

## **ITEM 1--THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES**

### The Franchisor

The Franchisor is EntryPoint, LLC. In this Offering Circular, the Franchisor will be referred to as "we," "us," or "EntryPoint." The person who buys a franchise will be referred to as "you." If the prospective franchisee is a corporation, partnership, limited liability company or other entity, "you" will mean the entity and the owners of the entity.

We are a Michigan limited liability company formed on June 26, 2003. We do business under our corporate name and the "EntryPoint<sup>®</sup>" name. Our principal business address is 8010 Sunport Drive, Suite 114, Orlando, Florida 32809. Our agent(s) for service of process are listed on Exhibit B.

### Predecessors and Affiliates

We do not have any predecessors. We do not have any affiliates that offer franchises in any line of business. Our affiliates, ODL, Inc. and Western Reflections, LLC, manufacture products that will be sold to our franchisees. The principal address of ODL, Inc. is 215 East Roosevelt Avenue, Zeeland, Michigan 49646. The principal address of Western Reflections, LLC is 261 Commerce Way, Gallatin, Tennessee 37066.

### Franchisor's Business

We offer and sell EntryPoint franchises and we operate EntryPoint Businesses. We also offer and sell products and services to our franchisees. We do not currently have other business activities.

### The EntryPoint Franchise

The EntryPoint franchise is a business that sells and installs stationary door glass and accessories as an aftermarket or remodeling product, door units, cabinet glass, interior doors, hardware and other accessories and other related home improvement products and services. The EntryPoint franchise business includes a retail showroom and office location where glass products are displayed. The typical EntryPoint retail showroom is approximately 1000 square feet in size and is located in a free-standing building or in a strip center. The EntryPoint franchise business also includes the use of one or more mobile workshops, which are trailers outfitted to install door glass and accessories at the customers' locations. An EntryPoint business, whether operated by our affiliates, licensees, franchisees or us, will sometimes be referred to in this Offering Circular as an "EntryPoint Business."

The EntryPoint franchise will operate under our tradenames and trademarks, which are described in Item 13 of this Offering Circular (referred to in this Offering Circular as "Trademarks" or "Franchise Trademarks") and in accordance with our specifications, policies and procedures for operating a business (referred to in this Offering Circular as the "System" or the "Franchise

System"). You acquire the right to operate an EntryPoint franchise by signing our standard Franchise Agreement (see Exhibit C).

### Market and Competition

An EntryPoint franchise will primarily serve the public within the territory of the franchise (see Item 12). The general market for the products and services offered by EntryPoint Businesses is a developing market. An EntryPoint franchise will, at this time, primarily compete with independent contractors.

### Regulations

There are no regulations specific to the industry in which the EntryPoint franchise operates. However, you must become familiar with federal, state and local laws regulating businesses generally. There may be other laws and regulations applicable to your business and we urge you to make inquiries about any laws or regulations that may impact your business.

### Prior Business Experience

We have operated a business of the type to be operated by our franchisees since January 2004. We have offered franchises for the type of business to be operated by our franchisees since August 8, 2005. We have not offered franchises in any other line of business. We do not have any predecessors or affiliates that have offered franchises for the same type of business to be operated by our franchisees or in any other line of business.

## **ITEM 2--BUSINESS EXPERIENCE**

### **Jennifer Ann Campos: Vice President and General Manager**

Mrs. Campos has been Vice President and General Manager of EntryPoint since January 31, 2005. From April 1994 to January 2005, Mrs. Campos was Vice President—Sales and Marketing for Louisville Group a ladder manufacturer in Louisville, Kentucky.

### **Dennis Staub: Franchise Development Consultant**

Mr. Staub has been a Franchise Development Consultant for EntryPoint since December 2004. From August 2001 to November 2004, Mr. Staub was the Director of Franchise Development for Signs Now of Bradenton, Florida. From April 1998 to August 2001, Mr. Staub was Retail and Corporate Real Estate Manager for Interstate Batteries of Dallas, Texas.

### **Rex Strickland: Franchise Operations Consultant**

Mr. Strickland has been a Franchise Operations Consultant for EntryPoint since June 2004. From February 1999 to June 2004, Mr. Strickland was a Territory Sales Representative for ODL, Inc. in Zeeland, Michigan.

**Patricia L. Jarosz: Senior Accountant**

Ms. Jarosz has been Senior Accountant for EntryPoint since March 31, 2005. From January 2001 to March 2005, Ms. Jarosz was Assistant Controller for Universal American Financial Corp. of Lake Mary, Florida. From July 1998 to October 2000, Ms. Jarosz was Senior Accountant for Tireco, Inc. of Compton, California.

**ITEM 3--LITIGATION**

No litigation is required to be disclosed in this Offering Circular.

**ITEM 4--BANKRUPTCY**

No person previously identified in Items 1 or 2 of this Offering Circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

**ITEM 5--INITIAL FRANCHISE FEE**

**Initial Fee**

The initial franchise fee is \$15,000. The initial franchise fee is payable at the time the Franchise Agreement is signed. The initial franchise fee is considered earned when the Franchise Agreement is signed and is not refundable. We have certain "Pioneer Dealers" and other dealers to which we offer reduced fees that we do not offer to other prospective franchisees. We also currently offer a reduced initial franchise fee to our employees. Except as described above, we expect all new franchisees to pay the same initial franchise fee.

**Other Amounts Paid to Us Before Opening**

Before opening your EntryPoint franchise, the goods purchased from us include your mobile workshop, inventory, advertising and marketing materials and information discs. We estimate that the cost of the items you will purchase from us before opening will be approximately \$45,150, which is in addition to the initial franchise fee. These amounts are not refundable.

## ITEM 6--OTHER FEES

If you purchase an EntryPoint franchise, you will or may incur the following additional fees.

<b>Name of Fee <sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty	5% of gross sales; if you purchase glass from us, your royalties on some sales may only be 4.5% or 4.0% of gross sales <sup>(2)</sup>	On the 10 <sup>th</sup> day of each calendar month	Gross sales include all revenues from the franchise except sales taxes paid and refunds <sup>(2)</sup>
Advertising Fund Contributions	2% of gross sales	On the 10 <sup>th</sup> day of each calendar month	The advertising fund contributions will be used in our discretion for producing advertising and other purposes to achieve the goals of maximizing general public recognition of the Franchise Trademarks and System. See Item 11.
Minimum Local Advertising	3% of gross sales	As incurred	You must spend an additional 3% of gross sales on advertising in your local market. See Item 11.
Advertising Cooperative	Amount determined by cooperative <sup>(3)</sup>	As determined by cooperative	You must pay contributions to an advertising cooperative, as determined by the members of the cooperative, if a cooperative is established in your market. These contributions will apply to you minimum local advertising obligation. See Item 11.
Purchase of Glass Products	Will vary	On receipt of billing	You may purchase glass products from us. See Item 8.
Maintenance and Repairs	Actual cost to us	On receipt of billing	If you fail to maintain your franchise location, we may do so at your expense.
Refurbishing or Other Extraordinary Expenses Imposed by Us	Will vary under the circumstances	As incurred	In addition to regular maintenance obligations, you must refurbish your franchise location within 90 days (if the expense is less than \$5,000) or 180 days (if the expense is \$5,000 or greater) of our request and you must acquire equipment and fixtures or other items specified by us.

<b>Name of Fee <sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Insurance	Additional cost to us	On receipt of billing	If you fail to purchase insurance for your EntryPoint Business, we may do so at your expense. See Item 7 for a description of the insurance coverage you must maintain.
Additional Training	Amount to be determined	Before additional training	You must attend and pay a reasonable fee for additional training programs we specify. <sup>(4)</sup>
Late Charge and Interest	\$25.00 per month late charge and 1.5% per month interest	On receipt of billing	These charges must be paid on all overdue amounts.
Transfer Fee	\$2,500	Before closing of the transfer	You must pay a transfer fee if you transfer an interest in your franchise or in your company.
Renewal Fee	50% of the initial franchise fee being charged by us at the time of renewal	At the time of renewal	You must pay a renewal fee if you renew your franchise at the end of the initial term of the franchise.
Supplier Approval Fee	Up to \$250	On receipt of billing	We have the right to charge a fee of up to \$250 to cover our costs of reviewing a supplier for approval if we submit the information to a third party to determine if the product or supplier meets our specifications.
Indemnification	Amount will vary under circumstances	As incurred	You must reimburse us if we incur liability from the operation of your franchise.
Costs and Attorneys fees	Amount will vary under circumstances	As incurred	You must reimburse us for costs and attorneys fees if we prevail in a judicial proceeding or if we engage a lawyer because of your failure to comply with the Franchise Agreement.

Notes to Table

- (1) Except as otherwise noted, all fees are imposed by and payable to us. We have certain "Pioneer Dealers" and other dealers to which we offer reduced fees that we do not offer to other prospective franchisees. Except as otherwise described in the table or these notes, all fees payable to us are uniform as to franchises being offered at this time. All fees paid to us are non-refundable.

You must pay royalty, advertising fees and other periodic payments owed to us by electronic or similar funds transfer in the appropriate amounts from your bank account to our bank account or in some other manner as we may specify. You must sign and deliver to your bank and to us those documents necessary to authorize these transfers as specified by us. You must not terminate this authorization as long as the Franchise Agreement is in effect and must not close your bank account without notifying us and establishing a substitute bank account for the transfers. If a direct electronic funds transfer or other withdrawal program is not available at your bank, you must establish an account at a bank that does have this program.

- (2) Your percentage royalty will be 5% of gross sales at the beginning of each calendar year. If you purchase 1,000 units of glass from us during the calendar year, the percentage royalty will only be 4.5% for all additional gross sales earned during the calendar year after purchasing the 1,000 units of glass from us. If you purchase 2,000 units of glass from us during the calendar year, the percentage royalty will only be 4.0% of gross sales for all additional gross sales earned during the calendar year after purchasing 2,000 units of glass from us.

The Franchise Agreement defines "gross sales" as the entire amount of your revenues from the ownership or operation of your franchise business, including the proceeds of any business interruption insurance, whether the revenues are evidenced by cash, credit, checks, gift certificates, scrip, food stamps, coupons and premiums (unless exempted by us), services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority. Cash refunded and credit given to customers and receivables uncollectible from customers will be deducted in computing gross sales if the cash, credit or receivables represent amounts previously included in gross sales where royalty fees and advertising contributions were paid. Gross sales are deemed received by you at the time the goods, products, merchandise, or services from which they derive are delivered or rendered or at the time the relevant sale takes place, whichever occurs first. Gross sales consisting of property or services (for example, "bartering" or "trade outs") are valued at the prices applicable to the products or services exchanged for the gross sales at the time the gross sales are received.

- (3) As of the date of this Offering Circular, no cooperatives have been formed. Contributions to a cooperative, if any, will be determined by a majority vote of the members of the cooperative.
- (4) Any additional training fees will be uniform as to all persons attending training at that time and will be based on our out-of-pocket expenses plus a per diem rate for the training personnel.

## **ITEM 7--INITIAL INVESTMENT**

Our estimate of your initial investment to develop an EntryPoint Business is in the table below. The estimate covers the period before the opening of your franchise and for the initial

three month phase after the opening of your franchise. The estimate does not include an owner's salary or draw. The estimate also does not include cash requirements to cover operating losses or owner's draw after the initial phase of the franchise. You may need additional funds available, whether in cash or through unsecured credit lines, or have other assets that you may liquidate, or that you may borrow against, to cover your personal living expenses and any operating losses after the initial phase of your franchise. The estimate below also does not reflect an amount for investment in real estate, since you will generally lease the premises for your franchise location. We urge you to retain the services of an experienced accountant or financial adviser in order to develop a business plan and financial projections for your franchise.

Your actual investment may vary depending on local conditions peculiar to your geographic area or market, for example, real estate demand, availability and occupancy rates and state taxes such as sales taxes. Additional variables that may impact your initial investment may be: the size of your facility; age of the structure; length of your lease or other instrument granting you the right to occupy the premises; if your space is to be built out by the developer with no initial out-of-pocket costs to you; lease arrangements; location in the market; whether you are converting existing premises and whether in the same business; costs of demolishing existing leasehold improvements; construction costs; and other variable expenses.

The following table contains a summary of your initial investment.

<b>Description</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Paid</b>
Initial Franchise Fee <sup>(1)</sup>	\$15,000	Lump Sum	When the Franchise Agreement is signed	Us
Initial Lease Costs <sup>(2)</sup>	\$2,500 to \$6,000	As arranged	As specified in the lease	Landlord
Fixtures <sup>(3)</sup>	\$4,500 to \$5,000*	As arranged	As arranged before opening	Us or other Suppliers
Leasehold Improvements and Decorating Costs <sup>(4)</sup>	\$3,000 to \$5,000	As arranged	As arranged before opening	Contractors
Mobile Workshop and Equipment <sup>(5)</sup>	\$28,250*	As arranged	As arranged before opening	Us or other Suppliers
Signs (Interior and Exterior) <sup>(6)</sup>	\$2,500 to \$3,500	As arranged	As arranged before opening	Signage Supplier
Opening Inventory	\$8,000 to \$9,000*	As arranged	As arranged before opening	Us or other Suppliers
Insurance <sup>(7)</sup>	\$500 to \$4,600	As arranged	As arranged before opening	Insurance Companies

Description	Amount	Method of Payment	When Due	To Whom Paid
Costs incurred while attending training <sup>(8)</sup>	\$800 to \$2,500	As arranged	As arranged before opening	Airlines, Motels, Restaurants, etc.
Marketing support items <sup>(9)</sup>	\$5,100 to \$6,400*	Lump Sum	At training	Us
Legal, Accounting and Other Miscellaneous Pre-opening Expenses <sup>(10)</sup>	\$1,000 to \$7,500	As arranged	As arranged before opening	Utilities, Lawyer, Accountant, Vendors
Additional Funds-3 months <sup>(11)</sup>	\$30,000	As incurred	As incurred	Us, Various Suppliers and Employees
<b>Total Estimated Initial Investment</b> <sup>(12)(13)</sup> <sup>(14)</sup>	<b>\$101,150 to \$122,750</b>			

\* Some of the items in this table may be subject to state sales taxes, which may vary from state to state. The estimates indicated by an asterisk include a sales tax of 6.5% based on the sales tax in Florida at this time.

#### Notes to Table

- (1) See Item 5 regarding the uniformity of the initial franchise fee.
- (2) It is anticipated that you will lease the location for your retail showroom and office space. The types of locations and the approximate range of square footage for the retail showroom are described in Item 1 of this Offering Circular. Rent rates per square foot may vary substantially per site. We estimate that your monthly rent for an EntryPoint Business (which includes only base rent) will range from \$18 to \$32 per square foot depending on size and location. Your lease may require you to pay common area maintenance and other charges. At the time of signing your lease, your landlord may require you to pay a lease deposit equal to one or two month's rent and the first month's rent. Your rent may be subject to escalation charges based on inflation or may be based on a percentage of gross sales. If you purchase and construct your franchise location, your expenses will be significantly greater. We do not have any estimates for the cost to purchase or build a franchise location.
- (3) The fixtures include glass galleries and glass gallery signage.
- (4) Leasehold improvements must conform to our standard specifications and local ordinances. In some situations your landlord may pay for some of the costs for leasehold improvements.



- (5) The primary equipment is a fully accessorized mobile workshop. You may be able to lease the equipment. All equipment must conform to our specifications.
- (6) The price for signage will vary depending on the type of site and local ordinances for outdoor signage.
- (7) This estimate is for one year of coverage on business and vehicle insurance. Alternate monthly or quarterly payment arrangements can possibly be made. The insurance coverage you must purchase includes:
- General Business Liability Insurance with a minimum limit of \$1,000,000 per occurrence and \$2,000,000 aggregate, including coverage for property damage, bodily injury (including death), advertising injury and personal injury arising from the franchise business, including the marketing, sale, installation and/or service of products and the operation of vehicles.
  - Products/completed operations coverage and personal and advertising insurance coverage with a limit of \$1,000,000.
  - Worker's Compensation Insurance as well as other insurance required by local or state laws in the state in which the franchise is operated.

Evidence of this insurance must be provided before you begin operating your EntryPoint Business and at any other time at our request. All bodily injury, property damage, advertising and personal injury liability policies must name us, ODL, Inc. and Western Reflections, LLC as additional insureds and all policies must be issued by insurance carriers satisfactory to us.<sup>(8)</sup> Although we do not charge any additional fees for the initial training program, you must pay wages due to your employees as well as travel, food and lodging expenses incurred by you and your employees during initial training. The cost will depend on the distance you and your employees must travel and the type of accommodations you choose.

- (9) These items include business cards, dealer stickers, door hangers, literature and other promotional items.
- (10) Miscellaneous pre-opening expenses may include legal fees, organizational and accounting expenses, business licenses, miscellaneous office supplies, utility and phone deposits, equipment deposits and other pre-paid expenses incurred before opening.
- (11) This category covers expenses you may incur during the 3-month initial phase of your franchise. These expenses may include royalty, lease payments, advertising fees and expenses, insurance premiums, payroll costs, supplies, etc. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs during this initial phase will depend on factors including: how well you follow our procedures; your management skill, experience and business abilities; local economic

conditions; the local market for the franchise's product; the prevailing wage rates; competition; and the sales level reached during this initial phase.

- (12) We relied on our experience and the experience of our affiliates and independent dealers to compile these estimates. You should of course review these figures carefully with a business advisor before making any decision to purchase the franchise.
- (13) Except as may be noted, none of the payments to us are refundable. The refundability of payments to other parties is determined by your agreement with those parties.
- (14) We do not offer any financing for any part of your initial investment. You may, however, finance a portion of your initial investment with a third party through a loan or lease. The availability and terms of financing with third parties will depend on factors including the availability of financing generally, your credit history, collateral you may have and the lending policies of financial or leasing institutions.

## **ITEM 8--RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### General

In order to maintain consistency, uniformity, quality and identity of the products and services sold by EntryPoint Businesses and to take advantage of group purchasing power, you must purchase all products and services for your franchise of the type and in the amounts we specify, in accordance with our specifications and only from manufacturers and/or suppliers approved by us, as described in more detail below.

### Obligations to Purchase or Lease from the Franchisor or its Designees

You are not required to purchase or lease any products or services from us. We are a supplier to our franchisees of mobile work stations, display glass, advertising and marketing materials, dealer information discs and glass panels and accessory items from us. If you purchase glass products from us, you may achieve lower royalty rates (see Item 6).

### Obligations to Purchase the Products of the Primary Manufacturers

A specified percentage of glass products sold by you must be manufactured by the glass manufacturer or manufacturers that we designate (the "Primary Manufacturers"). We or our affiliates may be the Primary Manufacturers. Currently, the Primary Manufacturers are ODL, Inc. and Western Reflections, LLC, both of which are our affiliates. Currently the specified percentage is 80%. The specified percentage of glass products that must be purchased from the Primary Manufacturers does not apply to glass products that are not the same or comparable (in our reasonable judgment) to glass products available from the Primary Manufacturers at the time of purchase of the products.

### Obligations to Purchase From Approved Suppliers

All products and services used in your EntryPoint Business, including the products of the Primary Manufacturers, must be obtained in accordance with our specifications and only from manufacturers and/or suppliers who are approved by us at the time of the purchase. An approved manufacturer or supplier will be a manufacturer or supplier that has met our standards for durability, design, price and distribution and other relevant standards established by us and been designated by us in writing as an approved manufacturer or supplier. Our criteria for approval of suppliers of these products are not made available to our franchisees. We will provide a list of approved suppliers to you in memos, bulletins, emails or in our Operations/Training Manual. We will issue approval, disapproval or notification of revocation of approval of suppliers to you in memos, bulletins, emails or in our Operations/Training Manual.

You may request to have a supplier for a product approved by us. The request must be in writing and must include information requested by us about the supplier, a sample of the product or service, if possible, and a contact person at the supplier. We may submit the information to an independent testing service or another appropriate independent expert to determine if the supplier meets our criteria. We will attempt to notify you of our decision within 60 days of the date of your request. We have the right to charge a fee of up to \$250 to cover our costs of making this determination if we submit the information to an independent laboratory or another independent expert to determine if the product or supplier meets our specifications. We also reserve the right to limit the total number of approved suppliers in order to benefit from group purchasing power to obtain the best prices and service and to help ensure uniformity and quality of our products.

The specification or approval by us of a manufacturer or supplier does not create any express or implied promise, guaranty or warranty by us as to the products or services of the manufacturer or supplier and we will not have any liability to you for any claims, damages or losses suffered by you as a result of or arising from the products or services provided by the manufacturer or supplier or the acts or omissions of the manufacturer or supplier.

We or an affiliate may negotiate purchase arrangements with some of our designated or approved suppliers for the benefit of our franchisees in order to take advantage of group purchasing power.

We and our affiliates reserve the right to receive rebates or other fees from designated or approved suppliers based on sales of goods or services to our franchisees. We and our affiliates have the right to collect those rebates or fees and you must cooperate with us in the collection of those rebates and fees. We currently have a rebate program in place with a supplier. We did not have any revenue from rebates from suppliers during 2005.

### Obligations to Purchase Under Specifications

You must acquire, maintain and update the mobile workshop, computer hardware and software (see Item 11), fixtures, equipment, signs, products and supplies that we specify for establishing and operating your EntryPoint Business. Also, in addition to being purchased from approved suppliers, all of these items must meet our standards and specifications. You must also

purchase insurance coverage for your business in accordance with our standards and specifications. See Item 7 for a listing of the insurance coverages that we specify.

Your lease must be approved by us and must include our standard Lease Addendum. A copy of our standard Lease Addendum is attached as Exhibit D. In addition, your retail showroom must be constructed or improved in accordance with our specifications for décor, signage, equipment layout, space, etc. We will issue these specifications to you or your agents during the improvement of your franchise location. We must approve all construction plans, specifications, interior and exterior layouts and site plans before the beginning of work on your franchise location.

We formulate and modify our specifications based on our experience in the business. Factors that we consider include quality and uniformity of goods and services. We will issue our specifications to our franchisees on request. We may issue and modify our specifications by sending memos, bulletins, emails or updates to our Operations/Training Manual. You must comply with modified specifications immediately on written notice from us.

#### Revenue or Other Benefits to Franchisor or Affiliates

In the year ending December 31, 2005, our total revenue from the sale or lease of goods, services, supplier, fixtures, inventory, computer hardware or software or other items was \$605,806 which was 48% of our total revenue of \$1,260,516.

#### Percentage of Purchases

All of your purchases from approved suppliers or us will represent 90% to 100% of your total purchases in the establishment of your EntryPoint Business and 90% to 100% of your total purchases in the ongoing operation of your EntryPoint Business.

#### Cooperatives; Material Benefits to Franchisees

We do not have any formal purchasing or distribution cooperatives. Except for the possibility of a reduced royalty rate based on purchasing product from us, we do not provide material benefits to our franchisees based on a franchisee's use of designated or approved sources. However, your franchise may be subject to termination or we may refuse to renew your franchise if you do not purchase from designated or approved suppliers.

## **ITEM 9--FRANCHISEE'S OBLIGATIONS**

This table lists your principal obligations under the Franchise Agreement and other agreements you may enter into with us. It will help you find more detailed information about your obligations in these agreements and in other items of this Offering Circular.

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Item in Offering Circular</b>
a. Site selection and acquisition/lease	Sections 7.1 and 7.2 of Franchise Agreement	Items 7, 8, 11 and 17
b. Pre-opening purchases/leases	Sections 7.2, 7.4 and 7.5 of Franchise Agreement	Items 5, 7, and 8
c. Site development and other pre-opening requirements	Sections 7.3, 7.4, 7.5 and 7.6 of Franchise Agreement	Items 5, 7 and 11
d. Initial and ongoing training	Article 10 of Franchise Agreement	Item 11
e. Opening	Section 8.1 of Franchise Agreement	Items 11 and 17
f. Fees	Section 3.2(i), Article 4, Sections 8.5 and 8.6, Article 9 and Section 12.4(f) of Franchise Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Sections 2.1, 3.2, 4.7 through 4.11, Article 6, Sections 7.4, 7.5 and 7.6, Article 8, Sections 9.3, 9.4, 9.5, 10.2, 12.4 and Article 13 of Franchise Agreement	Items 8, 11, 13 and 16
h. Trademarks and proprietary information	Article 6 and Section 11.1 of Franchise Agreement; Section 1 of Confidentiality/Non-competition Agreement ("CNCA") (Exhibit E)	Items 13 and 14
i. Restrictions on products/services offered	Sections 8.2, 8.4 and 8.5 of Franchise Agreement	Items 8, 11 and 16
j. Warranty and customer service requirements	Sections 8.1, 8.2 and 8.9 of Franchise Agreement	
k. Territorial development and sales quotas	Sections 2.4 and 8.1 of Franchise Agreement	Item 12
l. Ongoing product/service purchases	Sections 4.9, 8.3, 8.4 and 8.5 of Franchise Agreement	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Sections 3.2, 8.6 and 12.4 of Franchise Agreement	Items 11 and 17
n. Insurance	Section 8.10 of Franchise Agreement	Items 6, 7 and 8
o. Advertising	Article 9 of Franchise Agreement	Items 6 and 11
p. Indemnification	Section 8.13 of Franchise Agreement	Item 6

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Item in Offering Circular</b>
q. Owner's participation/management/staffing	Sections 8.7 and 8.8 and Appendix D—Personal Guaranty of Franchise Agreement	Items 11 and 15
r. Records and reports	Sections 4.7 through 4.9 and 8.15 of Franchise Agreement	Item 11
s. Inspections and audits	Sections 4.10 and 4.11 of Franchise Agreement	Item 6
t. Transfer	Article 12 of Franchise Agreement	Items 6 and 17
u. Renewal	Section 3.2 of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Articles 11 and 14 of Franchise Agreement	Item 17
w. Non-competition covenants	Section 11.2 of Franchise Agreement; Section 2 of CNCA	Item 17
x. Dispute resolution	Article 15 of Franchise Agreement; Section 7 of CNCA	Item 17

## **ITEM 10--FINANCING**

We do not offer direct or indirect financing for your franchise. We do not guaranty any of your notes, leases or other obligations.

## **ITEM 11--FRANCHISOR'S OBLIGATIONS**

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

### Before Opening

Before you open your business, we (or our representative) will:

1. If you request, assist you in selecting a suitable location for your retail showroom (Section 5.1 of the Franchise Agreement) and we will review your proposed location for approval (Section 7.1 of the Franchise Agreement).
2. Specify the standard format for the construction or improvement of your franchise location (Section 5.2 of the Franchise Agreement).

3. Provide our specifications and sources of supply for the equipment, fixtures, signs and initial inventory necessary for you to begin operation of your EntryPoint Business (Section 5.3 of the Franchise Agreement).

4. Loan you, for use during the term of the Franchise Agreement, one copy of our Operations/Training Manual for use in the operation of your EntryPoint Business (Section 5.4 of the Franchise Agreement). Additional information regarding the Operations/Training Manual is set forth below in this Item under the subheading "Operations/Training Manual."

5. Make available an initial training program to train you to operate an EntryPoint Business (Section 5.5 and Article 10 of the Franchise Agreement). The training program is described in more detail below in this Item under the subheading "Training."

6. If you request, provide a representative for up to four days during the 1<sup>st</sup> 30 days after opening to assist in the setup and initial operation of your EntryPoint Business (Section 5.6 of the Franchise Agreement).

7. Designate the products and services to be offered by your EntryPoint Business and provide sources of supply for all products used in your EntryPoint Business (Section 5.7 of the Franchise Agreement).

#### During Operation

During the operation of your franchise, we will:

1. Continually provide updates to you of our Operations/Training Manual and other specifications for all aspects of your EntryPoint Business (Section 5.4 of the Franchise Agreement).

2. If you request, provide a representative for up to four days during the 1<sup>st</sup> 30 days after opening to assist in the setup and initial operation of your EntryPoint Business (Section 5.6 of the Franchise Agreement).

3. Designate the products and services to be offered by your EntryPoint Business and continually provide you with updates in our specifications for products or services. We will also provide sources of supply for all authorized products and will review for approval any products or services or suppliers requested by you (Sections 5.7 and 8.5 of the Franchise Agreement).

4. Provide reasonable operational advice and assistance to you by telephone, fax or email, including advice on specific services or products, if requested by you (Section 5.8 of the Franchise Agreement).

5. Administer advertising, as determined in our discretion, for the benefit of the Franchise Trademarks and System. We will also review for approval any local advertising proposed by you (Sections 5.9, 9.1 and 9.5 of the Franchise Agreement). Additional information regarding advertising is set forth below in this Item under the subheading "Advertising."

6. Indemnify you against liability to third parties resulting from claims by third parties that your use of the Trademarks infringes trademark rights of the third party, but only if (a) you have used the Trademarks in accordance with the requirements of the Franchise Agreement and our specifications and (b) you have given notice to us of the claim within 10 days of receipt by you of the claim and you have tendered the defense of the claim to us (Sections 5.10 and 6.4 of the Franchise Agreement).

7. Make all modifications to or substitution of our Trademarks on a uniform basis for all similarly situated franchisees in a particular market (Section 6.6 of the Franchise Agreement).

8. If your initial location becomes unusable or unavailable, review for approval any alternative location proposed by you (Section 7.1 of the Franchise Agreement).

9. Review proposed transferees of your franchise for approval (Section 12.4 of the Franchise Agreement).

### Advertising

You must pay 2% of the gross sales of your EntryPoint Business into an advertising fund. The fund will be administered by us or an agency designated by us. We will use the advertising fund to formulate, develop and produce advertising and promotional programs and materials and for other purposes as we determine in our discretion to be most effective in achieving the goals of maximizing general public recognition and patronage of the Franchise Trademarks and System. We are not required to spend your advertising fund contributions to place advertising in your market or in any specific media. The advertising fund will be used to pay all expenses related to the fund. We reserve the right to engage the services of an advertising source or sources to formulate, develop, produce and conduct advertising and promotional programs. The cost of these services will be paid from the advertising fund. The advertising fund may be used to reimburse us for overhead relating to advertising and the administration of the advertising fund, including the proportionate compensation of our employees who devote time and render service in support of advertising or administration of the advertising fund. A portion of your advertising fund contributions may be used for the solicitation of franchises. EntryPoint Businesses operated by us or our affiliates will pay advertising fees on the same basis as our franchisees.

If your advertising fees are not spent in the year in which we receive them, we will hold those amounts for use in the following year or years. We will submit to you, on request, an annual report of the receipts and disbursements of the advertising fees, unaudited and prepared by our management.

In no event will we or any agency or specialist engaged by us be liable for consequential or incidental damages resulting from administration of the advertising fund or resulting from any advertising produced or placed by or on behalf of us or our franchisees or the failure to produce or place advertising, including any claims for loss of business. See Section 9.1 of the Franchise Agreement.



In the year ending December 31, 2005, we used 100% of the advertising fees we spent on literature for use by franchisees. No advertising fees were used for the solicitation for the sale of franchises.

In addition to your obligations to pay a monthly advertising fee, you must spend, on a monthly basis, for advertising in your local market, 3% of the gross sales of your EntryPoint Business. You must provide documentation to our reasonable satisfaction that you have spent these amounts for local advertising.

We may designate an advertising area that includes a group of EntryPoint Businesses. If your EntryPoint Business is within a designated advertising area, you must join, maintain a membership in and abide by the governing instrument of an advertising cooperative for that area. We must approve the structure of the cooperative as well as the original governing instrument of the cooperative and any changes to that instrument. The cooperative cannot modify the terms of the Franchise Agreement, but may require you to make contributions to the cooperative in addition to any advertising fees you must pay to us. The cooperative will make decisions based on a majority vote of its members. Each cooperative will work with us or an agency designated by us in coordinating and placing regional and local advertising for the members of the cooperative. The costs and expenses of each cooperative must be paid by that cooperative. Any amounts spent on cooperative advertising will count towards your minimum local advertising requirement. See Section 9.3 of the Franchise Agreement.

All advertising by you in any medium, including signage, must be factual and dignified, must conform to our standards and specifications, and to the highest standards of ethical advertising practice, and must be approved by us in writing before being used. You must submit to us for prior approval all marketing and promotion materials, including signage, prepared by you for your EntryPoint Business and not prepared by or previously approved by us. These materials must be submitted to us at least 14 days before the date of the proposed use. You must refrain from any business or advertising that may injure our business and the good will associated with the Franchise Trademarks and System and other EntryPoint Businesses. You are not allowed to advertise any products or services for your business or using the Franchise Trademarks except those products or services authorized by us. You are prohibited from independently using the Internet for promotion of your business. See Sections 8.4, 9.4 and 9.5 of the Franchise Agreement.

#### Electronic Point of Sale and Computer Systems

You must purchase or lease and use the point of sale and/or computer systems we specify for the operation of your EntryPoint Business. We currently specify a standard personal computer and QuickBooks software. You will use the computer hardware and software to record transactions with customers.

The computer hardware is not our proprietary property but may be the proprietary property of the manufacturer or supplier. QuickBooks is the proprietary property of Intuit, Inc., whose address is 2632 Marine Way, Mountain View, CA 94039. Any rights you have to maintenance, repairs, upgrades and updates on the computer hardware or software will depend on your contract with the supplier of the hardware or any warranties provided by the manufacturer of the hardware or

software. We generally recommend that you obtain all updates to the software as they become available. The QuickBooks software program has been used by us since April 2004.

We may create, acquire or endorse electronic point of sale or other computer equipment related to the operation of your franchise business. If specified by us, you must purchase or lease the specified equipment and software and utilize the equipment and software as specified by us. There are no limitations in the Franchise Agreement on the frequency or cost of your obligation to update hardware and software.

You must allow us direct access to the information contained in the point of sale or computer equipment or software by modem or other linking of the equipment or software to our equipment or software and there are no contractual limitations on our right to access and use that information and data. You must provide us access to the information on the computer systems in the manner specified by us and must supply us with any and all security codes necessary to obtain this access. We may retrieve, analyze, download and use the software and all data on your computer systems at any reasonable times as long as we do not unreasonably interfere with the operation of your franchise business. If specified by us, you must maintain Internet access at all times in the manner specified by us for communication with us and, if specified by us, to allow us to access information from your computer system.

#### Operations/Training Manual

Our Operations/Training Manual provides details concerning the methods of operation of an EntryPoint Business. The table of contents of the Operations/Training Manual, which includes the number of pages devoted to each subject and the total number of pages, is attached as Exhibit F. You will be loaned a copy of the Operations/Training Manual after completing training for use during the term of the Franchise Agreement. The Operations/Training Manual remains our property, must not be duplicated, and must be returned to us on expiration or termination of the Franchise Agreement. You must at all times ensure that your copy of the Operations/Training Manual is kept current and up to date. If there is a dispute as to the contents of the Operations/Training Manual, the terms and dates of the master copy of the Operations/Training Manual maintained by us at our place of business will be controlling.

#### Site Selection

Although we may assist you in obtaining a location for your retail showroom, it is your responsibility to obtain and evaluate the commercial value of the location. However, we must approve your location. The factors that we consider when we recommend or approve a site include visibility, traffic counts, proximity to neighborhoods, size of physical space and parking. The Franchise Agreement does not establish a time limit to approve or disapprove of a site. If you propose a site, we can usually give our approval or disapproval within 30 days. If we cannot agree on a site and your EntryPoint Business is not opened within the time specified in the Franchise Agreement, the Franchise Agreement may be terminated.

### Time of Opening

We expect franchisees to open their EntryPoint Business within 30 to 60 days after signing the Franchise Agreement or paying consideration to us. The main factors that we expect to affect this time period are availability of suitable locations, the ability to obtain mutually acceptable lease terms, the ability to obtain financing, the local time frame for obtaining building permits, weather, construction delays, shortages, delayed installation of equipment, fixtures or signs, and your personal timetable.

### Training

We will make available an initial training program to train you to operate your EntryPoint Business. You (or your designated representative if the franchisee is a corporation or other entity) must complete the training program specified by us before operating your franchise business. The training program must be completed to our satisfaction. We recommend that you complete the training program within 7 to 30 days of the opening of your EntryPoint Business.

The initial training program will be conducted without charge for owners and employees of the franchisee or the franchise business. The training program will consist of five business days of training at our corporate office and training center in Orlando Florida. We will provide additional training as necessary by phone and Internet and, on request, we will provide a representative for up to 4 days within the 1<sup>st</sup> 30 days after opening to assist in the setup and initial operation of your business. You must pay your and your employees' salaries and expenses for travel, food and lodging incurred during the training program. The persons attending the initial training program must sign an agreement relating to confidentiality and/or non-competition in the form specified by us before beginning the training program. See Exhibit E.

Our training program will be conducted monthly. The instructors for the training program and their experience follows: (a) Rex Strickland, Franchise Operations Consultant—7 years glass experience, 23 years millwork and building materials experience; (b) Heather Luter—Marketing Associate—5 years experience (c) David Reynolds, Assistant Store Manager--23 years retail experience; (d) Dennis Staub, Franchise Development Consultant—28 years franchise experience; and (e) Pat Jarosz, Senior Accountant—15 years accounting experience.

The following table provides additional information about the training program.

#### **INFORMATION ON TRAINING PROGRAM**

<b>Subject</b>	<b>Location</b>	<b>Instructional Materials</b>	<b>Hours of Class-room Training</b>	<b>Hours of On-the-Job Training</b>	<b>Instructor</b>
Tech/Install	Orlando Florida	Training Manual	8	8	Strickland
Business Plan	Orlando Florida	Training Manual	1		Staub
Site Selection	Orlando Florida	Training Manual	½		Staub

Subject	Location	Instructional Materials	Hours of Class-room Training	Hours of On-the-Job Training	Instructor
Showroom Basics	Orlando Florida	Training Manual	2		Reynolds
Inventory Control	Orlando Florida	Training Manual	½		Reynolds
Sales	Orlando Florida	Training Manual	2		Reynolds
Sales/Role Play	Orlando Florida		1		Reynolds
Marketing	Orlando Florida	Training Manual	4		Luter
Increase Sales	Orlando Florida	Training Manual	1		Staub
Industry Overview	Orlando Florida	Training Manual	¼		Strickland
Staffing	Orlando Florida	Training Manual	¼		Staub
Financial/Accounting	Orlando Florida	Training Manual	2		Jarosz
Miscellaneous Business	Orlando Florida	Training Manual	½		Strickland
Customer Service	Orlando Florida	Training Manual	1		Strickland
Warranty Procedure	Orlando Florida	Training Manual	1		Strickland
EP Contacts	Orlando Florida	Training Manual	¼		Strickland
Final Exam	Orlando Florida	Training Manual	1		Strickland

You or your owners and employees must attend additional training, sales programs and meetings reasonably specified by us. We will give you reasonable notice of any additional specified training, sales programs or meetings. We may impose a reasonable charge on you for any training provided beyond the initial training program. Any training fees will be uniform as to all persons attending training at that time and will be based on our out-of-pocket expenses plus a per day rate for the training personnel. You must complete additional training before offering new products or services from your EntryPoint Business, if we specify.

## ITEM 12--TERRITORY

### Territory

You are granted the right to use the Franchise Trademarks and System to operate an EntryPoint Business in a territory, which will be described in Item 1 of Appendix A to your Franchise Agreement. Your territory will be determined before you sign the Franchise Agreement based on the number of new homes in the area.

### Territorial Obligations and Restrictions

You must develop and operate a retail showroom and office space within your territory. The location will be designated in Item 2 of Appendix A to the Franchise Agreement. If the exact location for your retail showroom and office has not been determined before signing of the Franchise Agreement, you must use your best efforts to find a suitable location within your territory. You must always operate your retail showroom and office only at a location approved in writing by us. If your location becomes unusable or unavailable for your use, you must obtain our written approval for a new site. The factors we consider for changing locations are the same factors we consider for your initial location.

You must use your best efforts to promote, sell and install the products and services of an EntryPoint Business in your territory.

You are prohibited from using the Franchise Trademarks and System outside your territory or to promote, offer, sell or install products or services to customers located outside your territory except with our written consent. We may allow you to promote, sell and install products or services to customers outside your territory, but only if (a) you are in compliance with your obligations under the Franchise Agreement and, in our opinion, you are adequately promoting and selling your products and services in your territory; and (b) your products and services will not be promoted, sold or installed in the territory of any other EntryPoint Business. If an area outside of your territory where you have been authorized to sell products and services to customers later becomes part of the territory of another EntryPoint Business, you must immediately cease promoting and selling your products and services in that area.

You must meet the minimum sales requirement described below.

### Limited Exclusivity; Reservation of Rights

We will not: (a) operate or authorize another person to operate a retail showroom or other business establishment using the Franchise Trademarks and the Franchise System at a location in your territory; or (b) promote, sell or install or authorize any other person to promote, sell or install the products and services authorized for EntryPoint Businesses to customers in your territory. Except for these limited exclusive rights, the rights granted to you in the Franchise Agreement are not exclusive and you are not granted any exclusive area or other territorial rights. We reserve all rights not expressly granted to you in the Franchise Agreement, including the right to: (i) promote, sell and install and authorize others to promote, sell and install products and services to any customer not located in your territory; (ii) promote, sell and install and authorize others to promote, sell and install products and services, other than the products and services authorized for EntryPoint Businesses, using the Franchise Trademarks and Franchise System, or any other trade marks or systems, to any customer, whether or not located in your territory; and (iii) offer and sell and authorize others to offer and sell products and services used in the Franchise System or other products and services to retail consumers in your territory using various methods of distribution, such as sales to retail outlets and use of toll-free telephone numbers, catalogs, direct mail or over the Internet.

### Achievement of Certain Sales Volume

You must sell and install a minimum number of units of glass each year of operation of your franchise business. The minimum number of units will be 360 units of glass for the first year of operation. Each subsequent year of operation, this minimum will increase by an amount equal to 10% of the minimum from the previous year of operation, rounded if necessary to the nearest whole unit (for example, the minimum number of units of glass for the second year of operation will be 396 units and for the third year of operation will be 436 units). This requirement is referred to as the "minimum sales requirement". If you fail to meet the minimum sales requirement, we may take steps to terminate your Franchise Agreement. In the alternative, if you do not cure any breach of the minimum sales requirement within 60 days of written notice, we may, by written notice to you, reduce or eliminate your exclusivity in your territory. Except as described above, you do not have to meet certain sales volume, market penetration or other contingencies to continue your rights in your territory and your territory will not be altered because of population increases, decreases or other circumstances.

### Franchisee Options

You will not have any options, rights of first refusal or similar rights to acquire additional franchises within any specified territory or any contiguous territories.

## **ITEM 13--TRADEMARKS**

### Principal Trademarks

You must operate your EntryPoint Business under the Franchise Trademarks. Our principal trademarks include "EntryPoint®," "Your Door. Our Glass.™," "A Second Chance at a First Impression™" and "Door Transformations™." The Franchise Trademarks are owned by ODL, Inc. and we are licensed to use and sublicense the Franchise Trademarks. The status of the federal registrations for certain Franchise Trademarks is as follows:

<b>Trademark</b>	<b>Country</b>	<b>Application Date and Number</b>	<b>Registration Date and Number</b>	<b>Status</b>	<b>Goods/ Services</b>
EntryPoint	U.S.	8/31/1998 75/545662	11/21/2000 2406942	Principal Register Registration	Window blinds and shades
EntryPoint	U.S.	11/11/2004 78/515032	1/10/2006 3041076	Principal Register Registration	Installation and replacement of door glass
EntryPoint	U.S.	11/11/2004 78/515028		Pending	Door glass
Your Door. Our Glass.	U.S.	11/11/2004		Pending	Installation and replacement of door glass

<b>Trademark</b>	<b>Country</b>	<b>Application Date and Number</b>	<b>Registration Date and Number</b>	<b>Status</b>	<b>Goods/ Services</b>
A Better Way to Treat a Door	U.S.	11/16/2004 78/517366		Pending	Door glass, retractable door screens
You Design the Door to Match any Decor	U.S.	7/14/2005 78/670132		Pending	Installation and replacement of door glass
Its Your Door . . . Only Better	U.S.	10/13/2005 78/732749		Pending	Installation and replacement of door glass

#### Determinations, Agreements or Uses Affecting Trademarks

Except as may be described above, there are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court, any pending interference, opposition or cancellation proceeding or any pending material litigation involving our Trademarks. There are no agreements currently in effect that limit our rights to use or license the Trademarks in any manner material to your franchise. Except as described above, we do not know of any superior prior rights or infringing uses of the Trademarks that could materially affect your use of our Trademarks.

#### Franchisee's Obligations

You must use the Trademarks only in accordance with our rules. You must only use the Trademarks in connection with the operation of your EntryPoint Business pursuant to the System and only in the manner specified in the Franchise Agreement or otherwise specified by us. You must not use the Trademarks in connection with any products and services not authorized by us in writing. You must not reproduce or cause to be reproduced any Trademarks in any manner, including reproduction on printed material and signs, in connection with advertising, marketing or promotion or on the Internet or in an Internet domain name, without our written approval. You must not use the Trademarks in your corporate, partnership or limited liability company name. If you receive notice, or are informed, of any claim, suit or demand against you on account of any alleged infringement, unfair competition, or similar matter on account of your use of the Trademarks, you must promptly notify us of the claim, suit or demand. If you receive notice or are informed or learn that any third party, who you believe is unauthorized to use the Trademarks, is using the Trademarks or any name or trademark confusingly similar to the Trademarks, you must promptly notify us of the facts relating to the alleged infringing use.

#### Defense of the Trademarks

If we become aware of a claim against you relating to your use of the Trademarks, we will take action as we deem necessary and appropriate to protect and defend you against the claim. You must not settle or compromise any claim by a third party without our written consent. We will have

the sole right to defend, compromise or settle these claims, in our discretion, using attorneys we choose, and you must cooperate fully with us in connection with the defense of these claims. You may, if you choose, participate at your own expense in the defense or settlement, but our decisions with regard to the Trademarks will be final.

We will indemnify you against liability to third parties resulting from claims by third parties that your use of the Trademarks infringes trademark rights of the third party, but only if (1) you have used the Trademarks in accordance with the requirements of the Franchise Agreement and our specifications and (2) you have given notice to us of the claim within 10 days of receipt by you of the claim and you have tendered the defense of the claim to us.

#### Prosecution of Infringers

If we become aware that a third party who is unauthorized to use the Trademarks, is using the Trademarks or any name or mark confusingly similar to the Trademarks, we will then, in our sole discretion, determine whether or not we wish to take any action against the third person. You will have no right to make any demand against any alleged infringer or to prosecute any claim of any kind or nature whatsoever against an alleged infringer. If we choose to prosecute any violation of the Trademarks, you must sign all documents and do all acts necessary or incidental to that action as our attorneys may reasonably request.

#### Modification of Trademarks

We may, in our discretion, change the Trademarks, including adding, discontinuing or modifying the Trademarks, or substituting different Trademarks. We may make these changes because of the rejection of any pending registrations or the revocation of any registrations of the Trademarks, or due to the rights of senior users, or for other business reasons, except that we must make all changes in the authorized Trademarks on a uniform basis for all similarly situated EntryPoint Businesses in a particular market. If we change the Trademarks, you must make those changes at your expense.

## **ITEM 14--PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

#### Patents and Copyrights

We do not own any patents that are material to your franchise. We claim copyright protection for written and electronic materials, although these materials are not registered with the U.S. Registrar of Copyrights.

#### Proprietary Information

Our System and all material revealed to you relating to the System and all additional changes or enhancements in the System are considered proprietary and confidential. You must use the System and our confidential information only as provided in the Franchise Agreement. You



must not use any aspect of our System or confidential information in any unauthorized manner and you must take reasonable steps to prevent disclosure of this information to others. If requested by us, you must have your employees sign an agreement relating to confidentiality and/or non-competition in the form specified by us before disclosing confidential information to them (see Exhibit E).

#### Determinations, Agreements or Uses Affecting Proprietary Information

There are no currently effective material determinations of the copyright office or any court regarding any of our copyrighted or confidential materials. There are no agreements currently in effect that limit our rights to use or license the copyrighted materials or any of our confidential information. We do not know of any superior prior right or infringing uses of our copyrighted materials or our confidential information that could materially affect your use of those materials or information. We are not required by any agreement to protect or defend our copyrights or confidential information, although we intend to protect our System.

### **ITEM 15--OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You, or if you are a corporation, partnership or other entity, at least one of the individuals designated in Item 4 of Appendix A of the Franchise Agreement ("principal"), must: (1) preserve and exercise ultimate authority and responsibility with respect to the management and operation of your EntryPoint Business; and (2) represent and act on behalf of franchisee in all dealings with us. If all of the principals resign, die or become incapacitated, it will be considered a transfer under the provisions of Section 13 of the Franchise Agreement. If you desire to have a manager, other than a principal, devote full time and effort to the management and operation of your franchise, the manager must successfully complete our training program and must be approved by us. We must also approve any change in management personnel. Your on-premises manager does not have to have an equity interest in the franchise. Your manager and other employees and agents must sign an agreement relating to confidentiality and/or non-competition (see Exhibit E). If the franchisee is a corporation, partnership or other entity, the principals must personally guaranty all of the franchisee's obligations to us (see the "Obligations of Individuals Involved in Franchise Business" at the end of the Franchise Agreement and Appendix D to the Franchise Agreement - Personal Guaranty).

### **ITEM 16--RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must only sell products or services approved by us. You must sell all products and services specified by us. You may not offer any products or services that we have not authorized (see Items 8 and 9). We have the right to change the authorized products and services. If we add additional products and services, you must be qualified to provide the products and services before we will authorize you to offer those products and services. If we delete a product or service, you must cease offering that product or service immediately on written notice from us. Also, you will have no right to solicit or conduct business through the use of toll-free telephone numbers, catalogs,

direct mail, internet or through any distribution channels other than an EntryPoint Business operated under the Franchise Trademarks and System in your territory.

## ITEM 17--RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This tables list certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Offering Circular.

Provision	Section in Franchise Agreement	Summary
a. Length of the term of the franchise	Section 3.1 of Franchise Agreement	10 years.
b. Renewal or extension of the term	Section 3.2 of Franchise Agreement	10 years.
c. Requirements for you to renew or extend	Section 3.2 of Franchise Agreement	Not in default; have not received two or more notices of default within the previous 12 months; provide notice; able to maintain possession of the franchise location and agree to refurbish in compliance with our then current standards; has satisfied all material reporting requirements and all monetary obligations during the previous term; satisfy current training standards; sign a general release of all claims against us; sign current Franchise Agreement; pay renewal fee; and comply with current standards.
d. Termination by you	Section 13.1 of Franchise Agreement	If we materially breach the Agreement and do not cure after notice.
e. Termination by us without "cause"	None	
f. Termination by us with "cause"	Sections 13.2, 13.3, 13.4 and 13.5 of Franchise Agreement	If you are in default of the Franchise Agreement.
g. "Cause" defined—defaults which can be cured	Section 13.5 of Franchise Agreement	Notice and cure period is 10 days for monetary defaults and 30 days for other defaults.

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined— defaults which cannot be cured	Sections 13.3 and 13.4 of Franchise Agreement	Non-curable defaults before opening include: failure to obtain a lease, complete training, obtain permits, pay amounts due or obtain financing. Non-curable defaults after opening include: willful misrepresentations; fraud or false representations; substantial number of complaints from customers; unapproved assignments; conviction of crime; repeat defaults; abandonment; health or safety hazards; intoxication, illegal drug use or other substance abuse that interferes with operation of the EntryPoint Business; any materially adverse conduct; bankruptcy, insolvency or appointment of a receiver.
i. Your obligations on termination/ non-renewal	Article 14 of Franchise Agreement	Cease using the Franchise Trademarks; complete de-identification; discontinue advertising; deliver signs and other items to us; cease using proprietary information; transfer of telephone numbers to us; assign lease to us.
j. Assignment of contract by us	Section 12.6 of Franchise Agreement	No restriction on our right to assign if adequate provision has been made for providing further required contractual services.
k. "Transfer" by you— definition	Section 12.1 of Franchise Agreement	Includes transfer of interest in the Franchise Agreement, franchise business, franchise location, assets of the franchise business, or any interest in the corporation or other business entity owning the franchise.
l. Our approval of a transfer by you	Sections 12.1 and 12.4 of Franchise Agreement	You must have our written consent to transfer your franchise. We will not unreasonably withhold consent.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
m. Conditions for our approval of the transfer	Section 12.4 of Franchise Agreement	New franchisee qualifies; transfer does not place unreasonable burdens on transferee; selling franchisee is current in all obligations to us; selling franchisee signs a general release of claims against us; new franchisee completes training; transfer fee paid; current Franchise Agreement signed or assumption of existing Franchise Agreement signed by new franchisee; current appearance requirements met.
n. Our right of first refusal to acquire your business	Section 12.3 of Franchise Agreement	We can match any offer for the purchase of your business.
o. Our option to purchase your business	Section 14.3 of Franchise Agreement	We have the option to purchase the assets of your business for market value on termination, non-renewal or expiration of your franchise.
p. Your death or disability	Section 12.2 of Franchise Agreement	Your estate may continue to operate the franchise if we approve a manager and other conditions are met within 90 days; we have an option to operate the franchise for your estate during the interim period.
q. Non-competition covenants during the term of the franchise	Section 11.2 of Franchise Agreement; Section 2 of Confidentiality and Non-competition Agreement ("CNCA")	No involvement in competing business anywhere. You also must not: divert business from an EntryPoint Business; employ an employee of another EntryPoint Business; or sponsor or encourage another person to open a competing business.
r. Non-competition covenants after the franchise is terminated or expires	Section 11.2 of Franchise Agreement; Section 2 of CNCA	No competing business for two years within your territory or the territory of any other EntryPoint Business or within 50 miles of the border of your territory or the territory of any other EntryPoint Business. You also must not, for a period of two years: divert business from an EntryPoint Business; employ an employee of another EntryPoint Business; or sponsor or encourage another person to open a competing business.
s. Modification of Franchise Agreement	Section 16.8 of Franchise Agreement	No modifications unless in writing, but specifications subject to change by us.

Provision	Section in Franchise Agreement	Summary
t. Integration/merger clause	Section 16.8 of Franchise Agreement	Only the terms of the Franchise Agreement are binding (subject to applicable state law—see Exhibit J).
u. Dispute resolution by arbitration or mediation	Sections 15.1 through 15.4	Except for requests for injunctive relief, all disputes are subject to negotiation for 30 days, then binding arbitration.
v. Choice of forum	Sections 15.3 and 15.6 of Franchise Agreement; Section 7 of CNCA	Arbitration will be at the AAA office in or closest to Ottawa County Michigan. Litigation by you must be in Michigan and litigation by us may be brought in Michigan (subject to applicable state law—see Exhibit J).
w. Choice of law	Section 15.5 of Franchise Agreement; Section 7 of CNCA	Michigan law applies (subject to applicable state law—see Exhibit J).

These States have statutes that may supersede the Franchise Agreement and other agreements in your relationship with us, including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e, et sec.], DELAWARE [Code Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [ILCS, Ch. 815, Sections 705/1-705/44], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1-523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Sections 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-11], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other States may have court decisions which may supersede the Franchise Agreement or other agreements in your relationship with us, including the areas of termination and renewal of your franchise.

**APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION IN THIS OFFERING CIRCULAR. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT J TO THIS OFFERING CIRCULAR.**

**TERMINATION OF THE FRANCHISE AGREEMENT ON BANKRUPTCY OR INSOLVENCY MAY NOT BE ENFORCEABLE UNDER FEDERAL BANKRUPTCY LAW (11 U.S.C. § 101 ET SEQ.).**

## ITEM 18--PUBLIC FIGURES

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

## **ITEM 19--REPRESENTATIONS REGARDING EARNINGS CAPABILITY**

We do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of an EntryPoint Business. Actual results vary from unit to unit and we cannot estimate the results of any particular franchise.

**ITEM 20--LIST OF OUTLETS**

**FRANCHISE STATUS SUMMARY  
FOR YEARS 2003, 2004 AND 2005**

State	Transfers			Cancelled or Terminated			Not Renewed			Reacquired By Us			Otherwise Left The System			Total From Left Columns			Franchises Operating At The Year End			
	03	04	05	03	04	05	03	04	05	03	04	05	03	04	05	03	04	05	03	04	05	
Florida																						3
South Carolina																						2
<b>TOTALS</b>																						<b>5</b>

**STATUS OF COMPANY OWNED UNITS  
FOR YEARS 2003, 2004 AND 2005**

State	Company Owned Units Opened			Company Owned Units Closed			Total Company Owned Units Operating		
	03	04	05	03	04	05	03	04	05
Florida		2	2					2	2
<b>TOTALS</b>		<b>2</b>	<b>2</b>					<b>2</b>	<b>2</b>

**PROJECTED OPENING OF FRANCHISES DURING 2006**

State	Franchise Agreements Signed But Unit Not Yet Open At Year End	Projected Franchise Units	Projected Company Owned Units
Arizona		1	
Florida	2	2	
Georgia	1	1	
Michigan		1	
Missouri	1	1	
North Carolina		1	
South Carolina		2	
Virginia		1	
<b>TOTALS</b>	<b>4</b>	<b>10</b>	

The information in the tables is as of December 31<sup>st</sup> of each year.

The names, addresses and telephone numbers of all EntryPoint Businesses are listed on Exhibit G. A list of the last known home address and telephone number of every franchisee that has had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the calendar year 2005 or who has not communicated with us within ten weeks of our application date (or the date of this Offering Circular, if this Offering Circular is not for use in a state requiring registration of franchises) is attached as Exhibit H.

We do have an existing non-franchise dealer network. We intend to offer franchises to those existing dealers.



## ITEM 21--FINANCIAL STATEMENTS

Our financial statements listed below are attached as Exhibit I.

- **Unaudited** interim balance sheet as of March 31, 2006 and the related statement of profit and loss for the period ending March 31, 2006.
- **Audited** balance sheet as of December 31, 2005 and **Unaudited reviewed** balance sheet as of December 31, 2004 and the **Unaudited reviewed** related statements of operations and member's deficit and cash flows for the years ended December 31, 2005 and December 31, 2004.

## ITEM 22--CONTRACTS

The following contracts are attached to this Offering Circular:

- Franchise Agreement -- Exhibit C
- Lease Addendum -- Exhibit D
- Confidentiality/Non-Competition Agreement -- Exhibit E
- State Specific Addenda to Agreements (if applicable) – Exhibit J

## ITEM 23--RECEIPT

Two (2) copies of a Receipt of this Offering Circular, including all Exhibits, are attached as Exhibit K. You must date and sign one copy of the Receipt and deliver it to us.