

EXHIBIT C

AERO-COLOURS, INC. FRANCHISE OFFERING CIRCULAR

FORM LOAN AGREEMENT

EXHIBIT C

SECURED PROMISSORY NOTE

\$[Amount] [Date]

Minneapolis, Minnesota

Agreement

FOR VALUE RECEIVED, I, the undersigned Borrower, promise to pay to the order of Aero-Colours, Inc. (the "Lender"), at its office at Minneapolis, Minnesota, or at such other location as Lender may designate, the sum of _____ (\$_____) Dollars (the "Principal"), together with interest thereon at the rate of ____ (___%) percent per annum (computed on the basis of a 360-day year). The principal and the aggregate of the interest thereon shall each be payable in _____ (___) equal monthly installments of \$_____, the first of which shall be due on _____, and the others on the first of each subsequent month, plus a final payment of the total outstanding balance, including accrued interest, which shall be made on or before _____.

Late Charges

Borrower agrees that in the event that any of the installment payments provided for herein is at least ten (10) days late, it would be impracticable or extremely difficult to fix the actual damages resulting to the Lender. Therefore, Borrower agrees to pay to the Lender the sum of \$_____ upon any such default, as liquidated damages and not as a penalty, to compensate the Lender for the expenses of administering the late payment. Only one such late charge shall be collected on any installment regardless of the period during which it remains in default. The assessment of late charges shall not reduce or affect the amount of interest or principal owed on this loan.

Acceleration

Lender may, at its option, accelerate the maturity of all installments to become due hereunder upon the occurrence of any of the following events affecting any of the parties to this Note by making an entry to that effect on its records, in which event the unpaid balance of this Note (including accrued interest and any unpaid late charges or costs of collection) shall become immediately due and payable without demand or notice:

- A. Failure to make any installment payment as it falls due;
- B. Insolvency of Borrower or any Guarantor or commission of any act of insolvency;
- C. Filing by Borrower or any Guarantor of a petition in bankruptcy, either voluntary or involuntary;
- D. Institution by Borrower or any Guarantor of any proceeding under any

bankruptcy or insolvency laws relating to the relief of debtors;

- E. Entry of judgment against the Borrower or any Guarantor;
- F. Appointment of a receiver for assets of the Borrower or any Guarantor;
- G. Issuance of a writ of attachment, order of garnishment, order or subpoena in supplementary proceedings, execution or other similar process against the Borrower or any Guarantor;
- H. Dissolution or death of the Borrower;
- I. Assignment, mortgage, or pledge of accounts receivable or other property of the Borrower without the written consent of the Lender;
- J. Breach by Borrower of any Security Agreement executed contemporaneously herewith;
- K. Termination of the Franchise Agreement between the Borrower and the Lender; or
- L. Revocation of any Guarantee pledged as security for this Note.

In addition, Lender may, at its option, accelerate the maturity of all installments to become due hereunder at any time it considers the security pledged by Borrower to have become unsatisfactory or insufficient and the Borrower does not, on demand, furnish such further collateral or make such payment on account as is satisfactory to the holder.

Finally, Lender may, at its option, accelerate the maturity of all installments to become due hereunder if at any time, in the reasonable opinion of the Holder, Borrower's ability to pay her debts when they come due becomes impaired or unsatisfactory to the holder.

Collection Costs and Attorneys' Fees

Borrower agrees to pay the actual expenditures in any attempt to collect the amount due, including the cost of retaking, keeping, and storing any collateral security property or any articles specified in any agreements, chattel mortgages, or conditional sale agreements given as collateral security or otherwise for this Note.

Borrower agrees that if any legal action is necessary to enforce or collect this Note or any other obligations for non-payment at maturity, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. This provision shall be applicable to the entire Note, the Security Agreement, and any documents executed as a consequence hereof.

Grace Period for Payment

No extension of time for payment of all or any part of the amount owing hereon at any time or times shall affect the liability of any of the Borrower, or any surety, guarantor, or endorser of this Note. The Borrower and all sureties, guarantors, endorsers, hereby severally waive demand and presentment for payment, notice of non-payment, notice of protest, and protest of this Note.

Waiver of Trial by Jury and Forum Selection

Each party hereto, including the Borrower and any endorser, surety, or guarantor, waives and will waive all right to trial by jury in any action or proceeding instituted in respect to this Note. Any dispute arising from, or relating to this Promissory Note shall be exclusively litigated in the State or federal courts of the State of Minnesota, County of Hennepin, and both parties consent to the jurisdiction of Minnesota Courts.

Security or Collateral

This Note is secured by the following assets of Borrower:

This Note is also secured by a Guarantee of _____. Borrower agrees to execute a Security Agreement, along with such Financing Statements, filings, and other documents as Lender may reasonably request from time to time to perfect and maintain its security interest.

If Borrower defaults on any of its obligations hereunder, Lender shall be entitled to foreclose on, and dispose of the collateral pledged as security for this Note in the manner provided in the Uniform Commercial Code. In addition, Lender shall be entitled to pursue collection on the Guarantees of this Note.

Lender may assign its rights under this Note and all Security Agreements and Guarantees executed in connection with therewith. Borrower may not assign its obligations unless it has first obtained Lender's written consent.

BORROWER:

Dated: _____, 20__

By