion that there has been a deticiency or breach by the other party, then the alleged misrepresentation, violation of law, deticiency or breach will be considered waived; provided, however, that this provision will not apply to your underreporting of Gross Revenues, or under payment of any fees you owe us that are tied to the amount of your Gross Revenues.

24.5 Payments to Us, No Rights of Offset.

Your payment obligations under this Agreement are absolute and unconditional. You may not, for any reason, withhold, escrow or offset any Royalty Fees or other payments due to us or our affiliates. We do, however, have the right to offset any payments we owe you against any amounts you may owe us.

24.6 Effect of Wrongful Termination.

If either of us takes any action to terminate this Agreement, or you take any action to convert the Business to another business, without first complying with the terms and conditions (including the written notice and opportunity to cure provisions) of Article 18 or Article 19 of this Agreement, as applicable, then that action will not relieve or release either of us from any of our respective obligations under this Agreement, and the terms and conditions of this Agreement will remain in full force and effect until this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law.

24.7 Cumulative Rights.

Your rights and our rights under this Agreement are cumulative and no exercise or enforcement by either of us of any right or remedy permitted under this Agreement will preclude the exercise or enforcement by either of us of any other right or remedy permitted under this Agreement or which we are entitled by law to enforce.

24.8 Venue and Jurisdiction.

Except as set forth in the last sentence of this Article 24.8, unless prohibited by applicable law, all lawsuits, court proceedings and other actions initiated by us, by you, or by the Owners and the Personal Guarantors will be venued exclusively in Hennepin County, Minnesota. You, your Owners and the Personal Guarantors acknowledge that you have had substantial business and personal contacts with us in Minnesota and you hereby agree and submit to personal jurisdiction in the State of Minnesota in connection with any lawsuit or proceeding brought to enforce or construe the terms of this Agreement, or to resolve any dispute or controversy arising under this Agreement, and you agree that except as set forth in the last sentence of this Article 24.8, all lawsuits, proceedings, hearings or other actions will be exclusively venued and held in Hennepin County, Minnesota. However, if we seek injunctive relief to enforce any provision of this Agreement, or to restrain any violation of this Agreement, we may, at our option, bring that action in the county in which the Retail Location is located or, if there is no Retail Location, then the county to which notices are to be delivered to you under Article 24.15 of this Agreement.

24.9 Jury Waiver.

TO THE EXTENT EITHER OF US INITIATES LITIGATION INVOLVING THIS AGREEMENT OR ANY ASPECT OF THE RELATIONSHIP BETWEEN US (EVEN IF OTHER PARTIES OR OTHER CLAIMS ARE INCLUDED IN THE LITIGATION), YOU

AND WE EACH WAIVE OUR RIGHT TO A TRIAL BY JURY. THIS WAIVER WILL APPLY TO ALL CAUSES OF ACTION THAT ARE OR MIGHT BE INCLUDED IN THE LITIGATION, INCLUDING CLAIMS RELATED TO THE ENFORCEMENT OR INTERPRETATION OF THIS AGREEMENT, ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR SIMILAR CAUSES OF ACTION, AND IN CONNECTION WITH ANY LEGAL ACTION BROUGHT FOR THE RECOVERY OF DAMAGES BETWEEN OR AMONG US OR BETWEEN OR AMONG ANY OF OUR OWNERS, AFFILIATES, OFFICERS, EMPLOYEES OR AGENTS.

24.10 Survival of Obligations.

All obligations that are to be performed or may be performed following the expiration or termination of this Agreement will remain in effect following expiration or termination of this Agreement, including your indemnification obligations and your obligations under Articles 20 and 21.

24.11 Binding Agreement.

This Agreement is binding on you and on us, and on our respective executors, administrators, heirs, assigns and successors in interest.

24.12 Entire Agreement.

This Agreement supersedes and terminates all prior agreements, either oral or in writing, between you and us involving this license relationship. All representations alleged by either you or by us that are not contained in this Agreement or in our Franchise Disclosure Document delivered to you prior to your execution of this Agreement will not be enforceable. This Agreement, including the Introduction, is the entire agreement between us, and there are no other oral or written understandings or agreements between us relating to the subject matter of this Agreement except those agreements and contracts, if any, that are signed by each of us concurrently with this Agreement; provided, however, nothing in this Agreement or any related agreement is intended to disclaim any representations made in the Franchise Disclosure Document you acknowledge having received at least 14 calendar days prior to the execution of this Agreement.

24.13 Joint and Several Liability.

If more than one person is listed as the Licensee in this Agreement, then the liability of all those people will be joint and several.

24.14 Headings, Terms.

The headings of the Articles of this Agreement are for convenience only and do not in any way define, limit or construe the contents of those Articles. The term "you" or "Licensee" as used in this Agreement applies to one or more individuals, a corporation, company or partnership, as the case may be. References to "you," "Licensee," "assignee" and "transferee" that apply to an individual or individuals will mean the principal owner or owners of your equity or operating control and any assignee or transferee if you or an assignee or transferee is a corporation, company or partnership.

24.15 No Oral Modification.

No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made except by a written agreement signed by duly authorized officers of the party that is alleged to have given the modification, change, rescission, release, amendment, waiver, approval, consent or authorization. Neither of us has the right to amend or modify this Agreement orally or verbally, and any attempt to do so will be void.

24.16 Notices.

All notices to us must be in writing, must comply with applicable law, and must be addressed to our General Manager at 12800 Highway 13 South, Suite 500, Savage, Minnesota 55378, or such other address as we designate in writing, with copies (which shall not be considered official notice) to the Legal Department, TCG International, Inc., 28th Floor, 4710 Kingsway, Burnaby, British Columbia, V5H 4M2, Canada. All notices to you must be in writing and addressed to you at the address set forth on the cover page of this Agreement, or such other address as you designate in writing. Unless provided to the contrary by applicable law, all notices under this Agreement must be delivered by (a) personal service, (b) prepaid certified United States Mail, (c) by a recognized overnight delivery service (e.g., Federal Express, United States Express Mail or UPS) that requires a written receipt signed by the addressee or (d) by facsimile transmission. Notice by mail will be effective on the third day after it is deposited in the mail, notice by personal service will be effective upon delivery, notice by overnight delivery service will be effective on the date of delivery (as confirmed by written receipt), and notice by facsimile will be effective when confirmation is received at the point of transmission.

ARTICLE 25. ACKNOWLEDGMENTS, DISCLAIMER

25.1 Our Disclaimer.

We do not warrant or guarantee to you that you will earn any profit from the Business, or that we will refund all or part of the Initial Fee or the price you pay for the Business or repurchase any of the Products and Services supplied or sold by us, a Designated Supplier or Approved Suppliers, if you are unsatisfied with the Business. We expressly disclaim the making of any express or implied representations or warranties regarding the sales, earnings, income, profits, Gross Revenues, business or financial success, or value of the Business.

25.2 Your Acknowledgments.

You acknowledge that (a) you have had a full and adequate opportunity to read and review this Agreement and to be thoroughly advised of the terms and conditions of this Agreement by an attorney or other personal advisor, (b) you have had sufficient time to evaluate and investigate the Business System, the financial requirements and the economic and business risks associated with the owning and operating the Business, (c) you have conducted an independent investigation of the Novus[®] business concept and recognize that the business venture contemplated by this Agreement involves business and economic risks, (d) the financial, business and economic success of the Business will be primarily dependent on your personal efforts and the efforts of your management and your employees, and on economic conditions in the Service Area and in general, and (e) you have not received from us or our agents or affiliates any estimates, projections, representations, warranties or guaranties, express or implied.

regarding actual or potential sales, Gross Revenues, income, profits, earnings, expenses, financial or business success, value of the Business, or other economic matters pertaining to the Business or any other Novus® business that were not expressly set forth in our Franchise Disclosure Document that you acknowledge receiving.

25.3 Other Licensees.

You acknowledge that other licensees or franchisees of ours have been or will be granted licenses or franchises at different times, different locations, under different economics and in different situations, and you acknowledge that the economics, service area, terms, and conditions of those licenses or franchises may vary substantially in form and substance from those contained in this Agreement and that you are not entitled to any amendment of this Agreement or other concessions as a result of such variances.

25.4 Waiver of Collateral Estoppel.

Each of us agrees that we should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which we are involved with third parties, without having those disputes directly affect the contract or relationship between us. We and you therefore agree that a decision of an arbitrator or court of law to which one of us is not a party will not prevent the person that was a party to that action from making similar arguments, or taking similar positions, in any action between us, and we each waive any claim of collateral estoppel we might assert.

25.5 Receipt of Agreement and Franchise Disclosure Document.

You acknowledge that you received a copy of our Franchise Disclosure Document at least 14 days before you signed this Agreement or paid any money to us.

25.6 Your Legal Counsel.

You acknowledge that this Agreement is a legal document that grants certain rights to and imposes certain obligations upon you. We have advised you to retain an attorney or other advisor before you sign this Agreement to (a) review our Franchise Disclosure Document, (b) review this Agreement in detail, (c) review all legal documents, including leases, purchase agreements and construction agreements, (d) review the economics, operations and other business aspects of the business concept, (e) advise you regarding your economic risks, liabilities, obligations and rights under this Agreement, and (f) advise you on Tax issues, financing matters, applicable state and federal laws, health and safety laws, environmental laws, employee issues, insurance, structure of the Business, and other business matters.

ARTICLE 26. GOVERNING LAW, STATE MODIFICATIONS

26.1 Governing Law.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 *et seq.*), this Agreement and the relationship between us will be governed by the laws of Minnesota, but if you are not a resident of Minnesota or the Service Area does not include a portion of Minnesota, then the Minnesota Franchises Act will not apply to this Agreement

26.2 State Modifications.

If the Service Area is located in any one of the states indicated below in this Article 26.2, or if the laws of any of these states are otherwise applicable, then the designated provisions of this Agreement will be amended and revised as follows:

(a) California. If this Agreement is governed by the laws of California, then (i) the covenant not to compete upon termination or expiration of this Agreement contained in Article 21.3 may be unenforceable, except in certain circumstances provided by law; and (ii) provisions of this Agreement giving us the right to terminate in the event of your bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. Sec. 101, *et seq.*).

(b) Illinois. If this Agreement is governed by the laws of Illinois, then (i) any provision of this Agreement that designates jurisdiction or venue in a forum outside Illinois is void, but that inapplicability in Illinois will not mean that venue in Hennepin County, Minnesota is improper, or that you, your Owners and Personal Guarantors are not subject to jurisdiction in Hennepin County, Minnesota or in any other state, and (ii) any condition, stipulation or provision of this Agreement purporting to bind any person acquiring a Novus® Franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act may be void, and therefore, any acknowledgments or releases contained in Article 25.2 and 25.5 of this Agreement may be unenforceable against you.

(c) Indiana. If this Agreement is governed by the laws of Indiana, then (i) the provisions of Article 10.7 requiring a release of claims arising from your participation in our training programs will not apply to claims under the Indiana Deceptive Franchise Practices Act (the "Indiana Law"), (ii) you will have the right to petition a Court of competent jurisdiction for injunctive relief relating to the alleged improper termination of this Agreement by us or our alleged unreasonable refusal to consent to your Sale or Transfer of this Agreement under Article 17.2 (iv) the provisions of Article 17.2(i) requiring a mutual release of claims as a condition of Sale or Transfer of the Franchise will not apply, but you will still be bound by the other terms and conditions of this Agreement, (v) a Court of competent jurisdiction will determine (1) whether damages alone can adequately compensate us if there is a violation of Article 21 by you, your Owners or the Personal Guarantors, and (2) whether we will be required to post a bond or other security, and the amount of that bond or other security, in any injunctive proceeding we bring against you, your Owners or the Personal Guarantors, (vi) we each recognize that the Indiana Law prohibits us (1) from unfairly competing against you in the Service Area, or (2) from enforcing the covenant not to compete set forth in Article 21.3 beyond a reasonable distance from your Retail Location or Service Area, (vii) Article 23.1 is amended to provide that you are not obligated to indemnify us for any liability caused by your proper reliance on or use of procedures or materials we provide to you, or for liability arising from our negligence, however this amendment of Article 23.1 will not affect in any way your obligation to obtain and maintain insurance coverage in accordance with Article 14, (viii) the acknowledgment by you of substantial business contacts with us in Hennepin County, Minnesota and the consent by you to jurisdiction and venue in Hennepin County, Minnesota contained in Article 24.8 may not apply, but

that does not mean that venue in Hennepin County, Minnesota is improper, or that you, your Owners and the Personal Guarantors are not subject to jurisdiction in Hennepin County, Minnesota or in any other state, (ix) the provisions of Article 24.8 requiring litigation to take place in Hennepin County, Minnesota will not apply if there is litigation between you and us, (x) you will always have up to two years to bring an action against us for a violation of the Indiana Deceptive Franchise Practices Act, and up to three years from the date of discovery to bring an action against us for a violation of the Indiana Law, (xi) any lease agreement, promissory note, security agreement or other agreement between us and you will be governed by and construed in accordance with the laws of Indiana and the substantive laws of Indiana will govern the rights and obligations of and the relationship between us and you, (xii) you do not, by signing this Agreement, waive your rights under Indiana Law with respect to any representations we made before the date of this Agreement.

(d) Maryland. If your Service Area is located in, or you are a resident of Maryland, then this Agreement will be governed by the laws of Maryland, and this Agreement will be amended and revised as follows (i) the acknowledgments made by you in Article 25 of this Agreement or any Licensee or Franchisee Disclosure Questionnaire you sign will not act as a waiver of your rights under the Maryland Franchise Registration and Disclosure Law, Md. Ann. Code, Article—Business Regulation, Title 14, Section 14-201 *et seq.* (the “Maryland Law”), (ii) Section 14-216(c)(25) of Maryland Law requires us to tile an irrevocable consent to be sued in Maryland and so your consent to jurisdiction and venue in Hennepin County, Minnesota contained in Article 24.8 will not apply, and you may sue us in Maryland for claims arising under the Maryland Law; (iii) the provisions of Article 17.2(i) requiring a mutual release of claims as a condition of the Sale or Transfer of the Franchise will not apply to any liability under the Maryland Law; however, in that case, you will remain liable under the Affiliate License Agreement; and (iv) any provision of this Agreement that requires you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would be a violation of the Maryland Law in order to purchase the Franchise will not act as a release, estoppel or waiver of any liability we have under the Maryland Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years of the grant of the Franchise.

(e) Minnesota. If this Agreement is governed by the Minnesota Franchise Act, then (i) Article 3 of this Agreement will be amended to provide that, except in certain circumstances specified by law, we must give you at least 180 days prior written notice of nonrenewal of the Franchise; (ii) Article 18.3 will be amended to require that, except as set forth in Article 18.2 if we give you notice that you have breached this Agreement, that notice will be given to you at least 90 days before we terminate this Agreement, and you will have 60 days after receiving that notice to correct the breach specified in the notice; (iii) a court of competent jurisdiction will determine whether we are required to post a bond or other security to obtain an injunction against you, your Owners or Personal Guarantors, and the amount of the bond or other security; and (iv) Article 24.2 will be deleted from this Agreement.

(f) New York. If this Agreement is governed by the laws of New York, then (i) Article 23.1 will be amended to provide that you are not required to indemnify us against claims arising out of our breach of contract, negligence or other civil wrong, however the amendment of Article 23.1 will not affect in any way your obligation to obtain and maintain insurance coverage in accordance with Article 14, (ii) any modifications to the Operations Manual(s) we make will not unreasonably increase your obligations under this Agreement and will not place an excessive economic burden on the Business, and (iii) the release required contained in Article 17.2(i) and the choice of law provisions of this Agreement will not be considered a waiver of any right you are given under the Article 33 of the General Business Law of the State of New York.

(g) North Dakota. If this Agreement is governed by the laws of North Dakota, then (i) Article 18.3 of this Agreement will be amended to require that if we give you notice that you are delinquent in the payment of any fees or other payments you owe us, you will have 30 days after receiving notice to correct the breach by making full payment to us (including any applicable interest or late payment charges), (ii) the covenant not to compete upon termination or expiration of this Agreement contained in Article 21.3 may not be enforceable, except in certain circumstances provided by law, (iii) Article 23.3 is amended to provide that the prevailing party in any enforcement action will be entitled to recover its costs, expenses and attorneys' fees, and (iv) your consent to jurisdiction and venue in Hennepin County, Minnesota contained in Article 24.8 may not apply, but that does not mean that venue in Hennepin County, Minnesota is improper, or that you, your Owners, and Personal Guarantors are not subject to jurisdiction in Hennepin County, Minnesota, or in any other state.

(h) Rhode Island. If this Agreement is governed by the laws of Rhode Island, then any provision of this Agreement restricting jurisdiction or venue to a forum outside Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

(i) South Dakota. If this Agreement is governed by the laws of South Dakota, then (i) Article 18.3 of this Agreement will be amended to require that if we give you notice that you are delinquent in the payment of any fees or other payments you owe us, you will have 30 days after receiving notice to correct the breach by making full payment to us (including interest or late payment charges), (ii) the covenant not to compete upon termination or expiration of this Agreement contained in Article 21.3 may not be enforceable, except in certain circumstances provided by law, (iii) any provision of this Agreement that designates jurisdiction or venue outside of South Dakota or requires you to agree to jurisdiction or venue in a forum outside of South Dakota is void as to any cause of action that is otherwise enforceable in South Dakota, (iv) the provisions of Article 24.8 requiring litigation to take place in Hennepin County, Minnesota will not apply and any litigation between us will be conducted in South Dakota or at a mutually agreed upon location, and (v) under South Dakota Codified Laws ("SDCL") 37-5A-86, any acknowledgment provision, disclaimer or integration clause or other provision having a similar effect in this Agreement will not negate or act to remove from judicial review any statement, misrepresentation or action that violates SDCL Chapter 37-5A or a rule or order under Chapter 37-5 A.

(j) **Washington.** If this Agreement is governed by the laws of Washington, then (i) if there is a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Washington Act"), will prevail, (ii) a release or waiver of rights you sign will not include rights under the Washington Act, except when signed in connection with a negotiated settlement after this Agreement is in effect and where we are each represented by separate counsel, (iii) any provisions of this Agreement that unreasonably restrict or limit the statute of limitations period for claims under the Washington Act, or rights or remedies under the Washington Act like a right to a jury trial may not be enforceable, and (iv) transfer fees we charge must reflect our reasonable estimated or actual costs in effecting a Sale or Transfer.

(k) **Wisconsin.** If this Agreement is governed by the laws of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of this Agreement.

26.3 Severability.

The severability provisions of this Agreement contained in Article 24.3 of this Agreement will pertain to all of the applicable laws that conflict with or modify the provisions of this Agreement, including the provisions of this Agreement specifically addressed in Article 26.2 above.

IN WITNESS WHEREOF, you, your Owners, and we have each signed this Agreement effective as of the day and year appearing on the first page.

"LICENSOR"

NOVUS FRANCHISING, INC.

By: _____
Its: _____

"LICENSEE"

Legal Name of Licensee

By: _____

Print Name

Its: _____

The Owners signing below hereby agree to comply with all terms and conditions of this Agreement that apply to Owners.

<u>Print Name</u>	<u>Signature</u>	<u>Percent of Ownership Interest</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

PERSONAL GUARANTY

In consideration for, and to induce Novus Franchising, Inc. (the "Licensor") to sign the Affiliate License Agreement to which this Guaranty is attached (the "Affiliate License Agreement"), each person signing this Guaranty, jointly and severally guarantees to the Licensor and to the Licensor's successors and assigns the payment of all fees required to be paid to the Licensor or its affiliates by the Licensee identified in the Affiliate License Agreement, whether provided for in the Affiliate License Agreement or under any other agreement between the Licensor and the Licensee, and the performance by the Licensee of all of the provisions of such agreements. The people signing this Guaranty also specifically agree to be individually bound by all covenants, obligations and commitments of the Licensee contained in the Affiliate License Agreement to the same extent as if each of the people signing this Guaranty had personally signed the Affiliate License Agreement as Licensee.

Each of the people signing this Guaranty understand and agree that any modification of the Affiliate License Agreement, including any addendum or addenda to the Affiliate License Agreement, or waiver by the Licensor of the performance by the Licensee of any of its obligations under the Affiliate License Agreement, or the giving by the Licensor of any extension of time for the performance of any of the obligations of the Licensee under the Affiliate License Agreement, or any other forbearance on the part of the Licensor or any failure by the Licensor to enforce any of its rights under the Affiliate License Agreement, including any addendum or addenda to the Affiliate License Agreement, or any release by the Licensor of any of the obligations of the Licensee, will not in any way release any of the people signing this Guaranty from liability under this Guaranty or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of the Licensee is so released, terminated, or affected or diminished. Notice to the people signing this Guaranty of any such modification, waiver, extension or forbearance under the terms thereof is hereby waived.

No defense available to the Licensee, except the Licensee's full performance of its obligations, will be a defense for any of the people signing this Personal Guaranty or release of these people from their guarantees. This Guaranty will be enforceable upon 10 days' written notice by the Licensor to any of the people signing this Guaranty of any default by the Licensee of any of its covenants under the terms of the Affiliate License Agreement and addendum or addenda to the Affiliate License Agreement, and any other agreement between the Licensor and the Licensee.

Each of the people signing this Guaranty hereby waive any and all notice of default on the part of the Licensee; waive exhausting of remedies or recourse against the Licensee; and consent to any assignment of the Affiliate License Agreement, in whole or in part, that the Licensor or its successors may make.

IN WITNESS WHEREOF, each of the people signing this Guaranty has done so effective as of the date appearing next to their names.

Dated: _____

_____ Individually

_____ Address

_____ City

_____ State

_____ Zip Code

_____ Telephone

Dated: _____

_____ Individually

_____ Address

_____ City

_____ State

_____ Zip Code

_____ Telephone

Dated: _____

_____ Individually

_____ Address

_____ City

_____ State

_____ Zip Code

_____ Telephone

1344313.4

NOVUS FRANCHISING, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D-4: NOVUS FRANCHISING, INC. RENEWAL (RETIREMENT) ADDENDUM

NOVUS® RENEWAL ADDENDUM

This Renewal Addendum (the "Addendum") is entered into as of the ____ day of _____, 20__, by and between NOVUS FRANCHISING, INC., a Washington corporation (the "Franchisor," "us" or "we") and _____, a(n) _____ (the "Franchisee," "you" or "your").

INTRODUCTION

You and we have been parties to a franchise agreement under which you have operated a Novus® glass business under a franchise agreement that expires on _____. Under the terms of the expiring franchise agreement, you have the right to renew that franchise if you meet certain conditions. One of the conditions for renewal is that you sign our then current form of franchise agreement and any ancillary agreements we use at this time. However, our current form of franchise agreement contains a number of pre-opening obligations on the part of both of us that do not apply on renewal. In addition, we have agreed to give you certain termination rights that are not contained in our standard form franchise agreement. Therefore, while we have each signed our current form of franchise agreement under which you are renewing your franchise with us (the "Franchise Agreement"), we have each agreed to amend the Franchise Agreement as set forth in this Addendum.

In recognition of this introduction and in consideration of the mutual promises set forth in this Addendum, you and we agree as follows:

1.) Effective Date. The Franchise Agreement, as amended by this Addendum, will be effective _____ (the "Effective Date"), provided you meet the following additional obligations before the Effective Date:

If any of these obligations have not been met before the Effective Date, then the Franchise Agreement will not become effective and all your rights to continue operating your Business as a Novus® business will expire on _____.

2.) Pre-opening Obligations. Because your Business is already operational, all obligations that either of us have that are required to be performed before the opening of your Business are hereby waived. That waiver will not, however, be considered a waiver of any

similar obligation that may apply if you move your Business (and you still must obtain our consent to move your Business).

3.) Early Termination. In addition to the rights given you to terminate the Franchise Agreement under Article 19 of the Franchise Agreement, at such time that you reach retirement age such that you are allowed to first draw Social Security benefits under the United States Social Security system, you may terminate the Franchise Agreement at any time, so long as you provide us not less than two (2) years written notice prior to the effective date of such termination (the two (2) year period prior to the effective date of termination will be referred to herein as the "Termination Period"). As a condition to termination, we will have the right, but not the obligation, to purchase the assets of your business on the terms set forth in Paragraph 4 below. If we do not exercise this right, this termination will still be considered a termination in accordance with the provisions of Article 19 of the Franchise Agreement if: (i) during the Termination Period, you make your best efforts to sell your Business upon such reasonable terms and conditions as we require; (ii) during the Termination Period, you take all actions that we reasonably require related to the sale of your Business, and you otherwise cooperate in efforts to sell the Business; and (iii) you do not grant the authority to operate a glass repair or replacement business at the former site of your Business to anyone else who does not sign a franchise agreement with us on terms we prescribe, and you do not sell or transfer your customer lists or other intangible assets to any person who operates a glass repair or replacement business within your APR except pursuant to a franchise agreement with us on terms we prescribe. If you violate either of these conditions, then the termination will be considered to have taken place other than in accordance with the provisions of Article 19, we will continue to have the right to recover other fees and payments that you would have owed us through the original date of expiration of the Franchise Agreement. In all events, you must still comply with all of your other obligations on termination, including compliance with the covenant not to compete contained in Article 21.3 of the Franchise Agreement, and the transfer to us of your telephone number and customer lists.

4.) Purchase Option. If you exercise your right to terminate the Franchise Agreement under the terms of Paragraph 3 above, and we elect to purchase the assets of your business, we have the right to purchase any or all of the following assets on the following terms:

- (a) We may purchase your interest in the leasehold for the premises in which the Business has been operated for a fee of \$1.00. If we exercise this right, we will assume your remaining future obligations under the lease or sublease for the premises but you must be current in all obligations under your lease or sublease through the date of termination;
- (b) We may purchase any vehicles you were using in the Business for a price equal to the most recent NADA wholesale value of those vehicles, as published 30-days prior to termination of the Franchise Agreement;
- (c) We may purchase any new, unused inventory you have in the Business at your cost, including freight;
- (d) We may purchase any equipment you were using in the Business at a price equal to the depreciated book value of that equipment, using a straight line depreciation over a period of 5 years, but with an aggregate price of not less than \$1.00;

- (e) We may purchase all goodwill and intangible assets of the Business for \$1.00; and
- (f) We may purchase all office supplies and other tangible assets of the Business at fair market value, not to exceed an aggregate of \$100.00.

If we elect to purchase any or all of these assets, we will notify you 30-days prior to the termination of the Franchise Agreement. We will then deliver the purchase price to you at the time of termination of the Franchise Agreement, and you will sign such documents as we may require (including bills of sale and assignments) to transfer the assets to us.

5.) General Release. In consideration of our agreement to renew your Novus® franchise, and for giving you the termination rights set forth in Paragraph 3, you hereby release and forever discharge us and our affiliates, as well as our respective shareholders, directors, officers, employees and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors and assigns, from any and all claims you may have against us and them, from the beginning of time through today, whether the claims are in law or in equity, including but not limited to any claims arising out of the offer or sale of any Novus® franchise to you, and any matters arising under the expiring franchise agreement you have with us.

6.) Ratification. Except as specifically amended by this Addendum, each of us hereby ratify and reaffirm our respective obligations under the Franchise Agreement. All terms used in this Addendum will have the same meaning as provided for in the Franchise Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, you and we have each signed this Addendum effective as of the day and year appearing on the first page.

In the Presence of:

In the Presence of:

I344314.1

“FRANCHISOR”

NOVUS FRANCHISING, INC.

By: _____

Its: _____

“FRANCHISEE”

Legal Name of Franchisee

By: _____

Print Name

Its: _____

NOVUS FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT E: FINANCING DOCUMENTS

NOVUS FRANCHISING, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT E-1: PROMISSORY NOTE AND GUARANTY

\$15,375.00

Savage, Minnesota

_____, 20__

SECURED PROMISSORY NOTE

FOR VALUE RECEIVED, _____, a _____ ("Maker"), hereby promises to pay to the order of Novus Franchising, Inc., a Washington corporation, and its successors and assigns ("Holder"), at 12800 Highway 13 South, Suite 500, Savage, Minnesota 55378, or such other place as may be designated from time to time by Holder, the principal sum of Fifteen Thousand Three Hundred Seventy-Five and No/100 Dollars (\$15,375.00), together with interest on the unpaid principle balance outstanding from time to time (the "Principal Balance"), commencing on the date hereof until this Note is fully paid, at eight percent (8.0%) per annum.

Beginning on the first day of the month following the date which is six (6) months from the date of this Note, and continuing on the first day of each month thereafter until the Principal Balance is paid in full, Maker shall make equal monthly payments of principal and interest of Three Hundred Ninety and 62/100 Dollars (\$390.62). The entire Principal Balance, together with all unpaid interest accrued thereon, shall be fully due and payable fifty-four (54) months after the date of this Note, or on such earlier date as provided herein.

This Note may be prepaid in whole or in part at any time and from time to time without premium or penalty. Any payment hereunder shall be allocated first to payment of any costs and expenses incurred in collecting this Note or in enforcing any provision of the "Security Agreement" or the "Guaranty" (as such terms are hereinafter defined); second to the payment of interest then accrued on the Principal Balance; and the remainder, if any, shall be applied in reduction of the Principal Balance.

This Note is secured by that certain Security Agreement dated as of the date hereof by and between the parties hereto (the "Security Agreement"), and by a personal guaranty in favor of Holder and made a part hereof (the "Guaranty") (the person or persons executing the Guaranty shall hereinafter be referred to as the "Guarantor").

The occurrence of any of the following shall constitute an "Event of Default" hereunder:

- (a) the failure to make any payment required under this Note when due;
- (b) the insolvency of, appointment of receiver of all or part of the property of, assignment for the benefit of creditors by, or commencement of any proceeding under any bankruptcy or insolvency laws by or against, Maker or the Guarantor;
- (c) the breach by Maker or event of default by Maker under the Security Agreement;
- (d) the breach by Maker of that certain Franchise Agreement dated the date hereof by and between Maker and Holder, such that Holder may terminate the Franchise Agreement pursuant to its terms; or

(e) the death of the Guarantor or the breach by the Guarantor of the terms of the Guaranty.

After the occurrence of an Event of Default, Holder may, at its option by written notice to Maker, declare this Note to be immediately due and payable, and this Note shall be due and payable, together with all accrued interest thereon, without presentment, demand, protest or other notices of any kind.

No provision, and no breach of any provision, of this Note shall be deemed waived by Holder unless such waiver is in writing and signed by Holder, and no waiver by Holder shall operate as or be construed to be a waiver of any subsequent application of such provision or any subsequent breach of such provision.

Time is of the essence in this Note. Except for notice of acceleration as provided above, Maker hereby waives presentment, demand for payment, notice of dishonor, notice of protest, protest, and all other notices or demands in connection with the delivery, acceptance or performance of, or default under, this Note. Maker further agrees to pay all costs of collection, including reasonable attorneys' fees and court costs, incurred by Holder in the event this Note, or any portion hereof, is not paid when due, regardless of whether or not any legal proceeding is actually initiated against Maker in connection with this Note. This Note shall be governed by and construed in accordance with the laws of the State of Minnesota, without giving effect to such jurisdiction's principles regarding conflicts of laws.

IN WITNESS WHEREOF, Maker has executed and delivered this Note as of the date first written above.

MAKER:

By: _____
Name: _____
Title: _____

GUARANTY

The undersigned is a shareholder, member or partner of the above-named Maker. In consideration for Holder's advance of money to Maker pursuant to this Note, the undersigned, jointly and severally, hereby absolutely and unconditionally guarantees the prompt and full payment and performance of all of Maker's obligations under this Note. The undersigned agrees that the holder of this Note shall not be required to sue, obtain judgment against, or pursue any other remedy against Maker before enforcing this guaranty against the undersigned. The undersigned is not relying on the Holder of this Note to provide the undersigned with any information regarding Maker's performance or default hereunder, and the undersigned hereby waives any requirement that the Holder send the undersigned any notices regarding acceptance of this guaranty or Maker's performance or default of its obligations under the Note, with any notice given to Maker being deemed to be simultaneous notice given to the undersigned.

(Signature)

(Print Name)

1344315.2

NOVUS FRANCHISING, INC.

FRANCHISE DISCLOSURE DOCUMENT

~~EXHIBIT E-2: CO-BRANDED PROMISSORY NOTE AND GUARANTY~~

~~NOVUS FRANCHISING, INC.~~

~~FRANCHISE DISCLOSURE DOCUMENT~~ EXHIBIT E-3: SECURITY AGREEMENT

\$11,375.00

Savage, Minnesota

_____, 20____

**SECURED PROMISSORY NOTE
(CO-BRAND)**

FOR VALUE RECEIVED, _____, a _____
("Maker"), hereby promises to pay to the order of Novus Franchising, Inc., a Washington corporation, and its successors and assigns ("Holder"), at 12800 Highway 13 South, Suite 500, Savage, Minnesota 55378, or such other place as may be designated from time to time by Holder, the principal sum of Eleven Thousand Three Hundred Seventy-Five and No/100 Dollars (\$11,375.00), together with interest on the unpaid principle balance outstanding from time to time (the "Principal Balance"), commencing on the date hereof until this Note is fully paid, at eight percent (8.0%) per annum.

Beginning on the first day of the month following the date of this Note, and continuing on the first day of each month thereafter until the Principal Balance is paid in full, Maker shall make equal monthly payments of principal and interest of Five Hundred Fourteen and 50/100 Dollars (\$514.50). The entire Principal Balance, together with all unpaid interest accrued thereon, shall be fully due and payable twenty-four (24) months after the date of this Note, or on such earlier date as provided herein.

This Note may be prepaid in whole or in part at any time and from time to time without premium or penalty. Any payment hereunder shall be allocated first to payment of any costs and expenses incurred in collecting this Note or in enforcing any provision of the "Security Agreement" or the "Guaranty" (as such terms are hereinafter defined); second to the payment of interest then accrued on the Principal Balance; and the remainder, if any, shall be applied in reduction of the Principal Balance.

This Note is secured by that certain Security Agreement dated as of the date hereof by and between the parties hereto (the "Security Agreement"), and by a personal guaranty in favor of Holder and made a part hereof (the "Guaranty") (the person or persons executing the Guaranty shall hereinafter be referred to as the "Guarantor").

The occurrence of any of the following shall constitute an "Event of Default" hereunder:

- (a) the failure to make any payment required under this Note when due;
- (b) the insolvency of, appointment of receiver of all or part of the property of, assignment for the benefit of creditors by, or commencement of any proceeding under any bankruptcy or insolvency laws by or against, Maker or the Guarantor;
- (c) the breach by Maker or event of default by Maker under the Security Agreement;
- (d) the breach by Maker of that certain Affiliate License Agreement (the "License Agreement") dated the date hereof by and between Maker and Holder, such that Holder may terminate the License Agreement pursuant to its terms; or

(e) the death of the Guarantor or the breach by the Guarantor of the terms of the Guaranty.

After the occurrence of an Event of Default, Holder may, at its option by written notice to Maker, declare this Note to be immediately due and payable, and this Note shall be due and payable, together with all accrued interest thereon, without presentment, demand, protest or other notices of any kind.

No provision, and no breach of any provision, of this Note shall be deemed waived by Holder unless such waiver is in writing and signed by Holder, and no waiver by Holder shall operate as or be construed to be a waiver of any subsequent application of such provision or any subsequent breach of such provision.

Time is of the essence in this Note. Except for notice of acceleration as provided above, Maker hereby waives presentment, demand for payment, notice of dishonor, notice of protest, protest, and all other notices or demands in connection with the delivery, acceptance or performance of, or default under, this Note. Maker further agrees to pay all costs of collection, including reasonable attorneys' fees and court costs, incurred by Holder in the event this Note, or any portion hereof, is not paid when due, regardless of whether or not any legal proceeding is actually initiated against Maker in connection with this Note. This Note shall be governed by and construed in accordance with the laws of the State of Minnesota, without giving effect to such jurisdiction's principles regarding conflicts of laws.

IN WITNESS WHEREOF, Maker has executed and delivered this Note as of the date first written above.

MAKER:

By: _____
Name: _____
Title: _____

GUARANTY

The undersigned is a shareholder, member or partner of the above-named Maker. In consideration for Holder's advance of money to Maker pursuant to this Note, the undersigned hereby absolutely and unconditionally guarantees the prompt and full payment and performance of all of Maker's obligations under this Note. The undersigned agrees that the Holder of this Note shall not be required to sue, obtain judgment against, or pursue any other remedy against Maker before enforcing this guaranty against the undersigned. The undersigned is not relying on the Holder of this Note to provide the undersigned with any information regarding Maker's performance or default hereunder, and the undersigned hereby waives any requirement that the Holder send the undersigned any notices regarding acceptance of this guaranty or Maker's performance or default of its obligations under the Note, with any notice given to Maker being deemed to be simultaneous notice given to the undersigned.

(Signature)

(Print Name)

1344316.2

SECURITY AGREEMENT

DATE _____, 20____

DEBTOR		SECURED PARTY	NOVUS FRANCHISING, INC.
BUSINESS OR RESIDENCE ADDRESS		ADDRESS	12800 Highway 13 South Suite 500
CITY, STATE & ZIP CODE		CITY, STATE & ZIP CODE	Savage, MN 55378

1. **Security Interest and Collateral.** To secure the debt, liability or obligation of the Debtor to Secured Party evidenced by that certain Secured Promissory Note by Debtor in favor of Secured Party, executed as of the date hereof (herein referred to as the "Obligations"), Debtor hereby grants Secured Party a security interest (herein called the "Security Interest") in the following property (herein called the "Collateral") (check applicable boxes and complete information):

(A) **INVENTORY:**

☒ All inventory of Debtor, whether now owned or hereafter acquired and wherever located;

(B) **EQUIPMENT AND CONSUMER GOODS:**

☒ All equipment of Debtor, whether now owned or hereafter acquired and wherever located, including but not limited to all present and future machinery, vehicles, trailers, computers, computer software, furniture, fixtures, manufacturing equipment, farm machinery and equipment, fuel pumps and equipment, shop equipment, office and recordkeeping equipment, parts and tools, and the goods described in any equipment schedule or list herewith or hereafter furnished to Secured Party by Debtor (but no such schedule or list need be furnished in order for the security interest granted herein to be valid as to all of Debtor's equipment). Equipment subject to a purchase money security interest shall not be included as equipment of Debtor for purposes of this Agreement.

☐ The following goods or types of goods: _____

(C) **ACCOUNTS AND OTHER RIGHTS TO PAYMENT:**

☒ Each and every right of Debtor to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property by Debtor, out of a rendering of services by Debtor, out of a loan by Debtor, out of the overpayment of taxes or other liabilities of Debtor, or otherwise arises under any contract or agreement, whether such right to payment is or is not already earned by performance, and howsoever such right to payment may be evidenced, together with all other rights and interests (including all liens and security interests) which Debtor may at any time have by law or agreement against any account debtor or other obligor obligated to make any such payment or against any of the property of such account debtor or other obligor; all including but not limited to all present and future debt instruments, chattel papers, accounts, loans and obligations receivable and tax refunds.

☐ _____

(D) **GENERAL INTANGIBLES:**

☒ All general intangibles of Debtor, whether now owned or hereafter acquired, including, but not limited to, applications for patents, patents, copyrights, trademarks, service marks, trade secrets, good will, trade names, customer lists, supplier and vendor lists, software, permits and franchises, and the right to use Debtor's name.

together with all substitutions and replacements for and products of any of the foregoing property not constituting consumer goods and together with proceeds of any and all of the foregoing property and, in the case of all tangible Collateral, together with all accessions and, except in the case of consumer goods, together with (i) all accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed to or used in connection with any such goods, and (ii) all warehouse receipts, bills of lading and other documents of title now or hereafter covering such goods.

2. Representations, Warranties and Agreements. Debtor represents, warrants and agrees that:
- (a) Debtor is ☐ a partnership, ☐ a corporation, ☐ an individual, ☐ a limited liability company.
 - (b) The Collateral will be used primarily for business purposes.
 - (c) ☐ If any part or all of the tangible Collateral will become so related to particular real estate as to become a fixture, the real estate concerned is: _____ and the name of the record owner is: _____.
 - (d) Debtor's chief executive office is located at _____ or, if left blank, at the address of Debtor shown at the beginning of this Agreement.

THIS AGREEMENT CONTAINS ADDITIONAL PROVISIONS SET FORTH ON THE REVERSE SIDE
HEREOF, ALL OF WHICH ARE MADE A PART HEREOF.

NOVUS FRANCHISING, INC.

Debtor's Name

By: _____

By: _____

Title: _____

Title: _____

1344319.2

ADDITIONAL PROVISIONS

3. Additional Representations, Warranties and Agreements. Debtor represents, warrants and agrees that:

(a) Debtor has (or will have at the time Debtor acquires rights in Collateral hereafter arising) absolute title to each item of Collateral free and clear of all security interests, liens and encumbrances, except the Security Interest, and will defend the Collateral against all claims or demands of all persons other than Secured Party. Debtor will not sell or otherwise dispose of the Collateral or any interest therein without the prior written consent of Secured Party, except that, until the occurrence of an Event of Default and the revocation by Secured Party of Debtor's right to do so, Debtor may sell any inventory constituting Collateral to buyers in the ordinary course of business and use and consume any farm products constituting Collateral in Debtor's farming operations. If Debtor is a corporation, this Agreement has been duly and validly authorized by all necessary corporate action, and, if Debtor is a partnership, the partner(s) executing this Agreement has (have) authority to act for the partnership.

(b) Debtor will not permit any tangible Collateral to be located in any state (and, if county filing is required, in any county) in which a financing statement covering such Collateral is required to be, but has not in fact been, filed in order to perfect the Security Interest.

(c) Each right to payment and each instrument, document, chattel paper and other agreement constituting or evidencing Collateral is (or will be when arising or issued) the valid, genuine and legally enforceable obligation, subject to no defense, set-off or counterclaim (other than those arising in the ordinary course of business) of the account debtor or other obligor named therein or in Debtor's records pertaining thereto as being obligated to pay such obligation. Debtor will neither agree to any material modification or amendment nor agree to any cancellation of any such obligation without Secured Party's prior written consent, and will not subordinate any such right to payment to claims of other creditors of such account debtor or other obligor.

(d) Debtor will (i) keep all tangible Collateral in good repair, working order and condition, normal depreciation excepted, and will, from time to time, replace any worn, broken or defective parts thereof; (ii) promptly pay all taxes and other governmental charges levied or assessed upon or against any Collateral or upon or against the creation, perfection or continuance of the Security Interest; (iii) keep all Collateral free and clear of all security interests, liens and encumbrances except the Security Interest; (iv) at all reasonable times, permit Secured Party or its representatives to examine or inspect any Collateral, wherever located, and to examine, inspect and copy Debtor's books and records pertaining to the Collateral and its business and financial condition and to send and discuss with account debtors and other obligors requests for verifications of amounts owed to Debtor; (v) keep accurate and complete records pertaining to the Collateral and pertaining to Debtor's business and financial condition and submit to Secured Party such periodic reports concerning the Collateral and Debtor's business and financial condition as Secured Party may from time to time reasonably request; (vi) promptly notify Secured Party of any loss of or material damage to any Collateral or of any adverse change, known to Debtor, in the prospect of payment of any sums due on or under any instrument, chattel paper, or account constituting Collateral; (vii) if Secured Party at any time so requests (whether the request is made before or after the occurrence of an Event of Default), promptly deliver to Secured Party any instrument, document or chattel paper constituting Collateral, duly endorsed or assigned by Debtor; (viii) at all times keep all tangible Collateral insured against risks of fire (including so-called extended coverage), theft, collision (in case of Collateral consisting of motor vehicles) and such other risks and in such amounts as Secured Party may reasonably request, with any loss payable to Secured Party to the extent of its interest; (ix) from time to time execute such financing statements as Secured Party may reasonably require in order to perfect the Security Interest and, if any Collateral consists of a motor vehicle, execute such documents as may be required to have the Security Interest properly noted on a certificate of title; (x) pay when due or reimburse Secured Party on demand for all costs of collection of any of the Obligations and all other out-of-pocket expenses (including in each case all reasonable attorneys' fees) incurred by Secured Party in connection with the creation, perfection, satisfaction, protection, defense or enforcement of the Security Interest or the creation, continuance, protection, defense or enforcement of this Agreement or any or all of the Obligations, including expenses incurred in any litigation or bankruptcy or insolvency proceedings; (xi) execute, deliver or endorse any and all instruments, documents, assignments, security agreements and other agreements and writings which Secured Party may at any time reasonably request in order to secure, protect, perfect or enforce the Security Interest and Secured Party's rights under this Agreement; (xii) not use or keep any Collateral, or permit it to be used or kept, for any unlawful purpose or in violation of any federal, state or local law, statute or ordinance; and (xiii) not permit any tangible Collateral to become part of or to be affixed to any real property without first assuring to the reasonable satisfaction of Secured Party that the Security Interest will be prior and senior to any interest or lien then held or thereafter acquired by any mortgagee of such real property or the owner or purchaser of any interest therein. If Debtor at any time fails to perform or observe any agreement contained in this Section 3(d), and if such failure shall continue for a period of ten calendar days after Secured Party gives Debtor written notice thereof (or, in the case of the agreements contained in clauses (viii) and (ix) of this Section 3(d), immediately upon the occurrence of such failure, without notice or lapse of time), Secured Party may (but need not) perform or observe such agreement on behalf and in the name, place and stead of Debtor (or, at Secured Party's option, in Secured Party's own name) and may (but need not) take any and all other actions which Secured Party may reasonably deem necessary to cure or correct such failure (including, without limitation, the payment of taxes, the satisfaction of security interests, liens, or encumbrances, the performance of obligations under contracts or agreements with account debtors or other obligors, the procurement and maintenance of insurance, the execution of financing statements, the endorsement of instruments, and the procurement of repairs, transportation or insurance); and, except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, Debtor shall thereupon pay Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees) incurred by Secured Party in connection with or as a result of Secured Party's performing or observing such agreements or taking such actions, together with interest thereon from the date expended or incurred by Secured Party at the highest rate then applicable to any of the Obligations. To facilitate the performance or observance by Secured Party of such agreements of Debtor, Debtor hereby irrevocably appoints (which appointment is coupled with an interest) Secured Party, or its delegate, as the attorney-in-fact of Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of Debtor, any and all instruments, documents, financing statements, applications for insurance and other agreements and writings required to be obtained, executed, delivered or endorsed by Debtor under this Section 3 and Section 4.

4. **Lock Box, Collateral Account.** If Secured Party so requests at any time (whether before or after the occurrence of an Event of Default), Debtor will direct each of its account debtors to make payments due under the relevant account or chattel paper directly to a special lock box to be under the control of Secured Party. Debtor hereby authorizes and directs Secured Party to deposit into a special collateral account to be established and maintained with Secured Party all checks, drafts and cash payments received in said lock box. All deposits in said collateral account shall constitute proceeds of Collateral and shall not constitute payment of any Obligation. At its option, Secured Party may, at any time, apply finally collected funds on deposit in said collateral account to the payment of the Obligations in such order of application as Secured Party may determine, or permit Debtor to withdraw all or any part of the balance on deposit in said collateral account. If a collateral account is so established, Debtor agrees that it will promptly deliver to Secured Party, for deposit into said collateral account, all payments on accounts and chattel paper received by it. All such payments shall be delivered to Secured Party in the form received (except for Debtor's endorsement where necessary). Until so deposited, all payments on accounts and chattel paper received by Debtor shall be held in trust by Debtor for and as the property of Secured Party and shall not be commingled with any funds or property of Debtor.

5. **Account Verification and Collection Rights of Secured Party.** Secured Party shall have the right to verify any accounts in the name of Debtor or in its own name; and Debtor, whenever requested, shall furnish Secured Party with duplicate statements of the accounts, which statements may be mailed or delivered by Secured Party for that purpose. Notwithstanding Secured Party's rights under Section 4 with respect to any and all debt instruments, chattel papers, accounts, and other rights to payment constituting Collateral (including proceeds), Secured Party may at any time (both before and after the occurrence of an Event of Default) notify any account debtor, or any other person obligated to pay any amount due, that such chattel paper, account, or other right to payment has been assigned or transferred to Secured Party for security and shall be paid directly to Secured Party. If Secured Party so requests at any time, Debtor will so notify such account debtors and other obligors in writing and will indicate on all invoices to such account debtors or other obligors that the amount due is payable directly to Secured Party. At any time after Secured Party or Debtor gives such notice to an account debtor or other obligor, Secured Party may (but need not), in its own name or in Debtor's name, demand, sue for, collect or receive any money or property at any time payable or receivable on account of, or securing, any such chattel paper, account, or other right to payment, or grant any extension to, make any compromise or settlement with or otherwise agree to waive, modify, amend or change the obligations (including collateral obligations) of any such account debtor or other obligor.

6. **Assignment of Insurance.** Debtor hereby assigns to Secured Party, as additional security for the payment of the Obligations, any and all moneys (including but not limited to proceeds of insurance and refunds of unearned premiums) due or to become due under, and all other rights of Debtor under or with respect to, any and all policies of insurance covering the Collateral, and Debtor hereby directs the issuer of any such policy to pay any such moneys directly to Secured Party. Both before and after the occurrence of an Event of Default, Secured Party may (but need not), in its own name or in Debtor's name, execute and deliver proofs of claim, receive all such moneys, endorse checks and other instruments representing payment of such moneys, and adjust, litigate, compromise or release any claim against the issuer of any such policy.

7. **Events of Default.** Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (i) Debtor shall fail to pay any or all of the Obligations when due or (if payable on demand) on demand, shall fail to observe or perform any covenant or agreement herein binding on it or shall be in default under any loan or credit agreement between it and the Secured Party; (ii) any representation or warranty by Debtor set forth in this Agreement or made to Secured Party in any financial statements or reports submitted to Secured Party by or on behalf of Debtor shall prove materially false or misleading; (iii) a garnishment, summons or a writ of attachment shall be issued against or served upon the Secured Party for the attachment of any property of the Debtor or any indebtedness owing to Debtor; (iv) Debtor or any guarantor of any Obligation shall (A) be or become insolvent (however defined); or (B) voluntarily file, or have filed against it involuntarily, a petition under the United States Bankruptcy Code; or (C) if a corporation, partnership, or organization, be dissolved or liquidated or, if a partnership, suffer the death of a partner or, if any individual, die; or (D) go out of business; or (iv) Secured Party shall in good faith believe that the prospect of due and punctual payment of any or all of the Obligations is impaired.

8. Remedies upon Event of Default. Upon the occurrence of an Event of Default under Section 7 and at any time thereafter, Secured Party may exercise any one or more of the following rights and remedies; (i) declare all unmatured Obligations to be immediately due and payable, and the same shall thereupon be immediately due and payable, without presentment or other notice or demand; (ii) exercise and enforce any or all rights and remedies available upon default to a secured party under the Uniform Commercial Code, including but not limited to the right to take possession of any Collateral, proceeding without judicial process or by judicial process (without a prior hearing or notice thereof, which Debtor hereby expressly waives), and the right to sell, lease or otherwise dispose of any or all of the Collateral, and in connection therewith. Secured Party may require Debtor to make the Collateral available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties, and if notice to Debtor of any intended disposition of Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in Section 10) at least 10 calendar days prior to the date of intended disposition or other action; (iii) exercise or enforce any or all other rights or remedies available to Secured Party by law or agreement against the Collateral, against Debtor or against any other person or property. Upon the occurrence of the Event of Default described in Section 7(iv)(B), all Obligations shall be immediately due and payable without demand or notice thereof. Secured Party is hereby granted a nonexclusive, worldwide and royalty-free license to use or otherwise exploit all trademarks, trade secrets, franchises, copyrights and patents of Debtor that Secured Party deems necessary or appropriate to the disposition of any Collateral.

9. Other Personal Property. Unless at the time Secured Party takes possession of any tangible Collateral, or within seven days thereafter, Debtor gives written notice to Secured Party of the existence of any goods, papers or other property of Debtor, not affixed to or constituting a part of such Collateral, but which are located or found upon or within such Collateral, describing such property, Secured Party shall not be responsible or liable to Debtor for any action taken or omitted by or on behalf of Secured Party with respect to such property without actual knowledge of the existence of any such property or without actual knowledge that it was located or to be found upon or within such Collateral.

10. Miscellaneous. This Agreement does not contemplate a sale of accounts, or chattel paper. Debtor agrees that each provision whose box is checked is part of this Agreement. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by Secured Party. A waiver signed by Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of Secured Party's rights or remedies. All rights and remedies of Secured Party shall be cumulative and may be exercised singularly or concurrently, at Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Debtor shall be deemed sufficiently given if delivered or mailed by registered or certified mail, postage prepaid, to Debtor at its address set forth above or at the most recent address shown on Secured Party's records. Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if Secured Party exercises reasonable care in physically safekeeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person, and Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Debtor may have against prior parties, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective heirs, representatives, successors and assigns and shall take effect when signed by Debtor and delivered to Secured Party, and Debtor waives notice of Secured Party's acceptance hereof. Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by the Debtor shall have the same force and effects as the original for all purposes of a financing statement. This Agreement shall be governed by the laws of the State of Minnesota. Any dispute surrounding this Agreement, or any breach thereof, shall be exclusively venued in the state courts of Minnesota, located in Scott County, Minnesota. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations. If this Agreement is signed by more than one person as Debtor, the term "Debtor" shall refer to each of them separately and to both or all of them jointly; all such persons shall be bound both severally and jointly with the others; and the Obligations shall include all debts, liabilities and obligations owed to Secured Party by any Debtor solely or by both or several or all Debtors jointly or jointly and severally, and all property described in Section 1 shall be included as part of the Collateral, whether it is owned jointly by both or all Debtors or is owned in whole or in part by one (or more) of them.

NOVUS FRANCHISING, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT F: NOVUS INC. EQUIPMENT LEASE AGREEMENT

NOVUS FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT F: EQUIPMENT LEASE AGREEMENT

EQUIPMENT LEASE

DATE: _____

PARTIES AND ADDRESSES:

NOVUS INC. ("LESSOR")
12800 Highway 13 South, Suite 500
Savage, Minnesota 55378

_____ ("LESSEE")

1. AGREEMENT TO LEASE: LESSOR hereby leases to the LESSEE, and the LESSEE hereby leases from LESSOR, upon the terms and conditions set forth in this Lease, all of the items of personal property described below (collectively, the "Equipment"):

<u>Equipment</u>	<u>Serial Number</u>	<u>Pre-Paid Rent</u>	<u>Monthly Rent</u>	<u>Commencement Date</u>
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2. TERM: The term of this LEASE will begin for each unit of Equipment on the date entered above as the "Commencement Date", and will continue until expiration of the Franchise Agreement or Affiliated Auto Dealer License Agreement between LESSEE and Novus Franchising, Inc. (the "Franchise Agreement").

3. RENT:

A. The rent for each unit of Equipment will be as specified above. Pre-paid rent will be due in full on the date LESSEE signs this LEASE. Monthly rent will be paid in advance on the 10th day of each month at LESSOR'S office or at such other place as LESSOR designates in writing. If any payment of monthly rent is not paid when due, then the amount of the unpaid and past due rent will bear simple interest at a rate equal to the lesser of the maximum legal interest rate allowable in the state in which LESSEE'S business is located or one and one-half percent per month.

B. The rent specified for each unit of Equipment does not include any applicable sales, personal property, use and excise taxes, duties and other governmental charges, and all shipping, insurance, and maintenance costs, all of which must be paid by LESSEE.

C. Except as otherwise specifically provided in this Lease, this LEASE is noncancellable by LESSEE. The obligations to pay rent and all other charges and obligations are unconditional, and LESSEE will pay the same without counterclaim, setoff, or defense on any grounds, including without limitation the following:

1. Damage to or destruction of the Equipment from any cause;
2. Any restriction or interference with use of the Equipment;
3. Any defect in the condition, quality or fitness for use of the Equipment; and
4. Termination of the Franchise Agreement.

D. LESSEE authorizes LESSOR to file one or more financing statements to evidence its rights in the Equipment and under this LEASE, and agrees to execute, deliver and endorse any and all instruments, documents, assignments, security agreements and other agreements and writings which LESSOR may at any time reasonably request in order to secure, protect, perfect or enforce LESSOR'S rights under this LEASE.

4. DELIVERY AND ACCEPTANCE OF THE EQUIPMENT: LESSOR will deliver the Equipment to LESSEE at the address shown above within a reasonable time after this Lease is signed. LESSEE will inspect each unit of Equipment promptly upon delivery and will notify LESSOR of the acceptance or rejection of any piece within 10 days after delivery. Any piece not rejected within that time will be considered accepted. If LESSEE rejects any item of the Equipment for any reason other than the existence of defects or non-conformities caused entirely by LESSOR'S wrongful misconduct, LESSEE will indemnify and hold LESSOR harmless against any losses and expenses (including reasonable attorneys' fees) that LESSOR may suffer or incur in any action by or against the manufacturer or any other vendor of such unit directly or indirectly arising out of, relating to or pertaining to such rejection.

5. DISCLAIMER OF ALL WARRANTIES, LIMITATION OF DAMAGES:

A. THE EQUIPMENT IS LEASED "AS IS."

B. LESSOR MAKES NO WARRANTY OF ANY KIND, NATURE OR DESCRIPTION, EXPRESS OR IMPLIED, WITH RESPECT TO THE EQUIPMENT. LESSOR HEREBY DISCLAIMS THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THIS DISCLAIMER BY THE LESSOR IN NO WAY AFFECTS THE TERMS OF ANY MANUFACTURER, VENDOR OR OTHER THIRD PARTY WARRANTIES, IF ANY.

C. LESSOR WILL NOT BE LIABLE UNDER ANY CIRCUMSTANCES FOR LOSS OF LESSEE'S PROFITS, LOSS OF BUSINESS OR ANY OTHER DAMAGES, DIRECT OR INDIRECT, SPECIAL CONSEQUENTIAL OR OTHERWISE, CAUSED BY OR RESULTING DIRECTLY OR INDIRECTLY FROM LESSOR'S FAILURE TO COMPLY WITH THE TERMS AND PROVISIONS

OF THIS LEASE, OR RESULTING FROM ANY DEFECT OR NONCONFORMITY OF ANY UNIT OF EQUIPMENT OR ANY OTHER MATTER, FACT, EVENT OR OCCURRENCE RELATING TO THE OPERATION, PERFORMANCE OR CONDITION OF ANY SUCH UNIT.

D. LESSOR hereby assigns to LESSEE, for the term of this LEASE only, all manufacturer, vendor or other third party warranties and representations (if any), whether express or implied, which pertain to the Equipment, together with all rights, claims, actions and causes of action which arise from the Equipment.

6. REPRESENTATIONS AND WARRANTIES OF LESSOR: LESSOR represents and warrants that LESSOR has the lawful right to lease the Equipment to LESSEE in accordance with the terms of this Lease and that, so long as LESSEE is not in default under this Lease, LESSEE may use the Equipment without hindrance from LESSOR; provided, that LESSOR and its authorized representatives may inspect the Equipment at any reasonable time; and further provided LESSOR makes no warranties that the Equipment will be free from claims of patent infringement.

7. SUBORDINATION OF RIGHTS: Any sale, pledge or other transfer of this LEASE or LESSOR'S title to the Equipment will be subject and subordinate to the rights of LESSEE under this LEASE.

8. LESSEE'S OBLIGATIONS:

A. LESSEE will use the Equipment only in the ordinary course of business, will operate the Equipment in compliance with the manufacturer's requirements and all safety requirements and will not use, operate or store the Equipment improperly, carelessly, or in violation of this LEASE or any applicable law, rule, regulation or government order.

B. LESSEE will not sell, pledge or otherwise transfer the Equipment or permit to exist any lien or encumbrance of any kind on any of its rights under this LEASE or on the Equipment.

C. LESSEE will pay all license or registration fees, assessments, charges or taxes which now or hereafter may be imposed with regard to ownership, liens, possession or use of the Equipment.

D. LESSEE will maintain, service and repair the Equipment at its sole cost and expense (including all parts, supplies and labor).

E. LESSEE will furnish to LESSOR such information concerning the condition, use and operation of the Equipment as LESSOR may reasonably request and will permit any person designated by LESSOR to inspect the Equipment and any records maintained in connection with the Equipment or this Lease.

F. LESSEE will not modify the Equipment without LESSOR'S prior written consent. LESSEE will remove all such modifications upon termination of this LEASE or at such earlier time, if any, as LESSOR may demand removal if, in LESSOR'S reasonable opinion, such modifications interfere with the normal, satisfactory or safe operation of the Equipment.

G. LESSEE acknowledges that the Equipment and related materials, information and instructions contain proprietary and confidential information. Accordingly, LESSEE will keep in confidence, and not disclose to any person, all printed material, information and instructions concerning the Equipment

and will not permh anyone to inspect or use the Equipment other than authorized employees whose duties require such inspection or use.

H. LESSEE at all times will, at its own expense, maintain general liability, public liability, property damage liability, and all-risk hazard insurance with respect to the Equipment in form and amounts reasonably acceptable to LESSOR and naming both LESSOR and LESSEE as insureds. As between LESSON and LESSEE, all proceeds of such insurance will belong to LESSOR, subject to LESSOR'S obligations under Paragraph ~~44.11~~ 11 of this LEASE. The policies of insurance will not require that LESSOR'S recovery be reduced or impaired because an occurrence insured against is caused by an act or omission of LESSEE. All insurance will be on terms and for amounts satisfactory to LESSOR and will contain the insurer's agreement to provide at least 30 days' written notice to LESSOR prior to cancellation. LESSEE will deliver certificates of such insurance to LESSOR upon request.

9. REIMBURSEMENT OF LESSOR'S EXPENSE: If LESSEE breaches any of its obligations under Paragraph 3.B, 8.C, 8.H, or ~~44.11~~ 11 of this LEASE, or fails to pay any other charges or to incur any other costs required by this Lease, LESSOR may at its sole option undertake such obligations, make such payments, or incur such costs, and LESSEE will reimburse LESSOR for the same upon demand. Any such amounts not promptly reimbursed will be subject to interest charges at the rate specified in Paragraph 3.A of this LEASE.

10. OWNERSHIP: At all times during the term of this Lease, title to and ownership of all Equipment is and will remain in LESSOR. LESSOR may mark the equipment to indicate its interest in the Equipment.

11. LOSS OR DESTRUCTION OF EQUIPMENT: If any of the Equipment is (in LESSOR'S sole judgment) totally or partially lost, damaged or destroyed, LESSEE shall pay to LESSOR, a lost equipment fee for each piece of Equipment that is lost, stolen or destroyed. The amount of this fee (the "Lost Equipment Fee") shall be determined by LESSOR in accordance with its then current standards for replacement of Equipment. If this Lease has not terminated or expired, LESSOR shall ship comparable replacement Equipment to LESSEE upon receipt of the Lost Equipment Fee, which Equipment shall be leased to LESSEE for the remaining term of this Lease in accordance with the provisions hereof. If any of the Equipment is (in LESSOR's sole judgment) damaged, LESSEE shall promptly repair such Equipment; provided, however, that if LESSEE is unable to properly complete such repairs to LESSOR's satisfaction, LESSEE shall return the Equipment to LESSOR, at LESSEE's cost, LESSOR shall then use reasonable efforts to repair the Equipment, and if this Lease has not terminated or expired, LESSOR shall ship the repaired Equipment back to LESSEE, freight collect, for the remaining term of this Lease. If LESSOR determines (in LESSOR's sole judgment) that it is not practical to repair the Equipment, then LESSEE must pay to LESSOR the Lost Equipment Fee for each such piece of Equipment, and if this Lease has not terminated or expired, upon receipt of payment of the Lost Equipment Fee, LESSOR shall ship comparable replacement Equipment to LESSEE, which Equipment shall be leased to LESSEE for the remaining term of this Lease in accordance with the provisions hereof. In all cases, LESSEE shall be responsible for all freight charges incurred in connection with the shipping of replacement Equipment.

12. LIABILITY: LESSEE assumes all risk and liability arising from damage, possession, ownership and use of the Equipment, including injuries or death to persons or damage to property. Without demand, LESSEE will immediately notify LESSOR of each claim against LESSEE pertaining in any way to the Equipment.

13. INDEMNIFICATION: LESSEE agrees to indemnify and hold LESSOR harmless from and against any and all claims, losses, liabilities, damages or expenses, including legal costs and all attorneys' fees, that arise in whole or in part from or are related to injury to or death of any person or loss of or damage to any real or

personal property, caused directly or indirectly by the Equipment leased under this Lease or LESSEE'S possession, storage or use of the Equipment.

14. RETURN OF EQUIPMENT: Upon expiration or termination of this LEASE for any reason or in any manner whatsoever with respect to any unit(s) of Equipment, LESSEE at its own expense promptly will deliver all such unit(s) of Equipment to LESSOR at any location designated by LESSOR within the continental United States in good working order and in the same condition as delivered by LESSOR, normal wear and tear excepted. LESSEE will have no right to purchase or possess the Equipment following the expiration or termination of this LEASE.

15. EVENTS OF DEFAULT: Each of the following occurrences will be an Event of Default under this Lease:

- A. LESSEE fails to pay any rent or other sum when due, and such default continues for more than 10 days after LESSOR sends LESSEE written notice of such failure;
- B. LESSEE breaches or fails to observe any other covenant of this LEASE;
- C. LESSEE becomes insolvent; any petition under any bankruptcy law is filed by or against LESSEE; LESSEE makes any assignment for the benefit of creditors or similar transfer evidencing insolvency; or LESSEE suffers or permits the commencement of any form of insolvency or receivership proceeding; or any trustee or receiver is appointed for LESSEE'S business or assets or any part of its business or assets;
- D. LESSEE breaches or fails to observe any agreement between itself and NOVUS Franchising, Inc.;
- E. The Franchise Agreement is terminated by either party for any reason; or
- F. The Equipment becomes the subject of a security interest, lien, levy, attachment or execution by LESSEE'S creditors or any financial institution, except with LESSOR'S prior written approval.

16. REMEDIES: Upon the occurrence of an Event of Default, LESSOR may exercise any one or more of the following remedies, together with any remedies provided at law:

- A. LESSOR may, by written notice to LESSEE, terminate this LEASE in respect to any or all equipment effective as of the date of occurrence of the Event of Default. If LESSEE has elected to pay rent on a monthly basis, then upon termination, LESSEE will pay LESSOR, in addition to any other payments or charges then due LESSOR, a termination charge in the amount of the lesser of six (6) months rent for the Equipment to which the termination applies or the sum of the unmatured monthly rent for that Equipment. If LESSEE has elected to pre-pay the rent for the Equipment, LESSEE will not be entitled to any refund or adjustment of the rent paid, but will not be obligated to pay a termination charge to LESSOR.
- B. LESSOR or its agent may, without prejudice to any claim then accrued and without terminating this LEASE, repossess any of the Equipment and, at LESSEE'S expense, may enter upon and remove the Equipment from any premises of LESSEE or other premises where the Equipment is located. LESSOR will hold all repossessed Equipment free from any rights of LESSEE under this LEASE.

LESSOR may sell repossessed Equipment with or without notice to LESSEE. LESSEE will continue to pay LESSOR all monthly rents and other payments due and to become due under this Lease, together with all costs and expenses (including attorneys' fees) incurred by LESSOR in enforcing its rights, with due credit for any net income realized by LESSOR from the repossessed Equipment.

C. LESSOR may recover from LESSEE all damages (including lost profits) and costs (including reasonable attorneys' fees) which LESSOR may have suffered by reason of LESSEE'S breach of any provision of this LEASE.

17. MODIFICATION AND WAIVER: This LEASE may not be modified or amended without LESSOR'S written consent. LESSOR will not be held to have waived any provision of this Lease or any of its rights under this Lease, or to have agreed to any modification of this Lease, except by a written document signed by an authorized officer of LESSOR.

18. NO ELECTION OF REMEDIES: LESSOR may exercise any one or more remedies provided in this Lease or under applicable law at the same time as it exercises other such remedies, and its decision at any one time to pursue particular remedies will not be deemed an election not to pursue any other remedy at the same time or at any other time.

19. ASSIGNMENT AND TRANSFER: LESSEE will not assign its rights or duties under this LEASE, in whole or in part, without the prior written consent of LESSOR.

20. SEVERABILITY: If any provision of this LEASE is held to be invalid or illegal in any state, it will be severed from this Lease for purposes of enforcement in that state but will not invalidate any of the remaining provisions of this Lease.

21. APPLICABLE LAW: This LEASE has been signed in Minnesota, and will be governed by the laws of Minnesota.

IN WITNESS WHEREOF, the parties hereto have duly signed this LEASE as of the _____ day of _____, 20__.

NOVUS INC.

By _____
Its:

LESSEE:

By _____
Its:

NOVUS FRANCHISING, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G: SOFTWARE SUBLICENSE AGREEMENT

NOVUS FRANCHISING, INC. POINT OF SALE
SOFTWARE SUBLICENSE AGREEMENT

1. PARTIES.

This SOFTWARE SUBLICENSE AGREEMENT (this "Agreement") is entered into effective as of the _____ day of _____, 20__ (the "Effective Date"), by and between NOVUS FRANCHISING, INC., (the "Licensor"), a Washington corporation, and _____, a(n) _____ (the "Licensee").

2. SOFTWARE.

Licensor has the right and authority to sublicense to Licensee point of sale software that is licensed to Licensor by Quest Point-of-Sale ("Quest"), for use in connection with the operation of Licensee's franchised or licensed Novus® business ("Novus Business"). "Software" means all point of sale software products supplied to Licensee by Licensor in a machine-readable form (i.e. object code). "Software" will also include any documentation, instructions and other material related to the Software provided by Licensor in machine-readable or printed form. "Software" will include error corrections supplied by Licensor pursuant to this Agreement, and will include enhancements, upgrades and other modifications to the Software developed by Quest after the date of this Agreement and made available to Licensor under its license agreement with Quest. "Software" will not include any stand-alone modules developed for use in connection with the Software. Licensee will not be supplied with or have access to the source code for the Software.

3. FRANCHISE OR AFFILIATE AUTO DEALER LICENSE AGREEMENT.

Licensee has signed a Franchise or Affiliate Auto Dealer License Agreement with Licensor on or before the date of this Agreement (the "Franchise Agreement" or "Affiliate Auto Dealer License Agreement"). Under the Franchise Agreement or Affiliate Auto Dealer License Agreement, Licensee operates or will operate the Novus Business. Licensee desires to obtain a sublicense from Licensor to use the Software in connection with the operation of the Novus Business.

4. HARDWARE AND SOFTWARE.

Licensee has independently acquired, at its sole expense, prior to or concurrently with delivery of the Software by Licensor, computer hardware and peripheral equipment, operating system software, and other computer hardware and software to support the operation of the Software ("Equipment"). Licensee will, at its sole expense, acquire such other hardware or third-party software as may be required to support the Software used in connection with the operation of the Novus Business, and will pay all license or user fees payable with respect to any software required to support the operation of the Software. Licensee acknowledges that Licensee has received a list of designated Equipment approved by Licensor to support the Software. Licensee acknowledges that where Licensee does not acquire and use designated Equipment, Licensor may not provide Support Services (as defined in Paragraph 6(a)) to Licensee and the provisions of Section 6 will apply.

5. GRANT OF LICENSE.

Licensor grants to Licensee a non-exclusive and non-transferable sublicense to use one (1) copy of the Software on a single computer (one CPU) authorized by Licensor in connection with the operation of the Novus Business, as defined in the Franchise Agreement or Affiliate Auto Dealer License Agreement, subject to the terms and conditions of this Agreement. This Agreement is subject to the terms and conditions of the License Agreement between Licensor and Quest, and Licensee agrees to comply with all of those terms as if they were specifically set forth in this Agreement. Licensee is strictly prohibited from using the Software: (a) on more than one computer at the location of the Novus Business or at any location other than the Novus Business, (b) for any purpose other than supporting the operation of the Novus Business, or (c) after the expiration or termination of this Agreement.

6. LICENSE, MAINTENANCE AND OTHER FEES.

- (a) In consideration of the grant of this Agreement by Licensor to Licensee, Licensee will pay Licensor the initial fee set out in Schedule A (the "License Fee");
- (b) In consideration of the maintenance services ("Maintenance Services") and support services ("Support Services") provided by Licensor for the Software as defined under Sections 9 and 10 of this Agreement, Licensee will pay Licensor the maintenance fee ("Maintenance Fee") set out in Schedule A. The Maintenance Fee will be payable to Licensor by monthly payments in advance on or before the 10th day of each month throughout the entire term of this Agreement, beginning the second year of this Agreement. Licensee will pay all applicable sales, use, excise, and other taxes on the Software, except for taxes based on Licensor's net income. Licensee acknowledges that the Maintenance Fee may be increased by Licensor, acting reasonably, no more than once per calendar year during the term of this Agreement on 30 days prior written notice to Licensee. Where Licensee does not use designated Equipment to support the Software, Licensor will have no obligation to provide Support Services. Where no Support Services are provided, Licensee will pay a reduced fee for Maintenance Services only. Where Licensee does not use designated Equipment, Licensor may, at its sole discretion, offer and provide Support Services at an hourly fee or such other rate (with a minimum of one quarter hour) as may be set by Licensor from time to time; and
- (c) Licensor may release separate, optional modules and components for use with the Software. Licensor may charge a fee to Licensee for separate modules and components and require Licensee to enter into a separate agreement or an amendment of this Agreement.

7. INTEREST ON PAST DUE FEES.

Licensee will pay Licensor interest at the rate of one and one-half percent per month, or the maximum rate permitted by applicable law, whichever is less, on any unpaid Maintenance Fees for each calendar month or for part of a month that any payments remain unpaid.

8. TERM.

Unless sooner terminated in accordance with this Agreement, the term of this Agreement and the sublicense granted under this Agreement will begin on the **Effective Date** and continue, until the expiration or termination of the **Franchise Agreement** or **AffiliateAuto Dealer License Agreement**. If the **Franchise Agreement** or **AffiliateAuto Dealer License Agreement** expires and Licensee re-franchises or re-licenses the Novus Business, Licensee will sign Licensor's then-current form of Software Sublicense Agreement prior to such expiration, provided that the License Fee will be waived and Licensee will continue to pay any monthly maintenance fees or other monthly fees as provided therein, as of the commencement of that agreement.

9. MAINTENANCE AND SUPPORT.

- (a) Provided Licensee is not in arrears in respect of payment of Maintenance Fees, Licensor will continue to provide Licensee with Maintenance Services during the term of this Agreement. Maintenance Services will comprise of enhancements, upgrades and any modifications to the Software and will include bug fixes for the Software pursuant to this Agreement;
- (b) Provided Licensee: (i) uses designated Equipment to support the Software; (ii) has implemented all upgrades to the Software as required by Licensor; and (iii) Licensee is not in arrears in respect of payment of Maintenance Fees, Licensor will continue to provide Licensee with Support Services during the term of this Agreement. Support Services will comprise technical and implementation assistance and support by telephone, facsimile or electronic mail during normal business hours of Licensor, or at any other reasonably practical time. If Licensee fails at any time to comply with any one or more of conditions (i) to (iii) of this provision, Licensor may, at its sole discretion, terminate any or all of the Support Services. After the first three-month period from the date of acquisition of the Software, Support Services included in the Maintenance Fee are subject to a maximum of two hours of Support Services per month. Support Services for any additional hours (with a minimum of one quarter hour) will be provided at such hourly rate as is specified by Licensor from time to time; and
- (c) Licensor will have no obligation to provide or continue to provide Maintenance Services or Support Services for Software that is altered, modified, mishandled, destroyed or damaged by natural causes or the act of omission of Licensee, its employees or agents or any third party or by use other than is provided for in this Agreement and in any documentation and instructions provided by Licensor.

10. CORRECTION OF DEFECTS/BUG FIXES.

Licensor will have no responsibility to correct defects attributable to the Software or any other third party software or hardware. In the event that a defect causes the Software to become inoperable or if such defect is interfering with the Novus Business, Licensor will notify Quest and may, at its option, attempt to assist Licensee to correct such defect. In such an event, Licensee will provide reasonable access to any of its hardware or software, including all relevant

documentation and records, and will provide such reasonable assistance as Licensor or Quest may request, including sample output and other diagnostic information in order to assist in providing defect correction services. Licensee agrees to implement the latest upgrade to the Software if required by Licensor to correct any defect.

II. REPRODUCTION AND MODIFICATION OF SOFTWARE.

Licensee is permitted to reproduce the Software for use in connection with the Novus Business only as required for back-up, archival, maintenance or disaster relief purposes in connection with the operation of the Novus Business. Licensee will have not more than one back-up copy of the Software in its possession at any one time. Any copy of the Software, in whole or in part, will contain all of Quest's restrictive and proprietary notices as they appear on the copy of the Software provided by Licensor, and any other such notices as may be required by Licensor. Licensee will not duplicate, in whole or in part, any manuals or other documentation relating to the Software without Licensor's prior written consent. Licensee will not modify, change or add to the Software except with Licensor's prior written consent.

12. OWNERSHIP.

Licensee is granted only a sublicense to use the Software. Licensor is licensed to use and sublicense the Software to its franchisees for use in their Novus Businesses. Quest retains all title to and ownership of the Software, the media containing the Software and other rights therein, and reserves all rights in the patents, copyrights, trade secrets and other intellectual property in the Software. Licensee will not contest or challenge the title to the intellectual property rights or other rights in and to the Software either during or after termination or expiry of this Agreement. In the event that Licensor's license to use and sublicense the Software is terminated, expires or is modified for any reason, Licensor may require Licensee to immediately return the Software to Licensor at Licensor's request, and Licensor may terminate this Agreement without any further obligation to Licensee.

13. CONFIDENTIAL INFORMATION.

Licensee agrees that the Software is confidential to and the proprietary information of Quest, and is licensed to Licensor, and that its unauthorized use, sale, license, sublicense, distribution or disclosure could cause Quest and Licensor irreparable harm. Licensee agrees not to disclose the Software or any information relating to or disclosed in connection with the Software, or make such information available to anyone other than Licensee's employees or contractors unless Licensee has Licensor's prior written consent. Licensee will exercise no less than reasonable care to protect the Software and any such information from unauthorized disclosure, and will take reasonable steps to ensure that Licensee's employees and contractors do not disclose it in violation of this Agreement. Licensee will be liable to Quest and Licensor for damages if Licensee is negligent in protecting the Software and any confidential information in accordance with this Agreement. **LICENSEE WILL NOT DISASSEMBLE, DECOMPILE, OR REVERSE ENGINEER THE SOFTWARE UNDER ANY CIRCUMSTANCES.**

14. NO WARRANTIES.

LICENSEE ACKNOWLEDGES THAT THE SOFTWARE IS LICENSED TO LICENSOR AND THAT LICENSOR IS PROVIDING THE SOFTWARE DIRECTLY TO LICENSEE, AND THUS THE SOFTWARE IS PROVIDED "AS-IS," WITH ALL FAULTS, AND WITHOUT ANY WARRANTY WHATSOEVER. LICENSOR EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, GUARANTEES OR REMEDIES, WHETHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR PERFORMANCE. Licensor does not warrant that the Software will meet Licensee's requirements, operate without interruption, or be free of defects. The entire risk as to satisfactory quality, performance, impact and result of the Software is with Licensee.

15. LIMITATION OF LIABILITY.

UNDER NO CIRCUMSTANCES WILL LICENSOR BE LIABLE TO LICENSEE OR ANY THIRD PARTY FOR LOSS OF DATA, REPROCUREMENT COSTS, LOST REVENUE OR PROFITS, INTERRUPTION OF LICENSEE'S BUSINESS OPERATIONS, OR FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES WHATSOEVER EVEN IF THEY WERE FORESEEABLE OR LICENSEE HAS INFORMED LICENSOR OF SUCH POTENTIAL DAMAGES. Licensor's total liability to Licensee for damages under this Agreement for any reason will in no event exceed the total of the Maintenance Fees paid by Licensee.

16. INDEMNIFICATION.

Licensee agrees to indemnify, defend, and hold Licensor harmless from and against any liability, loss, claims, damages or otherwise, including without limitation reasonable attorneys fees, arising out of or relating to any violation by Licensee of any provision of this Agreement, the use by Licensee of the Software or any part thereof, or any claim by any third party that Licensee's use of the Software or part thereof has caused damage.

17. PROPRIETARY RIGHTS INDEMNITY.

If, in Quest's or Licensor's opinion, the Software or any component of the Software is likely to become the subject of any claim that the Software infringes the intellectual property rights of third parties, then Quest or Licensor, as applicable, will have the right, at its option and expense, to attempt to either secure the right to continue using the Software, or else replace or modify the Software so that it becomes non-infringing without materially affecting Licensee's ability to use it. If neither of these alternatives is available on terms which Quest and Licensor deems to be reasonable, then Licensee will return the Software to Licensor at Licensor's request, this Agreement will terminate and Licensor will have no further obligations to Licensee with regard to the Software. Further, if any such claim is brought, Quest and Licensor will have the sole authority (but not the obligation) to defend the case, and to control such defense and any related settlement negotiations.

18. ASSIGNMENT.

Licensee will not sublicense, transfer, rent or lease the Software except in connection with an assignment of the Novus Business pursuant to and in accordance with the terms and conditions of the Franchise Agreement or AffiliateAuto Dealer License Agreement, and only provided Licensee obtains Licensor's prior written consent. If Licensor gives Licensee authorization to transfer this Agreement and the license granted hereunder to use the Software, the assignee must agree to accept the terms and conditions of this Agreement or sign Licensor's then-current License Agreement, at Licensor's option, and Licensee must either destroy any copy of the Software Licensee does not transfer or return it to Licensor upon Licensor's request. Licensor will have the right to assign this Agreement or any portion of this Agreement, including without limitation, the rights to receive License Fee and Maintenance Fees, to a parent or affiliate company, a successor in interest, or other transferee upon notice to Licensee.

19. COMPLIANCE WITH LAWS.

Licensee will use the Software in compliance with, and will otherwise fully comply with, all applicable laws, ordinances, code, rules and regulations, whether federal, state or local, in connection with Licensee's performance of this Agreement.

20. DEFAULT.

Any of the following occurrences will constitute an "Event of Default" under this Agreement:

- (a) Licensee fails to pay when due the License Fee, any Maintenance Fee or other charge or fee payable to Licensor pursuant to this Agreement;
- (b) Licensee breaches or is in default of any other provision of this Agreement and such breach or default is not corrected within 30 days, or such other period of time specified by applicable law, after Licensor gives Licensee written notice of breach;
- (c) The Franchise Agreement or AffiliateAuto Dealer License Agreement is terminated for any reason or expires and is not renewed;
- (d) Licensee is in default of any of its obligations under the Franchise Agreement or AffiliateAuto Dealer License Agreement and fails to correct such default in accordance with the notice and cure provisions of the Franchise Agreement; or
- (e) In the event of the bankruptcy, insolvency or receivership of the Licensee or if Licensee ceases or threatens to cease to carry on business.

21. LICENSOR'S REMEDIES UPON DEFAULT.

Upon the occurrence of any Event of Default, Licensor will have the right to exercise any or all of the following rights and remedies:

- (a) Terminate this Agreement;

- (b) Declare all amounts owed to Licensor pursuant to this Agreement to be immediately due and payable;
- (c) Require that Licensee cease use of the Software and immediately return the Software to Licensor;
- (d) Cease performance of all of Licensor's obligations under this Agreement without liability to Licensee; and/or
- (e) Use computer hardware and/or computer software to render the Software unusable to Licensee.

22. SOLE AGREEMENT; MODIFICATION.

This Agreement is the sole agreement between the parties relating to the subject matter of this Agreement and supersedes all prior understandings, writings, proposals, representations or communications, oral or written, of either party. However, nothing in this or in any related agreement is intended to disclaim the representations made by Licensor in the Franchise Disclosure Document furnished to Licensee prior to its execution of this Agreement. This Agreement may be amended only by a writing executed by the party against whom enforcement is sought.

23. GOVERNING LAW.

This Agreement will be interpreted in accordance with the substantive laws of Minnesota without reference to the place of execution or performance.

24. COSTS AND ATTORNEYS' FEES.

Licensee will indemnify Licensor for all costs that Licensor incurs in any lawsuit or proceeding to enforce this Agreement including, without limitation, actual attorneys' fees, expert witness fees, costs of investigation, court costs, litigation expenses, travel and living expenses, and all other costs incurred by Licensor.

25. SEVERABILITY.

All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained in this Agreement and partially valid and enforceable provisions will be enforced to the extent valid and enforceable.

26. WAIVER; CONSENT.

Licensor and Licensee may, by written instrument signed by Licensor and Licensee, waive any obligation of or restriction upon the other under this Agreement. Acceptance by Licensor of any payment by Licensee and the failure, refusal or neglect of Licensor to exercise any right under this Agreement or to insist upon full compliance by Licensee of its obligations will not constitute a waiver by Licensor of any provision of this Agreement. Whenever this Agreement requires

Licensor's prior written consent, such consent may be withheld by Licensor for any reason whatever.

27. NO RIGHTS OF OFFSET.

Licensee will not, on grounds of the alleged non-performance by Licensor of any of its obligations or for any other reason, withhold payment of the License Fee or any Maintenance Fees or payments due Licensor pursuant to this Agreement or pursuant to any other contract, agreement or obligation. Licensee will not have the right to "offset" any liquidated or unliquidated amounts, damages or other funds allegedly due to Licensee by Licensor against any payments due to Licensor under this Agreement.

28. LICENSOR'S RIGHTS CUMULATIVE.

The rights of Licensor are cumulative and no exercise or enforcement by Licensor of any right or remedy will preclude the exercise or enforcement by Licensor of any other right or remedy or which Licensor is entitled by law to enforce.

29. JURISDICTION; VENUE.

All litigation, court hearings, actions or proceedings initiated by either party against the other to enforce or construe this Agreement or resolve any dispute arising under, or as a result of, or in connection with this Agreement, will be brought, venued and maintained exclusively in strict accordance with the laws of Minnesota. Both parties hereby submit to personal jurisdiction in Minnesota for the purposes of any litigation, court hearings, actions or proceedings.

30. BINDING AGREEMENT.

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

31. NOTICES.

All notices to Licensor or Licensee will be given in accordance with and subject to the corresponding applicable terms and conditions of the Franchise Agreement or AffiliateAuto Dealer License Agreement.

32. COUNTERPARTS.

This Agreement may be executed simultaneously in multiple counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

33. FORCE MAJEURE.

Licensor will not be liable to Licensee for any delay or failure in performance of Licensor's obligations under this Agreement whatsoever if caused by delays attributable to Acts of God, earthquakes, shortages of supplies, labor disputes, riots, acts of war or terrorism, fire and similar causes or any other circumstances beyond the reasonable control of Licensor.

34. SURVIVAL.

The definitions of this Agreement and the respective rights and obligations of the parties under Sections 12-19, and 21-34 shall survive any termination or expiration of this Agreement.

35. SUBSTITUTION OF SOFTWARE.

If Licensor, in its sole discretion, withdraws approval to its franchisees of the use of the Software, or Licensor loses the right to sublicense the Software, and if Licensor makes arrangements to obtain alternate software for license or sublicense to its franchisees, Licensor shall have the right to substitute such software for the Software, and the license of such substitute software shall be governed by the terms of this Agreement. If such substitution is made, then thereafter, all references in this Agreement to Quest shall be deemed references to the new licensor of such substitute software, and all reference herein to the "Software" shall be deemed references to the substitute software.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the day and year first above written.

"LICENSEE"

"LICENSOR"

NOVUS FRANCHISING, INC.

By: _____
Its: _____

By: _____
Its: _____

4361230-11361230.1

SCHEDULE A

FEES

License Fee (first year only):	\$1,000
Maintenance Fee (after first year):	\$80 per month

~~1361230.1~~ 1361230.1

NOVUS FRANCHISING, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT H: SPEEDY GLASS CERTIFIED DEALER ADDENDUM

SPEEDY GLASS CERTIFIED DEALER ADDENDUM

This Addendum (the "Addendum") is entered into as of the ____ day of _____, 20____, by and between NOVUS FRANCHISING, INC., a Washington corporation (the "Franchisor," "us," or "we"), and _____, a(n) _____ (the "Franchisee," "you," or "your").

INTRODUCTION

You and we have entered into a franchise/license agreement under which you are or will operate a Novus[®] glass business (the "Franchise Agreement"). You have requested the ability to also identify yourself as a "Speedy Glass Certified Dealer." Under a separate license agreement we have with the owner of the Speedy Glass[®] trademark, we have the ability to allow our franchisees to identify themselves as a Speedy Glass Certified Dealer in certain geographic markets. We have agreed to grant you that right, under the terms and conditions of this Addendum.

In recognition of this Introduction and in the consideration of the mutual promises set forth in this Agreement, you and we agree as follows:

1.) Use of Speedy Glass Trademark. We hereby license to you the Speedy Glass[®] trademark for the sole purpose of allowing you to identify your business as a "Speedy Glass Certified Dealer" in your advertising and marketing for the Business during the Speedy Addendum Term (defined below). You may use the Speedy Glass[®] mark only in the manner we specify. You may not use the name, "Speedy," or the trademark, Speedy Glass[®], in the principal name of your Business, or in any other manner. Except as set forth below, for all other purposes under the Franchise Agreement, the name "Speedy Glass" shall be considered one of the Marks that we license to you for use in the Business during the Speedy Addendum Term. Notwithstanding the foregoing, the Speedy Glass[®] mark will not be considered one of the Marks for purposes of Article 2.5 of the Franchise Agreement, and there is no restriction on the ability of us or any of our affiliates to license others to use that name in or outside of the APR.

2.) Speedy Glass Dealer Operations Manual. We will loan one copy to you of the Certified Speedy Dealer Manual after you successfully complete the Required Training Programs, or we will provide access to a Secure Website containing that manual. For all purposes, the term "Operations Manual," when used in the Franchise Agreement, shall include the Certified Speedy Dealer Manual during the Speedy Addendum Term.

3.) Waiver of windshields.com Fees. During the Speedy Addendum Term, if we require you to participate in the www.windshields.com referral program, we will either pay all participation fees that might be charged for your participation, or cause those fees to be waived.

4.) Additional Royalty Fees. In consideration of the execution of this Addendum, you hereby agree that the Royalty Fees you pay to us with respect to the sale of Glass Replacement Products and Services, will be increased to 10% of the Gross Revenues from the sale of all such Products and Services during the Speedy Addendum Term. You specifically

acknowledge that this provision applies to your Gross Revenues from the sale of all Glass Replacement Products and Services, whether or not the sale of such Products and Services is associated with the Speedy Glass® mark. Thus, all references to any percentage of Royalty Fees payable under the Franchise Agreement with respect to Glass Replacement Products and Services shall be deemed to be changed to "10%" during the Speedy Addendum Term. If at any time this Addendum terminates prior to the expiration or the termination of the Franchise Agreement in accordance with the terms and conditions set forth in Section 5 below, then on and after the date of termination of this Addendum, the Royalty Fees you pay to us under the Franchise Agreement with respect to the sale of Glass Replacement Products and Services following the date of such termination will be 8% of the Gross Revenues from the sale of all Glass Replacement Products and Services. Thus, on and after the date of termination of this Addendum in accordance with Section 5 herein and during the remaining term of the Franchise Agreement, all references to any percentage of Royalty Fees payable under the Franchise Agreement with respect to Glass Replacement Products and Services shall be deemed to be changed to "8%."

5.) Term of Addendum. This Addendum will commence on the date hereof and will continue co-terminously with the Franchise Agreement, unless earlier terminated as provided herein (the "Speedy Addendum Term"). If at any time after the second anniversary of the date of this Addendum, you provide written notice to us at least ninety (90) days but no more than one hundred eighty (180) days prior to any anniversary of the date of this Addendum, that you have not received a reasonable level of business related to the use of the Speedy Glass® mark and that you desire to terminate this Addendum, we will consider your request.

(a) You must submit documentation to support your request to terminate this Addendum with your notice, and also provide such supporting documentation as we may thereafter request. Within thirty (30) days after you provide notice to us and your submission of all supporting documentation that we request, we will provide you with our determination as to whether you may terminate this Addendum, which will be in our sole discretion.

(b) If we notify you that we have granted our approval for termination of this Addendum in accordance with this Section 5, the termination will become effective on the next occurring anniversary of the date of this Addendum following the date of our notice.

(c) The termination of this Addendum will in no way affect the validity of the Franchise Agreement, and the Franchise Agreement will continue until it expires or terminates in accordance with its terms.

Notwithstanding any other provision in this paragraph, this Addendum will automatically terminate immediately upon the expiration of the Franchise Agreement or the termination of the Franchise Agreement for any reason.

6.) Obligations on Termination or Expiration. Upon the termination or expiration of this Addendum for any reason, you will not have any further right to use the Speedy Glass® mark, and you will immediately cease using the Speedy Glass® mark and take all other actions relating to the Speedy Glass® mark as we may request. You will also return to us by first class

prepaid United States mail the Certified Speedy Dealer Manual, and all advertising materials, signage, and other printed materials including the Speedy Glass® mark that we may request. Nothing herein is intended to change or modify any of the post-termination provisions set forth in the Franchise Agreement.

7.) **Ratification.** Except as specifically amended by this Addendum, each of us hereby ratify and reaffirm our respective obligations under the Franchise Agreement. Unless otherwise defined herein, all terms used in this Addendum will have the same meaning as provided for in the Franchise Agreement.

IN WITNESS WHEREOF, you and we have each signed this Addendum effective as of the day and year appearing on the first page.

In the Presence of

**“FRANCHISOR”
NOVUS FRANCHISING, INC.**

By: _____
Its: _____

In the Presence of:

“FRANCHISEE”

Legal Name of Franchisee

By: _____

Print Name

Its: _____

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NOVUS FRANCHISING, INC.

FRANCHISE DISCLOSURE DOCUMENT

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OPERATIONS MANUAL

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SECTION 1 INTRODUCTION

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TECHNICAL HANDBOOK

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CERTIFIED SPEEDY DEALER MANUAL

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NOVUS FRANCHISING, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT J: ASSIGNMENT OF FRANCHISE AGREEMENT

ASSIGNMENT OF FRANCHISE AGREEMENT

THIS ASSIGNMENT OF FRANCHISE AGREEMENT (this "Agreement"), is made and entered into effective this ____ day of _____, 20____ (the "Effective Date") by and between NOVUS Franchising, Inc., a Washington corporation ("Franchisor"), _____ ("Assignor"), and _____ ("Assignee").

WITNESSETH:

WHEREAS, Assignor and Franchisor are parties to a <TYPE> Franchise Agreement effective on _____ (the "Franchise Agreement"), authorizing Assignor to operate a NOVUS <TYPE> business in _____; and

WHEREAS, Assignor desires to assign all of its rights, title and interest in and to the Franchise Agreement to Assignee; and

WHEREAS, the assignment of the Franchise Agreement will be effective on the Effective Date set forth above;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Agreement and for other good and valuable consideration, the parties hereby contract as follows:

ARTICLE 1. ASSIGNMENT OF FRANCHISE AGREEMENT

Assignor hereby sells, assigns and transfers to Assignee all of Assignor's rights, title and interest in and to the Franchise Agreement. Assignee hereby accepts this assignment of the Franchise Agreement and agrees to fully and unequivocally comply with all of the obligations, terms and conditions of the Franchise Agreement from and after the Effective Date. The Assignee acknowledges that it has received a copy of the Franchise Agreement and is familiar with the obligations, agreements and covenants contained therein. Assignor represents to Assignee that no default exists under the terms of the Franchise Agreement as of the Effective Date. The assignment of the Franchise Agreement by Assignor to Assignee is made without any representations or warranties by or from the Franchisor, express or implied, of any nature whatsoever.

ARTICLE 2. ASSIGNOR'S COMPLIANCE WITH FRANCHISE AGREEMENT TERMS

Assignor and all guarantors of the obligation of Assignor will continue to be subject to all provisions of the Franchise Agreement relating to the post-termination obligations of Assignor including, without limitation, the covenant not to compete provisions and the confidentiality provisions of the Franchise Agreement.

ARTICLE 3. RELEASES

(A) Release of Franchisor by Assignor.

For and in consideration of the consent by Franchisor to the assignment of the Franchise Agreement by Assignor to Assignee, Assignor and its Affiliates hereby release and forever discharge the Franchisor and its Affiliates from (i) any and all Claims that Assignor and its Affiliates have had in the past, now have, or may in the future have against the Franchisor and its Affiliates relating to, arising out of, or as a result of the Franchise Agreement and (ii) any and all Claims that Assignor and its Affiliates have had in the past or now may have against Franchisor and its Affiliates relating to, arising out of or as a result of any other oral or written agreements that were entered into between Assignor and Franchisor prior to the Effective Date of this Agreement.

(B) Release of Franchisor by Assignee.

For and in consideration of the consent by the Franchisor to the assignment of the Franchise Agreement by Assignor to Assignee, Assignee and its Affiliates hereby release and forever discharge Franchisor and its Affiliates from (i) any and all Claims that Assignee and its Affiliates have had in the past, now have, or may in the future have against Franchisor and its Affiliates relating to, arising out of or as a result of this Agreement, and (ii) any and all Claims occurring prior to the Effective Date of this Agreement relating to, arising out of, or as a result of the Franchise Agreement and any other written or oral agreements that were entered into between Assignee and Franchisor prior to the Effective Date of this Agreement.

(C) Representations of Assignor and Assignee Concerning Release.

Assignor and Assignee hereby represent and warrant that they have not assigned any of the Claims, in whole or in part, to any other party. Assignor and Assignee shall indemnify Franchisor against any assertion by any party that any of the Claims have been assigned to such party.

[ADDITIONAL PROVISIONS FOR CALIFORNIA FRANCHISEES ONLY]

(D) Waiver of Civil Code Section 1542.

This Release is intended by Assignor and Assignee to be a full and unconditional general release and to constitute a full, unconditional and final accord and satisfaction, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of Assignor or Assignee against Franchisor and its Affiliates, regardless whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. Assignor and Assignee hereby expressly, voluntarily and knowingly waive, relinquish and abandon each and every right, protection and benefit to which Assignor and Assignee would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to Section 1542, whether now or hereinafter existing under the laws of California, or any other applicable federal and state law with jurisdiction over the parties' relationship. Assignor and Assignee acknowledge that Section 1542 of the Civil Code of the State of California provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

In making this voluntary express waiver, Assignor and Assignee each acknowledge that claims or facts in addition to or different from those which are now known or believed to exist with respect to the matters mentioned herein may later be discovered and that it is the intention of Assignor and Assignee to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. Franchisor acknowledges and agrees that the foregoing waiver of Section 1542 is an essential, integral and material term of this Release.

**ARTICLE 4.
DEFINITIONS**

For purposes of this Agreement:

(1) “Assignor and its Affiliates” will mean Assignor and its past and present affiliates, owners, officers, directors, shareholders, members, partners, employees, agents, parent company or other entity, wholly and partially owned subsidiaries and other entities, accountants, insurers, indemnitors, attorneys, heirs, representatives, predecessors, successors and assigns, individually, jointly and severally, and as officers, directors, and/or shareholders of any corporation or other entity;

(2) “Assignee and its Affiliates” will mean the Assignee and its past and present affiliates, owners, officers, directors, shareholders, members, partners, employees, agents, parent company or other entity, wholly and partially owned subsidiaries and other entities, accountants, insurers, indemnitors, attorneys, heirs, representatives, predecessors, successors and assigns, individually, jointly and severally, and as officers, directors, and/or shareholders of any corporation or other entity;

(3) “Franchisor and its Affiliates” will mean NOVUS Franchising, Inc. and its past and present affiliates, owners, officers, directors, shareholders, members, partners, employees, agents, parent company or other entity, wholly and partially owned subsidiaries and other entities, accountants, insurers, indemnitors, attorneys, heirs, representatives, predecessors, successors and assigns, individually, jointly and severally, and as officers, Directors, and/or shareholders of any corporation or other entity;

(4) “Claims” will mean any and all causes of action, court actions, personal guaranties (other than those personal guaranties required under this Agreement), suits, claims, demands, damages, judgments, losses, penalties, expenses (including, but not limited to, attorneys' fees), costs, settlements and liabilities whatsoever, whether known or

unknown, liquidated or unliquidated, fixed, contingent, direct or indirect, whether at law or in equity for, upon or by reason of any matter, fact or thing whatsoever from the beginning of time through and including the Effective Date including, but not limited to, (i) any alleged violations of the Federal Trade Commission's Trade Regulation Rule relating to Disclosure Requirements and Prohibitions Concerning Franchising, (ii) state "mini" or "baby" FTC laws, (iii) federal and state deceptive or unfair trade practices laws, (iv) state franchise laws, (v) statutory and common law claims for fraud or misrepresentation, (vi) federal and state securities laws, (vii) any and all other local, municipal, state, federal or other laws, statutes, rules or regulations, and (viii) any alleged breaches or violations of the Franchise Agreement or any other written or oral contract between the parties.

ARTICLE 5. CONSENT TO ASSIGNMENT BY FRANCHISOR

(A) Conditions Precedent to Franchisor Consent.

As a condition to the effectiveness of any agreements by Franchisor contained herein, including Franchisor's consent to the assignment of the Franchise Agreement by Assignor to Assignee, all owners, members, partners or shareholders of Assignee shall deliver to Franchisor a Personal Guaranty, in form prescribed by Franchisor, personally guaranteeing all of the obligations of Assignee to Franchisor, and personally agreeing to be bound by the terms and conditions of the Franchise Agreement. In addition, this consent shall not be effective unless and until Assignor has paid to Franchisee the transfer fee required to be paid to Franchisor under the Franchise Agreement.

(B) Consent Terms.

Subject to the foregoing, Franchisor hereby consents to the assignment of the Franchise Agreement by Assignor to Assignee on the terms and conditions set forth in this Agreement, including the following:

- (1) This consent does not in any way derogate from the rights of Franchisor under the Franchise Agreement nor operate to release Assignor from the non-observance or non-performance of the terms, covenants and conditions in the Franchise Agreement on the part of Assignor therein to be observed and performed and notwithstanding the within assignment, Assignor shall remain liable for the observance and performance of the terms, covenants and conditions contained in the Franchise Agreement.
- (2) This consent does not constitute a waiver of the necessity for consent to any further assignment of the Franchise Agreement which must be completed in accordance with the terms of the Franchise Agreement. If Assignee proposes to effect a further assignment of the Franchise Agreement, the terms of the Franchise Agreement with respect to an assignment shall apply to any such further assignment.
- (3) By giving its consent pursuant to this Agreement, Franchisor does not hereby acknowledge or approve of any of the terms of this assignment as between Assignor and Assignee, except for the assignment of the Franchise Agreement themselves.
- (4) Assignor and Assignee shall, at their expense, promptly execute such further assurances with respect to the Franchise Agreement as Franchisor reasonably require from time to time.
- (5) Assignor shall remain contractually bound by the post-termination obligations set out in the Franchise Agreement, and Assignor hereby agrees to abide by all of the post-term covenants, terms and conditions contained in the Franchise Agreement, including but not limited to the following:
 - i. upon the Effective Date, Assignor shall cease all use of the name "Novus®", the other Marks and/or the Business System (as defined in the Franchise Agreement) in connection with Assignor's business operations, including but not limited to, advertising, marketing and promotional materials, including promotional materials on the World Wide Web;
 - ii. within five (5) days after the Effective Date, Assignor shall:
 - (a) submit to Franchisor all Gross Revenues Reports for all periods through the Effective Date that have not previously been provided;
 - (b) pay all Royalty Fees (as defined in the Franchise Agreement) and all other amounts due and owing to the Franchisor under the Franchise Agreement. Assignor

acknowledges that notwithstanding the assignment of the Franchise Agreement, Assignor is still liable for any amounts owed to Franchisor through the Effective Date;

- (c) return to Franchisor by first class prepaid United States mail all glass repair and other equipment leased from the Franchisor;
 - (d) give to Assignee the Operations Manual, all advertising materials, signage, and other printed materials pertaining to the Business System;
 - (e) provide Assignee and the Franchisor with a copy of all the Assignor's customer records;
 - (f) inform Assignor's suppliers in writing of the assignment of the Franchise Agreement and the name of Assignee and provide copies of all such writings to Franchisor; and
 - (g) take all necessary steps to transfer Assignor's business telephone number(s) and telephone listings in the Yellow Pages or other telephone directories to the Assignee;
- iv. Assignor shall honor all confidentiality and post-term non-compete and nonsolicitation provisions contained in the Franchise Agreement.

ARTICLE 6. MISCELLANEOUS

This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. A party's transmission by telecopier or electronic mail transmission of a scanned copy of this Agreement bearing that party's signature shall constitute an effective execution and delivery of the Agreement by that party to the party receiving the transmission

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Agreement, understands and consents to be bound by all of its terms, and agrees it shall be effective as of the date first set forth above.

"Assignor"

NOVUS Franchising, Inc.

Name of Assignor

By: _____

Its President _____

"Assignee"

Name of Assignee

By: _____

NOVUS FRANCHISING, INC.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT K: FRANCHISEE/LICENSEE DISCLOSURE QUESTIONNAIRE

FRANCHISEE/LICENSEE DISCLOSURE QUESTIONNAIRE

As you know, Novus Franchising, Inc. ("we" or "us") and you are preparing to enter into a Franchise Agreement or Affiliate Auto Dealer License Agreement under which you will have the right to operate a franchised or licensed Novus® business (the "Franchise"). The purpose of this Questionnaire is to be certain you have received and reviewed the franchise and license documents, and confirm that no statements or promises were made to you that we have not authorized. Please review each of the following questions carefully and provide honest responses to each question.

1. Have you received and personally reviewed our Franchise Disclosure Document (the "Disclosure Document") provided to you?
Yes _____ No _____
2. Did you sign a receipt for the Disclosure Document indicating the date you received it?
Yes _____ No _____
3. Do you understand all of the information contained in the Disclosure Document?
Yes _____ No _____
4. Have you received and personally reviewed the Franchise Agreement (or, if you are considering a co-brand license, the Affiliate Auto Dealer License Agreement) and each exhibit or schedule attached to it?
Yes _____ No _____
5. Please insert the date on which you received a copy of the Franchise Agreement (or, if you are considering a co-brand license, the Affiliate Auto Dealer License Agreement) with all material blanks completed:
_____, 20 _____
6. Do you understand the terms of and your obligations under the Franchise Agreement (or, if you are considering a co-brand license, the Affiliate Auto Dealer License Agreement) ?
Yes _____ No _____
7. Have you discussed the benefits and risks of operating a Novus® business with an attorney, accountant or other professional advisor?
Yes _____ No _____
8. Do you understand that your success or failure in a Novus® business will depend in large part upon your skills and abilities, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
Yes _____ No _____
9. Has any employee or other person speaking on our behalf made any statement or promise concerning the actual, average or projected revenues or profits for your Novus® business, or for any Novus® business, or the likelihood of success that you should or might expect to achieve from operating a Novus® business that is contrary to, or different from, the information contained in the Disclosure Document?
Yes _____ No _____

10. Has any employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in the Franchise Agreement or AffiliateAuto Dealer License Agreement?

Yes _____ No _____

11. If you answered "Yes" to either of questions 10 or 11, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below). If you have answered "No" to each of those questions, please leave the following lines blank.

You understand that your answers are important to us and that we will rely on them.

For Maryland franchisees or licensees, no representations in this Questionnaire are intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

APPLICANT

APPLICANT

Dated: _____, 20____

Dated: _____, 20____

GP:1671457v2

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NOVUS FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT L: STATE AGENCY EXHIBIT

STATE AGENCY EXHIBIT
TO FRANCHISE DISCLOSURE DOCUMENT

CALIFORNIA

California Corporations Commissioner
Department of Corporations
320 West 4th Street, Suite 750
Los Angeles, California 90013-2244
(213) 576-7500 / Toll Free: 1-866-275-2677

FLORIDA

Florida Department of Agricultural & Consumer
Services
Division of Consumer Services
407 South Calhoun Street
Tallahassee, Florida 32399-0800
(850) 488-2221

HAWAII

Hawaii Commissioner of Securities of
Department of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Suite 333
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

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

INDIANA

Administrator:
Securities Commissioner
Indiana Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Agent:

Indiana Secretary of State
201 Statehouse
Indianapolis, Indiana 46204

MARYLAND

Administrator:

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

Agent for Service:

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202

MICHIGAN

Michigan Attorney General
Consumer Protection Division,
Attention: Franchise
525 W. Ottawa Street
Lansing, Michigan 48909
(517) 373-7117

MINNESOTA

Minnesota Commissioner of Commerce
Commissioner of Securities
85 - 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
(651) 296-6328

NEBRASKA

Nebraska Department of Banking and Finance
1230 "O" Street, Suite 400
Lincoln, Nebraska 68508
(402) 471-3445

NEW YORK

Administrator:

New York Department of Law
Bureau of Investor Protection and Securities
120 Broadway
New York, New York 10271
(212) 416-8000

Agent:

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

NORTH DAKOTA

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

OREGON

Oregon Corporation Division
255 Capitol Street NE, Suite 151
Salem, Oregon 97310
(503) 986-2200

RHODE ISLAND

Rhode Island Director of Department of
Business Regulation
Securities Section
233 Richmond Street
Providence, Rhode Island 02903
(401) 222-3048

SOUTH DAKOTA

South Dakota Director of Division of Securities
Department of Revenue and Regulation
445 East Capitol Avenue
Pierre, South Dakota 57501-3185
(605) 773-4823

TEXAS

Texas Secretary of State
Business Opportunities Section
P.O. Box 13563
Austin, Texas 78711
(512) 475-1769

UTAH

Utah Department of Commerce
Division of Consumer Protection
160 East 300 South
P.O. Box 45804
Salt Lake City, Utah 84145-0804
(801) 530-6601

VIRGINIA

Administrator:

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

Agent for Service:

Clerk, Virginia State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

Washington Director of Financial Institutions
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

WISCONSIN

Administrator, Wisconsin Division of
Securities
Department of Financial Institutions
Franchise Investment Division
345 W. Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-8557

RECEIPT
NOVUS FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT

This Disclosure Document summarizes certain provisions of the franchise agreement and affiliate auto dealer license agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Novus Franchising, Inc. offers you a franchise or license, it must provide this Disclosure Document to you fourteen calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Washington and Michigan require that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Novus Franchising, 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 state agency listed in Exhibit L.

The franchisor is Novus Franchising, Inc., located at 12800 Highway 13 South, Suite 500, Savage, Minnesota 55378. Its telephone number is (952) 944-8000.

Our authorized agents to receive service of process on our behalf in the different states are indicated in Exhibit L.

The name, principal business address, and telephone number of the franchise sellers offering this franchise are _____.

I have received a Franchise Disclosure Document with an issuance date of March 29, 2011, as amended June 24, 2011. (See page entitled "State Specific Effective Dates" for state specific effective dates.) This Franchise Disclosure Document includes the following exhibits: Exhibit A-I - State Specific Addenda; Exhibit A - Financial Statements; Exhibit B - List of Operational Franchisees; Exhibit C - List of Discontinued Franchisees; Exhibit D - Novus® Franchise Agreements and Affiliate Auto Dealer License Agreement; Exhibit E - Financing Documents; Exhibit F - Novus Inc. Equipment Lease Agreement; Exhibit G - Software Sublicense Agreement; Exhibit H - Speedy Glass Certified Dealer Addendum; Exhibit I - Manual Tables of Contents; Exhibit J - Assignment of Franchise Agreement; Exhibit K - Franchisee/Licensee Disclosure Questionnaire; and Exhibit L - State Agency Exhibit.

Please indicate the date on which you received this Disclosure Document, then sign and print your name below, indicate the date you sign this receipt, and promptly return one completed copy of the Receipt to Novus Franchising, Inc., at 12800 Highway 13 South, Suite 500, Savage, Minnesota 55378, telephone: (952) 944-8000. The second copy of the Receipt is for your records.

Date Disclosure Document Received:

Prospective Franchisee's Signature

Date Receipt Signed:

Print Name

Address: _____

RECEIPT
NOVUS FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT

This Disclosure Document summarizes certain provisions of the franchise agreement and affiliate auto dealer license agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Novus Franchising, Inc. offers you a franchise or license, it must provide this Disclosure Document to you fourteen calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this Disclosure Document at the **earlier of the first** personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Washington and Michigan require that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment or any consideration, whichever occurs **first**.

If Novus Franchising, 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 state agency listed in Exhibit L.

The franchisor is Novus Franchising, Inc., located at 12800 Highway 13 South, Suite 500, Savage, Minnesota 55378. Its telephone number is (952) 944-8000.

Our authorized agents to receive service of process on our behalf in the different states are indicated in Exhibit L.

The name, principal business address, and telephone number of the franchise sellers offering this franchise are

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