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EXHIBIT RFA

REGIONAL FRANCHISE AGREEMENT

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REGIONAL FRANCHISE AGREEMENT

AGREEMENT made this _____ day of _____, 200__ by and between Decor & You, Inc., a Delaware Corporation located at 900 Main Street South, Building Number 2, Southbury, Connecticut 06488 and _____

RECITALS

As a result of expending time, effort and money, We have developed and continue to develop and improve plans, methods, systems and procedures which are Our confidential and valuable Intellectual Property and have established a uniform and recognizable System for the sale and marketing of draperies, drapery hardware, fabric, furniture, interior design services, installation services, decorative shades, wallpaper, carpet, and all other related home furnishings, merchandise, services and labor, all trading under the name Decor & You®.

We have full rights together with all Goodwill connected with the use of the name, trade name, marks, service marks and logos and any other Marks which We continue to develop, use and control, for the benefit and use of Decor & You® and Our Franchise Owners and in order to create uniformity; uniformity being essential in creating public recognition, acceptance and patronage;

We have developed a standard franchise agreement for licensing the use of the System and Marks in the operation of a Decor & You® business (the "Unit Franchise Agreement"). It is the purpose of the Unit Franchise Agreement to set forth and ensure uniform standards of appearance, quality, and operations for all Decor & You® units, and to protect and enhance the name and Marks, and you understand and acknowledge this; and

You desire to obtain the right to solicit offers for the purchase by Decor & You® Unit franchisees within a designated area (the "Region" or the "Regional Territory") and to provide certain support and other services and to supervise the operations of and maintenance of quality control by Decor & You® of Our Unit franchisees within the Region, all subject to the terms and conditions of this Agreement; and

You acknowledge our right to revise and update the marketing and operating policies, system, characteristics and methods of operation, procedures and methods designed to enable you to attract, sell and service Unit franchisees.

THEREFORE, in consideration of the mutual agreements, covenants and promises contained in this agreement and for other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, you and Decor & You® agree to be legally bound as follows:

ARTICLE 1: SIGNIFICANT PROVISIONS

1.01 Date of Regional Director Agreement: _____, 200__

1.02 Expiration Date: _____, 200__

1.03 Regional Territory (see Exhibit A)

1.04 Development Schedule: You must meet and maintain a minimum of 36 Decor & You® Unit Franchises by the seventh (7th) year of the term hereof. In addition, you must meet the minimum annual performance schedule set forth below:

Year	Minimum Number of active unit franchises in operation in your region/260,000 target homes*	Year	Minimum Number of active unit franchises in operation in your region/260,000 target homes*
0**	Prorated Year 1 Minimum		
1	3	6	30
2	6	7	36
3	12	8	36
4	18	9	36
5	24	10	36

* Target home being defined as a household with an annual income of \$50,000+

**This development schedule will be for the Regional Territory as defined above.

* Year 0 is the period from the date Regional Director Part 1 Training is completed and 12/31 of that year. Thereafter, each Year is the calendar year.

1.05 Regional Franchise Fee: \$ _____

In the State of Maryland, the franchise fee must be paid by franchisee to franchisor in certified funds once franchisor has fulfilled its preopening obligations to franchisee. This deferral not only applies to the franchise fee, but also to any other payment due to the franchisor before the business opens.

1.06 Minimum Franchise Prospect Lead Generation Budget: \$18,000 per year. You must also contribute \$500 monthly to a Marketing and Advertising Fund for the development of marketing materials and for recruiting unit franchisees. The Marketing and Advertising Fund Fee is subject to change from time to time as We deem appropriate. We will, during your initial year of operations, reimburse to you out of the Marketing and Advertising Fund up to \$4,000 for amounts spent greater than \$22,000 up to \$26,000 for regional advertising for unit franchise prospects. We will require proof of expenditure and proof of advertising within 120 days of the end of your initial year of operations.

1.07. Fees Paid By Us to You from the Initial Franchise Fee ("IFF") and Continuing Service Fees ("CSF") of Decor & You® Unit franchises in Your Region:

50% of Decor & You® net "IFF" for new and transferred franchises

50% of Decor & You® "CSF" for new and transferred franchises

Zero % of Decor & You® renewal fees.

1.08 Definitions. As used in this Regional Director Agreement, the following words, terms or phrases shall be defined as follows:

"You", "Your" shall mean the Regional Director Franchisee

"We", "Us", "Our" shall mean the Franchisor, Decor & You, Inc.

"Franchised Business" shall mean the Decor & You® System and Mark licensed you by this Franchise Agreement.

"Term" shall mean Term of this Franchise Agreement and shall include all Renewals and Extensions of this Franchise Agreement granted You by Us in writing.

"System" shall mean all of Our know-how and Intellectual Property which we own and have developed and are continuing to develop, which we are licensing to you as a package. It shall also mean and include all of our Franchisees, Regional Directors and units owned by us.

"Decor & You® Products and Services" shall mean and consist of draperies, fabric, furniture, drapery hardware, interior design services, installation services, decorative shades, wallpaper, carpet, and all other related home furnishings merchandise, services and labor.

"Notice" or "Notices" shall mean written notices; all notices given or required to be given by this Franchise Agreement must be in writing.

"Entity" shall mean a natural person, partnership, Limited Liability Company or Corporation depending upon the sense of paragraph wherein such word appears and upon the type entity executing this Franchise Agreement.

"Marks" shall mean the Decor & You® service mark and any other trademarks or service marks now or in the future used by Us.

"Intellectual Property" shall mean and include all of Our Marks, Copyrights, Trade secrets, Patents, web sites, domain names, logos, methods of doing business and Our Confidential Operations Manual.

"Gross Receipts" shall include and mean all forms of revenue which Decor & You® Unit franchisees receive while conducting the Unit franchised business. These receipts may take the form of cash, check, credit, charge account or exchange. Gross Receipts will include money or credit which they receive from the sale of merchandise, from services which they or others may provide from the unit, or for any other service or product for which they charge separately. Gross Receipts shall include personal purchases by Unit franchisees. Gross Receipts will not include the sale of merchandise for which refunds have been made in good faith to customers or from any form of tax imposed by a governmental authority which is collected by a Unit franchise and actually paid to such governmental authority. Gross Receipts will not include shipping costs, handling and installation charges that are third-party charges, appropriately documented and reasonable in our sole opinion.

"Manual" shall mean Our Confidential Operations Manual and all additions and amendments thereto.

"Area of Competitive Protection" shall define and mean the type of exclusivity your Unit franchisees receive in their protected Territory. It means we will not locate another Decor & You® franchise or company-owned business in a Unit franchisee's Territory. It also means that neither we nor any other Decor & You® franchise may solicit sales or actively promote its business in any other Decor & You® franchisee's assigned Territory. It does not mean that a Unit franchisee has the exclusive right to provide services or sell products in their Territory because the customer is free to work with any franchisee she/he chooses. A Unit Franchisee's Territorial rights are more fully described in paragraph 2.02 and Exhibit A of the Unit Franchise Agreement.

1.09 Renewal Notification Date: _____

1.10 CSF for a Decor & You® Unit Franchise: 10% of Gross Receipts; with weekly minimums of \$100 year 1, \$150 year 2, \$190 year 3, \$240 thereafter. You will also contribute 3% of weekly Gross Receipts as an advertising fee based upon the previous week's Gross Receipts. These payment obligations shall commence when the Unit Franchise commences operations.

1.11 Regional Franchise Renewal Fee: The Regional Franchise Renewal Fee shall be an amount determined by Us that shall not exceed 10% of the then current regional franchise fee.

1.12 Minimum Grand Opening: \$1000-\$1500

1.13. Unit Franchise Agreements: You must own and operate two unit franchises under separate franchise agreements with us, opening the first unit within 3 months of completing Part 1 training and the second unit within 6 months of completing Part 1 training.

ARTICLE 2: GRANT OF REGIONAL DIRECTOR RIGHTS

2.01 Grant. We grant to you as Regional Director and you accept the exclusive opportunity and the obligation to promote the sale of a certain number of Decor & You® Unit franchises pursuant to this Agreement. You agree as a condition to this grant to comply with the obligations more fully described in Exhibit A which you accept by signing this Agreement and to meet the Development Schedule for overseeing the opening of all the Unit franchises within your Regional Territory, as set out in Section 1.03. You also agree to provide certain support services and quality control supervision to all Unit franchisees within the Regional Territory as directed by Us. You receive the right to use the Marks and the System solely for the purposes specified in this Agreement.

2.02 Regional Franchise Territory. As long as you comply with the terms of this Agreement, including the Development Schedule defined in Section 1.04, Decor & You® will not directly or through agents market Unit franchises or open Company-owned Units within the Regional Territory defined in Section 1.03. If you do not adhere to the Development Schedule, then this Agreement terminates and the rights granted hereunder will become null and void. In the event that you own one or more Unit franchises, you will be allowed to continue operating your Unit franchises, but you will lose your rights to serve as the Regional Director in the Regional Territory. This means that We can open company-owned or franchised Units in those portions of the Regional Territory in which there are no Decor & You® Unit franchises.

2.03 Limited Rights. You acknowledge that this Agreement is a limited grant of rights. Nothing here will constitute a license for you to sell or negotiate the sale of Unit franchises on your own behalf. You cannot solicit offers to purchase Unit franchises which would be located outside of the Regional Territory. You agree to refer to Us or the Regional Director for the territory in which the prospective franchisee will operate any inquiries which you receive for Unit franchises to be located outside of your Regional Territory.

2.04 Your Ownership of Unit Franchises. If You open and operate a Unit franchise, you agree that you will remain in full compliance with your separate Unit Franchise Agreement during the term of this Agreement. If you default in the operation of your Unit franchise and you do not cure such default within the time designated in your Unit Franchise Agreement, We may terminate either your unit Agreement or this Agreement or both, in our sole discretion. You agree that you will be required to employ a full-time management person (independent contractor and/or administrative assistant), approved by Us, to oversee the operations of your Decor & You® Unit Franchise.

ARTICLE 3: TERM OF AGREEMENT

3.01 Term. This Agreement will be effective as of the date in Section 1.01 and will continue for an initial term of 10 years unless the Agreement is terminated for a reason in Article 10.

3.02 Renewal. You will have the right and option to renew the relationship established by this Agreement for successive terms of 10 years (each one, the "Renewal Term") under the following terms and conditions:

A. **Notice.** You must exercise your option by furnishing Us with written notice not less than 180 days and no more than 1 year before the expiration date of the current term in Section 1.02.

B. **Good Standing.** Your exercise of your renewal option will be effective only if at the time of exercise of the option and commencement of the Renewal Term you are in compliance with and have fully performed all of your obligations under this Agreement and any of your own Unit Franchise Agreement(s). You will not be deemed to be in good standing if you are in default under this Agreement or any Unit Franchise Agreement.

C. **Execution of Renewal Agreement and Payment of Renewal Fee.** Following Our receipt of your notice that you wish to exercise the renewal option, We will provide you with a copy of Our then current Regional Franchise Agreement. No later than 3 months prior to the expiration of this Agreement, you must execute and deliver the Agreement to Us together with payment of the non-refundable Renewal Fee as in paragraph 1.11 of this Agreement.

D. **New Development Schedule.** We will define a reasonable New Development Schedule for you to follow during the Renewal Term.

E. **Execution of General Release.** At the same time that you execute a renewal agreement, you must execute a general release of all claims against Us provided We are not in material breach of this Agreement.

F. **Notice of Expiration.** If applicable law requires that We give you notice before the expiration of the initial term or the Renewal Term, or if applicable law requires that longer periods of notice be given than those specified, this Agreement will remain in effect on a month-to-month basis until the notice required by applicable law has been given.

ARTICLE 4: REGIONAL FRANCHISE FEE

4.01 In consideration of the rights granted under this Agreement, you shall pay Us the full amount of the Initial Regional Franchise Fee in Section 1.05 upon execution of this Agreement. Each payment of the Regional Franchise Fee is fully earned upon our receipt and is not refundable, in whole or in part, for any reason unless you make a good faith attempt to, but fail, the initial training, in our sole opinion, in which case we may refund up to seventy percent (70%) of any portion of the initial fee you have paid us.

ARTICLE 5: PAYMENTS TO REGIONAL DIRECTOR

5.01 Initial Sales Fee. For each new or transferred Unit franchise which you award in Your Regional Territory, We will pay to you a Fee equal to 50% of the Decor & You® net Unit IFF of the unit agreement. We will not pay to you any portion of renewal fees paid by an existing Unit franchise that was awarded by you.

5.02 You agree to forward to Us immediately all proposed agreements together with the initial franchise fee, and in the case of a deposit, both the deposit agreement and the deposit fee, which you have received from the proposed Unit franchisee by receipted overnight courier service. The award of any franchise to a Unit franchisee is expressly conditioned upon Our acceptance of the Unit franchisee and Our execution of the Decor & You® Unit Franchise Agreement. You acknowledge that We shall evaluate your proposed Unit franchisee using the same reasonable business standards that we use in evaluating all Unit franchisee prospects. If We do not accept your prospect, We will notify you in writing. We will return the deposit fee less any travel expenses which We have incurred. You will not be entitled to receive any share of a returned deposit. Payment of the Initial Franchise Fee will be made within 10 business days of Our acceptance of the proposed Unit franchisee and Our execution of the Unit Franchise Agreement.

5.03 We retain the right to offset against your share of the Initial Franchise Fee any amounts which you owe to Us under the Payment Agreement or which are at least 30 days past due. You alone will assume the costs associated with any brokerage commission if You use the services of an independent broker. The brokerage commission may be taken off the top of your share of the Initial Franchise Fee provided it is approved by Us.

5.04 Share of Monthly Continuing Service Fees. As in paragraph 1.07 hereof, We shall pay you 50% of the gross weekly CSF which We receive on new or transferred unit franchises (excluding any advertising royalties) operating within your Regional Territory ("Your CSF Share") in consideration of the services which you are obligated to furnish under this Agreement.

5.05 Payment of your CSF Share shall be made monthly on or before the 25th day of each subsequent month based on actual receipts. We retain the right to offset against your CSF Share any amounts which you owe to Us which are at least 30 days past due.

5.06 Consideration For Payment of Fees. In consideration of the payment by Us to you of your share of the IFF and CSF, you agree to perform all of the services described in Article 6 below and Exhibit C annexed to this Agreement.

ARTICLE 6: OBLIGATIONS OF REGIONAL DIRECTOR

6.01 Regional Office. Your Regional Director Duties are in this section and in Exhibit C of this Agreement. You agree to open your Regional Office within 60 days from the date of this Agreement and to equip and maintain your Regional Office in accordance with the design standards of the Decor & You® System. We must approve the location for the Regional Office. The principal Regional Office and any of your branch offices must be located, decorated and maintained only as approved in writing in advance by Us, which approval We will not unreasonably withhold. You must maintain to Our satisfaction, an adequate staff to manage all phases of your Region's businesses, such as, without limitation, to provide responsible service and assistance to Unit franchisees as well as to properly handle all franchise prospect leads. You must devote your full time and best efforts to the franchised business.

6.02 Solicitation. You will be solely responsible for searching out, screening, qualifying and following through with prospective Unit franchisees within your Regional Territory in accordance with the qualifications provided by Us. You must forward to Us such information as We may request demonstrating that a prospective Unit franchisee and his/her partners, managers, principal shareholders, directors and officers, possess good ethical character and reputation, general business experience, management and sales abilities, excellent credit history, and the aptitude, ability and financial resources to operate the franchised business.

You must furnish Us with all applications, forms and Unit Franchise Agreements, which shall be subject to Our approval based upon Our sole and absolute discretion. You cannot make changes to the forms or to the Unit Franchise Agreement. We must approve in advance and in writing any modification to a Unit Franchise Agreement. So long as a Unit franchisee meets Our then current financial criteria, We will not unreasonably withhold our approval of such applicant.

6.03 Adherence to Franchise Disclosure Laws. We will prepare franchise offering circulars for each jurisdiction in your Regional Territory where the sale of Decor & You® Unit franchises are contemplated. We will use best efforts to register Our offering circular for the sale of Unit franchises promptly in those states within the Regional Territory requiring registration. We will remain in compliance with all applicable federal and state franchise laws. We will initially obtain and will maintain current and accurate franchise offering circulars and registrations, make filings and obtain registrations of franchise sales agents and will comply with all requirements relating to the renewal and amendment of Our registrations, filings and documents. You must provide Us with all information regarding your employees, sales agents and activities for purposes of complying fully with applicable franchise disclosure and registration laws and franchise sales agent registration requirements. You and each of your employees, salespeople and independent brokers acknowledge the importance of and agree to adhere to all applicable federal and state franchise laws, and you further agree that you shall not make representations to any prospective Unit franchisee by which a prospective Unit franchisee could conclude that a specific level of sales or earnings could be achieved by or at a Decor & You® Unit franchise. You acknowledge that from time to time, for reasons outside of Our control, you may be prevented from offering Unit franchises for sale while franchise registration amendments or renewals are pending with a state agency.

You are responsible for responding to inquiries regarding franchise opportunities in your Regional Territory, delivering to prospective Unit franchisees Our most recent offering circular which will include the agreements for execution by prospective Unit franchisees, and obtaining receipts for the delivery of the offering circular, all in compliance with applicable franchise laws. The originals of all receipts must be forwarded to Us promptly.

6.04 Assumption of Our Obligations. Except as specified in this Agreement, you must assume and perform Our obligations and responsibilities described in the Unit Franchise Agreement. The right of ownership, control and enforcement of the Marks and the Decor & You® System, however, will remain exclusively with Us. Nevertheless, you will have the concurrent obligation to assist in the enforcement of each Unit franchisee's strict compliance with the requirements specified in the Unit Franchise Agreement pertaining to the use of the Decor & You® System. In all cases, it is Our responsibility to initiate any required legal action against Unit franchisees. You acknowledge and agree that We may from time to time amend Our form of Franchise Agreement which may affect your duties and obligations to Unit franchisees in the Regional Territory. You agree to cooperate, participate and assist us with any legal action to enforce the restrictive covenants under the Unit Franchise Agreement and for collecting monies owed by defaulting Unit franchisees.

6.05 Use of Marks. You agree to use Mark(s) and Intellectual Property as they are developed by Us only in the manner and to the extent specifically licensed by this Agreement. Further, you agree to notify us promptly of any person, partnership, association or corporation improperly using Our Marks or System. You agree to obtain Our prior written consent before conducting any activity not contained in any manual or this Agreement in which Our Marks or System are used. You must use new Marks as per paragraph 5 of the Decor & You® Unit Franchise Agreement.

6.06 Attendance at Initial Training. We will be responsible for providing the initial and ongoing training programs for all Regional Directors or their approved designates, up to two people. Training for additional or later trained personnel will be provided at a cost to you of up to \$2,500.00 per day. You will also be responsible for such person's salary and expenses, including

transportation, food and lodging. We will provide, at mutually convenient times and places, an initial program of certification that you or your designate must successfully complete. You cannot begin any part of your Decor & You® Regional Franchise business activities unless, and until, you or your approved designate have successfully completed Our training certification program. You must at all times during the term of this Agreement have at least 1 certified individual operating within the Regional Territory on a full-time basis.

6.07 Training of Unit Franchisees. As directed by Us, you will provide training for Unit franchisees in Your Regional Territory that will include without limitation pre-opening and on-site assistance, instruction for the initial hiring and training of Unit franchisees' employees or independent contractors, and periodic training seminars for all phases of the operation of the Unit franchise business. Your on-site services will include periodic training and instruction as provided by Us in In-Home selling techniques, marketing, methods of operations, virtual decorating, customer relations, and new services introduced by Us. You must conduct meetings for Unit franchisees in your Regional Territory on a regular basis pursuant to Our guidelines, which guidelines We may revise from time to time. Each Unit franchise is entitled to train not more than 2 personnel under the terms of the Unit franchise agreement. If a Unit franchise wants additional personnel to be trained, the Unit franchise will pay us a training fee, as we shall determine from time to time, for each additional personnel.

6.08 Confidential Operations Manual. You agree to comply with the Manual and other confidential policies and procedures manuals which will specify the requirements of all Regional Directors. Further, you understand and agree that the System is constantly being modified and improved and that such modifications and improvements may require changes in the system of operation. You agree to adopt and update any Manual(s) with these changes and to implement any change in the System.

You will at all times treat as confidential, and must not at any time disclose, copy, duplicate, record or otherwise reproduce, in whole or in part, or otherwise make available to any unauthorized person or source, the contents of any Manual. The Manual and other manuals provided by Us will at all times remain Our sole property. You must promptly return them upon the expiration or termination of this Agreement.

6.09 Operations. You agree that you will not engage in any deliberate practices that would tend to give a preference to or show commercial favoritism toward any one or more Unit franchisees in Your Regional Territory over any other Unit franchisee. This includes your own or affiliated Unit franchises.

6.10 Non-Disclosure. You agree that you will not furnish any information regarding Our System or Unit franchise methods of operation, Manual(s), or any other information relating to the Decor & You® System to anyone, except to a person designated by Us to provide services to you, to Unit franchisees or to other Regional Directors or their staffs.

We both acknowledge that the Decor & You® System in its entirety constitutes Our trade secrets that We reveal to You in confidence. You acknowledge that you have not developed or been engaged in any program or system similar to the Decor & You® System before the execution of this Agreement. You acknowledge and agree that We have the right to any injunctive relief in the event of your breach of this Section 6.10 in addition to any and all remedies and damages available to us.

You must require all personnel performing managerial or supervisory functions, all personnel who will receive special training from Us and your family members, your partners, officers, directors and shareholders to keep confidential all information received in all training sessions or from Our manuals and to execute any confidentiality agreement we may require.

6.11 Minimum Development Requirements. You must award and maintain as active unit franchises at least the number of Unit franchises each year during the Term as in Section 1.04, but you may not open more than one Unit franchise per 4000 target homes, with a target home being defined as a household with an annual income of \$50,000 or above, without our prior written consent. You agree that you must use your best efforts and must work diligently, effectively and in good faith to have the total number of Unit franchises defined in Section 1.04 open throughout your Regional Territory during the entire term of this Agreement.

If you fail to meet the cumulative minimum performance standards for development of active Unit franchises in Your Regional Territory, then We may give you written notice of the deficiency and provide you with the opportunity to cure the deficiency or to adequately explain the reasons for the deficiency during the 6 month period immediately following receipt of Our notice. If you fail to cure the deficiency within the prescribed time, We may terminate this Agreement upon written notice to you.

6.12 Insurance. Before you sign this Agreement, you must procure and maintain in full force and effect during the Term Comprehensive General Liability Insurance from a carrier acceptable to Us and rated "A" or better by Best's Insurance Guide.

Minimum standards and limits are:

1. Comprehensive General Liability, \$1,000,000 per occurrence, \$2,000,000 aggregate
2. An umbrella policy of at least \$2,000,000
3. Employer's Liability: \$500,000 per accident, as well as worker's compensation as required by law if You have employees
4. Automobile Liability, all types ownership, leased, rentals, borrowed, \$1,000,000 combined single limit, and
5. Any insurance required by statute or rule of your locality, state or city.

These minimum standards and limits may change from time to time. We will advise you of these changes through the Manual or other advisory memoranda, and you agree to secure immediately the changed level of coverage. All insurance which you purchase will name Decor & You® and its officers, directors, Regional Directors, subsidiaries and affiliates as additional insureds. Your insurance policy will also provide that We will be given at least 10 days of prior written notice of any termination, amendment, cancellation or modification of your policy.

You must provide proof of this insurance prior to the start of any training. Should you, for any reason, not procure and maintain the insurance coverage required by this Agreement, We have the right and authority (without, however, any obligation to do so) to procure immediately the insurance coverage. We will charge you for the cost of the insurance together with a reasonable fee for Our procurement expenses, which amount you agree to pay Us immediately upon notice.

6.13 Indemnification. You must indemnify and hold Us harmless from and against any and all costs, expenses (including Our attorneys' fees and court costs), losses, liabilities, damages, causes of action, claims and demands whatsoever, known or unknown, asserted or unasserted, and however arising, including without limitation, those arising out of actions or claims based upon the proven acts, errors, omissions or misrepresentations of you or any of your partners, officers, directors, agents, employees or representatives or in the conduct or operation of your business. Your indemnification obligations must not be waived or reduced by any insurance provided by you or any third party. This indemnification shall survive the expiration or termination of this Agreement. We shall indemnify and hold You harmless from and against any and all costs, expenses (including Your attorneys' fees and court costs), losses, liabilities, damages, causes of action, claims and demands whatsoever, known or unknown, asserted or unasserted, and however arising, including without limitation, those arising out of actions or claims based upon the proven acts, errors, omissions or misrepresentations of Ours or any of Our partners, officers, directors, agents, employees or representatives or in the conduct or operation

of Our business or the business of a unit franchisee. Our indemnification obligations will not be waived or reduced by any insurance provided by us or any third party. This indemnification shall survive the expiration or termination of this Agreement.

6.14 Name. You and your Unit franchisees must operate exclusively under the Mark. You may not use any other name in connection with any operations conducted pursuant to this Agreement. You agree that you will not nor will you allow any Unit franchisees operating in your Regional Territory to use "Decor & You®" in any fashion in a partnership, corporation or limited liability company name. Further, you must insure that all of your Unit franchisees display the Mark on signs, on the Mini-Van, on business cards and stationery, forms and advertising in the form and manner directed by Us, which indicates that the franchise is independently owned and operated.

ARTICLE 7: OBLIGATIONS OF DECOR & YOU®

7.01 Exclusive Territory. We will designate your exclusive, protected Territory upon execution by Us of this Agreement.

7.02 Pre-Training Assistance. Prior to your Initial Training, We will provide you with a list of start-up materials as in Exhibit B of this Agreement, as well as a list of pre-opening tasks and assistance in hiring personnel, if any.

7.03 Training. We will provide training as follows:

DAY/SUBJECT	INSTRUCTOR	INSTRUCTIONAL MATERIAL	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING
Same as Unit Franchise				None (1)
Part 1 RD Training				
Day 1 Marketing; Business Management Role of Regional Director Franchise Development	Paul Pieschel Vendor	Manual Computer	7	
Day 2 Sales Management, Business Management	Paul Pieschel	Manual Computer	7	
Day 3 Sales Management, Business Management	Paul Pieschel	Manual Computer	7	
Day 4 Sales Management, Business Management	Paul Pieschel	Manual Computer	7	
Part 2 RD Training— approximately 6 months later.				
Day 1 Marketing; Business Management Team Development and coaching	Paul Pieschel Karen Powell Josie Cicerale Vendor	Manual Computer	7	
Day 2 Sales Management, Business	Paul Pieschel Karen Powell	Manual Computer	7	

DAY/SUBJECT	INSTRUCTOR	INSTRUCTIONAL MATERIAL	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING
Management, team development and coaching, compliance	Josie Cicerale			

Additionally, We will provide an initial training program that consists of all aspects of opening individual Unit franchises, including personnel, operations, sales, merchandising, business management and computer training. The location for training will be at Our home office or at a designated training center.

We may provide ongoing training or meetings from time to time for the sales and administrative staffs of all Regional Directors or for Regional Directors only. The location for the ongoing training or meetings may be at Our home office, a regional facility or at such other designated site. There will be no charge for the initial and ongoing training, but you will be responsible for the salaries and expenses, including transportation, food and lodging, for yourself and those of your staff who will attend the training sessions.

7.04 Consultation. We agree to provide reasonably prompt advice and consultation to you in such areas as the Decor & You® System, computers, franchise sales, management and administration, staff selection, training, advertising, and the establishment, operation and maintenance of your Regional Franchise business.

7.05 Confidential Manual. We agree to loan to you copies of all Our updated Manual(s) and confidential management, technical and operational materials, together with any trade secrets and business techniques designed to assist you and your Unit franchisees in the operation of your business for the term of this Agreement. The Manual and other materials may, from time to time, be updated and revised. We will provide you with copies of all revisions and updates. You agree to accept and adopt all such changes and modifications, to make reasonable expenditures associated with the changes and modifications, and to do so within the time periods established by Us. You acknowledge that the Manual which is specifically incorporated into this Agreement is intended to further the purposes of this Agreement. Therefore, you agree that the provisions of the Manual will constitute provisions of this Agreement, as if they were actually set forth here.

ARTICLE 8: ADVERTISING

8.01 Advertising for Prospective Franchisees. You agree that any advertising designed to solicit prospective Unit franchisees in your Regional Territory is subject to Our prior written approval. Any and all media placement costs will be paid by you. With the exception of a starter kit for franchise marketing, it will be your responsibility to purchase and disseminate all collateral marketing material that meet Our standards and specifications to promote the sale of Unit franchises. You agree to expend at least the amount in Section 1.06 on advertising and promoting the sale of Unit franchises in your Regional Territory, and to furnish reports of all advertising expenditures as We may require.

8.02 Selection of Advertising Services. You may use the advertising material, copy and other services provided by Us (collectively, "Advertising Services"). If you wish to use an Advertising Service that has not been approved, you agree that each Advertising Service will be submitted first to Us for Our written approval prior to your use. We will not unreasonably withhold Our approval for use of such additional Advertising Service.

ARTICLE 9: COVENANT NOT TO COMPETE

9.01 Competing Interests. You cannot, either directly or indirectly, for yourself or on behalf of or in conjunction with any other person, persons, partnership or corporation own, maintain, engage in, participate or have any interest in the operation of any decorating business selling the same or substantially similar goods or services of the Decor & You® System, during the term of this Agreement or for a 2 year period following its termination or expiration, within Your Regional Franchise Territory and a 10 mile wide band around the Regional Territory. However, the provisions relating to: (i) interests in other such businesses will not apply to any interest in additional Decor & You® Regional Territories or Unit franchises; or (ii) ownership by you of outstanding securities of any corporation whose securities are publicly held and traded, provided that said securities are held by you for investment purposes only and that your total holdings do not constitute more than 5% of the outstanding securities of any corporation.

9.02 Competing Business. You further agree that during the term of this Agreement or any renewals or extensions and for a period of 2 years after the termination or nonrenewal of this franchise, regardless of the cause of termination or nonrenewal, that neither you nor any of your employees (or if your entity is a corporation, its shareholders, officers, directors or employees) will, either directly or indirectly, individually, or on behalf of or in conjunction with any person, persons, partnership or corporation:

- A. Divert or attempt to divert any business from other Regional Directors or Unit franchisees to any other competitive establishment, by direct or indirect inducement, or to otherwise own, maintain, engage in, or participate in the operation of any other decorating business offering the same or substantially similar products or services as the Decor & You® System or concept within 50 miles of the Regional Territory; or
- B. Employ or seek to employ any person We employ, or any other person who is at that time operating or employed by any Regional Director or Unit franchisee or otherwise directly or indirectly induce such person to leave their employment without Our prior written consent.

You must secure a non-competition agreement, in a form approved by Us, from each of Your employees and principals.

9.03 Non-Disclosure. You will not, during the term of this Agreement or after your termination or nonrenewal, communicate or divulge to any other person, persons, association, partnership or corporation, or use for the benefit of yourself or any other person, persons, partnership, association or corporation, any confidential information, knowledge or know-how concerning the methods of operation, promotion, or contracts used in Our business nor will you disclose or divulge or use in whole or in part any of Our trade secrets or private processes or those of our affiliated companies. You must secure a similar non-disclosure agreement, in a form approved by Us, from each employee to protect Our trade secrets. If You violate this covenant and open a business using the confidential information but under another mark, you will be required to pay damages to us equal to 3 times the then current franchise fee for each such business as if the business had been opened pursuant to a Regional Director or Unit franchise agreement which payment you acknowledge to be fair and reasonable compensation due to Us.

9.04 Responsibility Upon Breach of Covenants. We agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. In the event that any of these restrictions is found by a court of competent jurisdiction to be unlawful as to scope or duration or otherwise invalid, it is the intention of the parties that the court find acceptable limits to the provision, which will continue as revised in full force and effect. Following the court's ruling, the Regional Franchise Agreement will automatically be deemed amended to restate the limits of the restrictions in accordance with the court's order.

You acknowledge that a violation of any covenant in this Article will cause Us irreparable damage, the exact amount of which may not be subject to reasonable or accurate calculation. In the event of any violation, We will, as a matter of right, be entitled to apply for injunctive relief to restrain you or anyone acting for or on your behalf. You consent that in the event of such violation, We will as a matter of right be entitled to apply for injunctive relief to restrain you, or anyone acting for or on your behalf, from violating said covenants. Such remedies, however, will be cumulative and in addition to any other remedies to which We may then be entitled. You represent and acknowledge that in the event of the termination or nonrenewal of this Agreement for whatever cause, your experience and capabilities are such that employment in a business engaged in other lines or of a different nature than that of the operation of a business offering the same or substantially similar products and services of the Decor & You® System can be obtained, and that the enforcement of a remedy by way of injunction will not prevent you from earning a livelihood.

If We bring suit to enforce any provision of this Article 9, We will be entitled to receive, in addition to any relief or remedy granted, the cost of bringing suit, including reasonable attorneys' fees and other costs and expenses. These covenants will survive the termination or expiration of this Agreement.

For the purposes of construing the covenants contained in this Article, you will be deemed to include not only the individual or entity which is defined as Regional Director in the introductory paragraph of this Agreement, but will as well include all partners of the entity which executes this Agreement, in the event the entity is a partnership, all shareholders, officers and directors of the entity which executes this Agreement, in the event the entity is a corporation and all members of the entity which executes this Agreement, in the event this entity is a limited liability company. By their signatures, all partners, officers, directors and members of the entity who sign this Agreement as Regional Director acknowledge and accept the duties and obligations imposed upon each and every one of them, individually, by the terms of this Article

ARTICLE 10: TERMINATION

10.01 Immediate Termination by Decor & You®. At Our option, this Agreement will automatically terminate upon a violation of any 1 or more of the following:

- A. Should you cease to act as a Regional Director in your Regional Territory or cease to operate any Decor & You® Unit Franchise operated pursuant to an agreement with Us unless such cessation of Unit operations is pursuant to the terms of a mutual release agreement; or
- B. Should you be convicted of any criminal misconduct relevant to the operation of the franchise licensed by this Agreement or any Decor & You® Unit operated pursuant to an Agreement with Us; or
- C. Should you fail to submit any Franchise Agreement and corresponding fee to Us within 10 days of your receipt of the proposed Unit Franchise Agreement and initial Unit franchise fee; or
- D. Should you fail to distribute Our current franchise offering circular in accordance with state or federal franchise laws or should you provide earnings information which we have not disclosed in the franchise offering circular which is contrary to state or federal franchise law; or

- E. The filing of any voluntary or involuntary petition of bankruptcy concerning you or concerning any shareholder of a corporation, if the corporation is the Regional Director, subject to applicable law; or
- F. The making of any assignment for the benefit of creditors as it pertains to this Agreement; or
- G. Should you receive 3 notices of default, where such default was a material default of this Agreement or where such defaults were the same default each of those 3 times, as provided below in Section 10.02 in any 12 month period, whether or not such defaults are cured.

In those states where written notice is required, the time periods will be governed by the respective state law regarding written notice.

10.02 Other Termination by Decor & You®. We have the right to terminate this Agreement for any material breach of this Agreement. For purposes of this Section, a material breach of this Agreement consists of 1 or more the following:

- A. A violation of any covenant of the Regional Franchise specified in this Agreement; or
- B. The non-payment of any tax, monthly royalty fee (if at our option We choose to have You collect the royalty fees), payroll or any other obligation incurred in the operation of the Regional Franchise business; or
- C. The use of the Decor & You® Marks or System by you, your employees or agents in a manner or for a purpose not first authorized in writing by Us or in any manner or for any purpose which materially impairs the exclusivity of Decor & You® Marks or their attendant goodwill; provided, such use is other than as contemplated by this Agreement or the Confidential Manuals; or
- D. The violation of, or failure to report to Us any Unit franchisee located in your Regional Territory that violates the business policies, practices, procedures or obligations prescribed in the Confidential Manuals as they may be amended from time to time by Us; or
- E. The closing of your regional office for a period of 30 or more consecutive, calendar days without Our prior written approval, force majeure excepted.

Upon the occurrence of a material breach of this Agreement as set forth above, We will forward to you written Notice of Termination. You will have 10 days from the date of such Notice of Termination within which to cure the default of this Agreement. If the default is timely cured, this Agreement will not be terminated. Except for matters of money, any breach which cannot be cured within 10 days, due to no fault of the Regional Director, shall be allowed a cure period of up to 30 days. If the default is not timely cured, this Agreement may be terminated effective on the date specified in the Notice. Should state law require a minimum notice period be given to you for termination, We will abide by such law. In the absence of such law, the termination will be effective on the date specified on the written notice.

Our termination of this Agreement will not be an exclusive remedy and will not in any way affect Our right to receive any fees or other amounts payable by you or to enforce, in any manner, the provisions of this Agreement against you. You agree that upon the breach of any covenant contained in this Agreement, automatic termination at Our option, notice of termination, or other termination, you must continue to pay all fees calculated until the date of expiration of this Agreement or the date you cease using any or all of the Decor & You® Marks, whichever occurs later.

10.03 Failure to Achieve Minimum Development Schedule. If you fail to maintain the number of open and operating Unit franchises required in your Regional Territory, We may in Our sole discretion, give you written notice to correct the deficiency within 6 months of the date of the written notice by increasing the number of opened and operating Unit franchises in your Regional Territory to the required number of franchised Units. If you fail to correct the deficiency within 6 months, We may at our option terminate this Agreement.

10.04 Your Responsibilities Upon Termination or Expiration. In no event will termination or expiration of this Agreement for any reason relieve you of your obligations, debts, duties or responsibilities which have accrued under this Agreement.

Upon termination or expiration of this Agreement for any reason, you agree to:

- A. Refrain from interfering with Our right to service and support Unit franchisees in the Regional Territory;
- B. Return to Us immediately at your expense, all manuals and other books, forms or brochures;
- C. Execute and deliver any and all documents and take such actions as We may deem reasonably necessary or desirable to evidence the fact that you have ceased using the Decor & You® Marks and that you have no further interest or right therein whatsoever;
- D. Promptly pay Us all sums then owing to Us by you;
- E. Notify all telephone, directory and listing companies of the termination of Your right to use the Marks, authorize the transfer of telephone numbers and directory listings to Our designated franchisee, and appoint Us as your attorney-in-fact to effect such transfers;
- F. Cease using all of the Marks, in any form, and remove all signage from your Regional office.
- G. Cease to operate, advertise or do business under any name or in any manner that might tend to give the general public the impression that this Agreement is still in force or that You are in any way connected with Us;
- H. Cease to use or impart to others any aspects of the System;
- I. Furnish to Us all information and documentation regarding franchise sales in progress;
- J. Abide by the covenant not to compete contained in this Agreement; and
- K. Enter into a mutual and satisfactory release of all claims against Us, Our officers, directors, principals, employees and agents in the form prepared by Us and We shall release all claims against You, Your officers, directors, principals, employees and agents in the same form.

You shall appoint an attorney licensed to practice law in the state wherein you reside to be your attorney-in-fact to receive service of process on your behalf. Such attorney shall provide letters to that effect, which shall be attached to this Agreement and shall become a material part hereof. Any successor attorney-in-fact must give notice to Us, with letters to that effect, before We shall recognize such successor.

No right or remedy conferred upon or reserved by Us is exclusive of any other right or remedy or by law or equity provided or permitted, but each will be cumulative of every right or remedy given.

ARTICLE 11: ASSIGNMENT

11.01 Assignment by Decor & You®. We may freely sell or assign Our interest in this Agreement in whole or in part, to any person, corporation or other entity. The transfer or assignment will be binding upon and will inure to the benefit of Our successors and assigns. Any transferee of our rights and obligations under this Agreement shall assume all said rights and obligations; provided that no such assignment shall materially adversely affect the rights and privileges granted to You under this Agreement. Further, We shall grant to Regional Directors a Right of First Refusal regarding any proposed transfer of an interest in Decor & You, Inc. or its interests in the Regional Franchise Agreements and Unit Franchise Agreements..

11.02 Assignment by Regional Director. You acknowledge that We have granted you the rights provided for in this Agreement in reliance upon the background and business ability of your present officers, shareholders, or members, who will actively participate in the ownership and operation of the Regional franchise business. Therefore, neither this Agreement nor any of your rights or privileges can be assigned, transferred, shared or divided by operation of law or otherwise in any manner without Our prior express written consent. Should you desire to assign any rights under this Agreement to any third party, you must first furnish Us with written notice. The notice must include the name and address of the proposed assignee, a suitable current financial statement regarding the proposed assignee and all other information requested by Us concerning the proposed assignee. You must furnish Us with sufficient notice to comply with all disclosure requirements concerning the intended assignee. Our written consent will not be unreasonably withheld, but will be conditioned upon such factors, including, without limitation:

- A. Approval of any proposed assignee in accordance with the standards then applied to prospective Regional Directors;
- B. Payment of all outstanding debts by you;
- C. Execution of a general release of all claims, against Us, Our officers, directors, principals, employees and agents, in the form prepared by Us;
- D. Execution by the proposed assignee of the then current form of Regional Franchise Agreement modified to reflect the same expiration date as the original Agreement, and payment of the applicable Assignment Fee concurrently with Our granting of consent of the assignment;
- E. Attendance by the new Regional Director, of Our Regional Training Program and New Owner's Training Class before the Regional Director commences business or before any Regional Director begins to perform his/her duties; and
- F. Delivery to the proposed assignee of any information required by the Federal Trade Commission or any applicable state to be delivered in sufficient time prior to the proposed assignment or payment of any consideration.

We will not unreasonably withhold consent for the assignment provided the proposed assignee meets the criteria set forth above. Consent to one assignment will not be deemed to be a consent to any other proposed assignment, nor to any other person or subsequent assignment.

11.03 Assignment Fee. Upon Our approval of any proposed assignment of this Agreement, either your assignee or you, however you shall arrange as part of your proposed assignment, must pay to Us an Assignment Fee of 10% of the then current franchise fee.

11.04 Assignment to Corporation, Partnership or Limited Liability Company. Provided that you demonstrate to Us that you are, and thereafter will remain the legal and beneficial owner of a majority of the stock or interest in the assignee corporation, partnership or limited liability company and that you agree to act as the principal officer of the corporation, general partner or manager as is applicable, We will agree to allow you to incorporate and assign your rights to a corporation, or to partnership or limited liability company, organized expressly for the conduct of this business, without the payment of an assignment fee.

You and all other shareholders, partners and members, if deemed necessary in our sole discretion, must personally guarantee the performance of the duties and responsibilities of the assignee Regional Franchise corporation, partnership or limited liability company, including the payment of all fees.

11.05 Right of First Refusal. Should you desire to assign any right pursuant to this Agreement or should you receive a bona fide offer to transfer, divide, share, purchase or obtain this Regional Franchise Agreement or any right under this Agreement, you must first make a written offer to Us to purchase or obtain this Agreement or any rights upon the same terms and conditions as offered by the prospective purchaser. Such written offer must contain the name and address of the proposed purchaser, a suitable current financial statement regarding the proposed purchaser and all other information requested by Us concerned the proposed purchaser. The right of first refusal does not apply in the event you sell, transfer, or divide or share ownership to a family member, provided that a family member meets the conditions of Section 11.02 above.

Following receipt of all required documents and information, We will have 30 days within which to accept the written offer to transfer, divide, share, purchase or obtain all rights under this Agreement. If We have not accepted the written offer within 30 days of its receipt, you may proceed with the transfer, division, sharing, sale or divestiture to the potential purchaser provided: (i) you are not in default or breach of any payment or other condition of this Agreement; and (ii) the prospective purchaser meets the conditions specified in Subsection 11.02 above.

ARTICLE 12: YOUR DEATH OR INCAPACITY

In the event of the death or incapacity of an individual Regional Director, or managing partner of a Regional Franchise which is a partnership, or any shareholder owning 50% or more of the capital stock of a Regional Franchise which is a corporation, or a manager or managing member of a Regional Franchise which is a limited liability company, the heirs, beneficiaries, devisees, or legal representatives of the individual, partner, shareholder, or member together with all surviving or remaining partners, shareholders, or members must within 180 days of such event:

- A. Apply to Us for the right to continue to operate the franchise for the duration of the term of this Agreement, pursuant to a valid will, trust or buy-sell agreement controlling the issue of succession upon the death or incapacity of a shareholder, partner, or member which right will be granted upon the fulfillment of all the conditions specified in Article 11 of this Agreement (and no transfer fee will be required); or
- B. Sell, assign, transfer, or convey Regional Director's interest in compliance with the provisions of Article 11 of this Agreement. If, however, a proper and timely application for the right to continue to operate the franchised business has been made and rejected, the 180 days to sell, assign, transfer or convey will be computed from the date of the rejection. If the heirs or beneficiaries are unable to

meet such qualifications, or if We reject a proposed transferee, the personal representative will be granted an additional 180 days to dispose of the deceased's interest.

ARTICLE 13: INDEPENDENT CONTRACTOR

13.01 Regional Director is Independent. This Agreement does not constitute you as an agent, legal representative, joint venturer, partner, employee, or servant of Decor & You® for any purpose; and it is understood between you and Decor & You® that you are an independent contractor and are in no way authorized to make any contract, agreement, warranty or representation on Our behalf, or to create any obligation, express or implied, on Our behalf.

13.02 Hold Harmless. Under no circumstances will We be liable for any act, omission, debt or other obligation of yours. You must indemnify and save and hold Us harmless against any such claim and the cost of defending against such claims arising directly or indirectly from, as a result of, or in connection with Your operation of the franchised business.

ARTICLE 14: DECOR & YOU® SYSTEM

14.01 It is understood by all parties that We are working to improve upon the Decor & You® System and the services to be rendered by you and by Us. We reserve the right to make changes from time to time in the Marks and Intellectual Property, Manual(s), forms and in the Decor & You® System to be used by you and your Unit franchisees.

14.02 Further, We reserve the right to approve in advance the form, content and general appearance of any literature, signs or other material or property on which a Decor & You® name or service mark is used; and you agree not to use, or to permit the use of, such names or registered marks without obtaining Our prior express written approval. Further, you acknowledge that any use of a Decor & You® Mark by you or Your Unit franchisees will inure to Our benefit.

ARTICLE 15: GENERAL CONDITIONS AND PROVISIONS

15.01 Titles for Convenience. The titles of the sections and paragraphs are for convenience only and are not a part of the Agreement's text.

15.02 Entire Agreement. This Agreement reflects the entire agreement of the parties. All negotiations, commitments, representations and understandings of the parties which have taken place are merged into this Agreement. There are no other oral or written understandings or agreements which relate to this Agreement.

15.03 Amendment in Writing. The parties agree that no modification of this Agreement will be valid unless both parties sign such modification in writing.

15.04 Governing Law. This Agreement will be governed by and interpreted by the laws of the state of Connecticut. You agree that any cause of action between the parties will be brought in either the state or federal courts of Connecticut. You also agree to bring a cause of action against Us within 1 year of the occurrence of the facts which give rise to the claim. You understand and agree that this article bars claims brought under any franchise law if not brought within this one-year period. Nevertheless, You and We agree that both parties will attempt to mediate any dispute which may arise prior to the filing of any legal action.

15.05 Cost of Enforcement. If it becomes necessary for either party to institute an action or proceeding to secure or protect such party's rights under this Agreement, including the enforcement of an arbitration award, the successful party will be entitled to recover in any judgment reasonable attorneys' fees together with court costs, all filing fees and expenses of litigation and payroll and other personnel costs of employees while they are involved in the litigation or arbitration.

15.06 Notices. You agree that all written notices which are required by this Agreement will be considered delivered 3 days after being placed in the U.S. Mail, by certified mail, return receipt requested or 1 day after being sent by Fax, e-mail, Federal Express or other overnight carrier issuing a receipt if they are sent to the address for each party cited at the beginning of the Agreement or to another address, as long as the party with the changed address has notified the other party in writing. If Regional Director consists of 1 or more person(s), corporation(s), partnership(s) or limited liability company (ies), notice to 1 person, shareholder, partner or member will constitute notice to all.

15.07 No Waiver. We will not be liable if We waive any breach or default in performance by you or other franchisees. We may require strict compliance with this Agreement even if We have waived a breach or breaches during an earlier period under this Agreement.

15.08 Full Time. Full time means at least forty (40) hours per week by a person operating your Franchised Business. You agree that you will at all times faithfully, honestly and diligently perform your obligations under the franchise agreement and not engage in any other business activity that conflicts with your obligations to operate the Franchised Business in compliance with the Agreement.

ARTICLE 16: CAVEAT

You acknowledge that all of your principals (which shall include partners, shareholders or members of Your existing or proposed entity) have read this Agreement and the Uniform Franchise Offering Circular and that they understand and accept the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain Our high standards of quality and service and the uniformity of these standards at all Decor & You® Unit franchises and to protect and preserve the goodwill of the Decor & You® System. You acknowledge that all of your principals have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that it involves business risks and that the success of the venture is largely dependent upon the business abilities of the principals. We expressly disclaim the making of, and you acknowledge that none of your principals has received or relied upon any guaranty, express or implied, as to the revenues, profits or success of business venture contemplated by this Agreement. You further acknowledge that none of your principals has received or relied on any representations about the franchise by Us or by Our officers, directors, employees or agents that are contrary to the statements made in the Uniform Franchise Offering Circular or to the terms. You acknowledge that, in all of Our dealings with you and all of your principals, the officers, directors, employees and agents of Decor & You® act only in a representative capacity and not in an individual capacity. You further represent to Us, as an inducement for the execution of this Agreement, that none of your principals made any misrepresentation to Us in obtaining the franchise. You also acknowledge that the size of your Regional Territory will require you or your assigns to expend money and time traveling within your Regional Territory in order to service your Unit franchisees.

ARTICLE 17: GUARANTY

For and in consideration of the foregoing Agreement, and to induce Us to enter into this Agreement with you, the undersigned Guarantors will execute this Agreement as Guarantors and will be referred to collectively as Guarantor. Each Guarantor agrees jointly and severally that he/she will perform during the term and renewal of this Agreement each and every covenant, conditions, agreement and undertaking to be performed by you. In addition, Guarantor agrees that in the event you fail or refuse to make any payments required by this Agreement, Guarantor will make any and all payments due us. If, for whatever reason, Guarantor is held as a matter of law to not be required to perform any non-payment obligation of this Agreement, Guarantor will nevertheless continue to insure and/or make all payments to Us.

Guarantor further waives: (a) demand or notice of non-performance; and (b) the right to require Us to proceed against you. Guarantor agrees that We may proceed against Guarantor directly and independently of Regional Director. Guarantor further agrees that this Guaranty will extend to any and all extensions, renewals, amendments or other modifications of this Agreement. This Guaranty will inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the undersigned Guarantor.

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

Decor & You, Inc.

By: _____ Witness _____
(Print name and title)

Regional Franchise Owner: _____

By: _____ Witness _____
(Print name and title):

Date: _____

GUARANTORS: (If a Corporation, Partnership or Limited Liability Company, all shareholders, partners or members must sign)

By _____ Witness _____
(Print name and title):

By _____ Witness _____
(Print name and title):

EXHIBIT A

REGIONAL DIRECTOR TERRITORY

The Regional Director Franchisee's Territory is located:

State: _____

City/Town/Village/Municipality: _____

Standard Metropolitan Statistical Area ("MSA"): _____

Consisting of a minimum of _____ target homes and an
approximate maximum of _____ target homes, and is more
specifically bounded and described as follows:

Regional Director's address for the conduct of its franchised business is:

Your initials

_____ /v

Our initials

_____ /v

EXHIBIT B

Regional Director Equipment List

- 1) Computer: See Footnote(1)
- 2) Color Fax, Flatbed Color Copier, Scanner and Color Printer
- 3) Dedicated Business Phone Line w/voice mail; and dedicated fax line
- 4) Cell Phone
- 5) Computer Software Loaded in preconfigured Computer (See Footnote 1)
(Must use latest version CD's from vendor samplings
available in the market)
- 6) Professional Sampling Package
- 7) Internet access with e-mail service (not AOL or MSN); if available, DSL or cable modem connection recommended
- 8) Digital camera with software. Camera 3 MP minimum, Adobe Photo Elements latest version
- 9) Computer headset with microphone

Footnote 1: Minimum Desktop Requirements

- 2 GHz Pentium Processor
- 1 Gig of RAM
- 60 Gig Hard Drive
- LAN & Wireless 802.11 b/g Adapter
- CD/CDR/DVD Optical Drive
- Win XP Operating System

Software Requirements

- Microsoft Office 2003 Small Business Edition (Word, Excel, PowerPoint & Outlook)
- Adobe Photoshop Elements Version 3.0
- Quickbooks Pro 2005

Hardware Requirements

- USB Headset with Microphone (suggest Plantronics)

Marketing Package

- 1) Business Cards
- 2) Letterhead & Notepaper w/envelopes
- 3) Press Release with Photo
- 4) Mailing List for Marketing Area
- 5) Newsletters
- 6) Local Networking Memberships

Startup Support Package (\$2,500)

Supplies

- 1) Professional Calendar
- 2) Calculator

Initial public relations program, set-up of DecorNet™ space (our intranet), web access training, e-mail marketing program set-up, first-year conference registration fee and travel reimbursement during our initial three-month service program with you. **REGIONALS ONLY BUY THIS ONCE.**

EXHIBIT C

REGIONAL DIRECTOR RESPONSIBILITIES

A. GENERAL:

Regional Office. You are required to have a professional looking office in which to conduct interviews and hold seminars.

The Unit Franchise Agreement. As a Regional Director, you should have a complete understanding of the Unit franchise agreement. Franchise candidates will have many questions about the Decor & You® concept and the Uniform Franchise Offering Circular. They will expect you to provide them with answers to all of their questions.

Paperwork We have developed forms and procedures to ensure that the Corporate Office and the Regional Director are kept informed of the daily activities while working with franchise candidates.

B. OBTAIN FRANCHISE CANDIDATES:

Candidate Inquiries When you receive inquiries about the Decor & You® franchise opportunity, you will need to qualify every candidate. You will inform **each** candidate of the financial requirements and provide basic information about Decor & You®. Qualified applicants should be sent our marketing brochure and a follow up phone call should be made.

Interview and Disclosure Process You will need to disclose the franchise candidate at the first personal meeting. The franchise candidate will rely on your expertise for information and assistance in making the decision to join the Decor & You® team. You will follow the procedures set forth by Decor & You® to help the candidate feel comfortable with the process. We will provide you with a flow chart that details the disclosure process. Decor & You® is available to assist you.

If applicable: Approve Site Selection.

Handle Unit Franchise Sales:

- Maintain Minimum Required Operating Units As Per Your Franchise Agreement
- Generate franchise prospect leads (you are responsible for expenses as per your Franchise Agreement)
- Speak to & qualify candidates
- Mail out initial packages, including brochures and personal profiles
- Obtain Personal Profiles from candidates
- Follow-up with candidate after each step
- Close franchise award pursuant to our policies

C. PROVIDE FRANCHISE SUPPORT:

- Pre-training Start-up until franchisee trained (orientation section of operations manual)
- Initial Decor Designer Franchise Training is provided by headquarters staff
- Regional Franchise Director must be thoroughly knowledgeable in all aspects of our training and System in order to provide support, coaching and problem solving to all Decor & You® unit franchises in their Region

- Assist with unit franchisee's grand opening
- Follow up weekly with franchisees during first quarter after opening
- General Regional Duties
 - Weekly faxing of Sales Productivity feedback system reports
 - Weekly coaching with respect to sales productivity with existing Decor Designers
 - Monthly sales meetings - recommended (bimonthly required)
 - Celebrate successes
 - Introduce new products
 - Assist with advertising
 - Solve problems
 - Foster camaraderie
 - Continuing education
 - Portfolio development

D. MAINTAIN REGIONAL QUALITY CONTROL COMPLIANCE:

- Prepare and adhere to Professional Mission Statement
- Logo
- Van/Signs
- Phone Screening
- Samples
- Following system
- Ads/office approval
- Customer Complaints; help franchisees and clients resolve problems