

EXHIBIT F

FRANCHISE AGREEMENT

GOTCHA COVERED

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT INDEX

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ATTACHMENT A DESIGNATED TERRITORY

**GOTCHA COVERED®
FRANCHISE AGREEMENT**

THIS AGREEMENT is entered into on this _____ day of _____, 20____, by and between WINDOW FASHIONS PROFESSIONALS, INC., a Texas corporation whose principal place of business is located at 1611 North Stemmons Freeway, Suite 318, Carrollton, Texas 75006 (hereinafter "FRANCHISOR"), and _____, whose address is _____ (hereinafter "FRANCHISEE").

RECITALS

A. FRANCHISOR grants licenses for the operation of mobile, direct sales units for the sale and installation of window covering products, which operate under the name Gotcha Covered.

B. FRANCHISOR has expended time, effort, skill and money to develop over a period of years a system for the establishment, development and operation of mobile sales units ("Gotcha Covered Mobile Sales Units") for the sale and installation of FRANCHISOR's approved list of window covering products (the "Products") using the service mark Gotcha Covered and other trademarks, service marks, logos and identifying features which FRANCHISOR may designate from time to time (the "Licensed Marks") and using FRANCHISOR's distinctive methods for operating Gotcha Covered Mobile Sales Units (the "Gotcha Covered System").

C. FRANCHISEE desires to establish a Gotcha Covered Mobile Sales Unit to be located in the geographic area described in Paragraph 1.01 below, and FRANCHISOR desires to grant FRANCHISEE the right to operate a Gotcha Covered Mobile Sales Unit in such geographic area under the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual rights, covenants and obligations set forth herein, the parties agree as follows:

I. GRANT OF FRANCHISE

1.01. FRANCHISOR grants to FRANCHISEE and FRANCHISEE accepts the right and license to operate a Gotcha Covered Mobile Sales Unit for the sale and installation of Products (the "Franchise" or "Franchised Business") in the geographic area listed in attached Exhibit A (the "Designated Territory").

1.02. FRANCHISEE agrees to purchase Products only from sources approved by FRANCHISOR, to use the Licensed Marks only in connection with the operation of the Franchised Business, and to at all times operate and manage the Franchised Business faithfully, honestly and diligently in strict conformance with FRANCHISOR's operating procedures and specifications, as set forth herein and as otherwise from time to time communicated to

FRANCHISEE, using FRANCHISEE's best efforts to promote and enhance the performance and operation of the Franchised Business in the Designated Territory defined above, all in accordance with the terms and conditions of this Agreement.

1.03. FRANCHISOR grants to FRANCHISEE the exclusive right to directly solicit customers and sell Products in the Designated Territory described above using the service mark Gotcha Covered provided FRANCHISEE is not in default under the terms of this Agreement.

1.04. FRANCHISEE may expand the Designated Territory by purchasing an additional territory, subject to availability and the following conditions. To be eligible to acquire an additional territory: (i) the additional territory must be contiguous to the Designated Territory; (ii) FRANCHISEE must provide FRANCHISOR with a business plan that shows to FRANCHISOR's satisfaction that FRANCHISEE will be able to properly serve the market for Gotcha Covered customers in the additional territory while achieving FRANCHISEE's sales quota in the Designated Territory as well as the additional territory; and (iii) FRANCHISEE must sign an Additional Territory Agreement and pay the then-current fee for an initial territory.

II. TERM AND RENEWAL

2.01. The term of this Agreement shall be for ten (10) years commencing on the date of execution of this Agreement by FRANCHISOR.

2.02. At the expiration of the term or any renewal term hereof, FRANCHISEE may, at its option, renew the Franchise granted hereunder for addition terms of ten (10) years each on the following terms and conditions:

A. FRANCHISEE shall give FRANCHISOR notice in writing of its election to renew this Agreement at least three (3) months prior to the expiration of the then-current term.

B. FRANCHISEE shall not be in default of any provision of this Agreement or amendment hereto, including without limitation all payment obligations to FRANCHISOR or any of FRANCHISEE's suppliers of Products..

C. As a condition of renewal of the Franchise, FRANCHISEE agrees to execute FRANCHISOR's then-current form of Franchise Agreement and to comply fully with all terms and conditions thereof, and to pay FRANCHISOR the then-current renewal fee, which is presently \$1,000.00. FRANCHISEE understands that FRANCHISOR may revise its Franchise Agreement for any renewal term, at FRANCHISOR's sole discretion.

D. FRANCHISEE shall meet FRANCHISOR's then-current qualifications and training requirements.

E. FRANCHISEE shall execute a general release in a form prescribed by FRANCHISOR releasing FRANCHISOR and its affiliates, directors, officers, employees and

agents from all known and unknown claims and liabilities to the extent permitted by state and federal law.

III. FEES

3.01. In consideration of the Franchise rights and license granted herein, FRANCHISEE agrees to pay to FRANCHISOR the following fees:

A. FRANCHISEE shall pay to FRANCHISOR an initial franchise fee of twenty-four thousand nine hundred and fifty dollars (\$24,950.00) upon execution of this Agreement. FRANCHISEE agrees that the initial franchise fee represents payment for the initial grant of the Franchise rights and license granted herein, shall be fully earned upon execution of this Agreement, and will not be refunded under any circumstances unless otherwise specifically set forth herein.

B. FRANCHISEE shall pay to FRANCHISOR an initial territory fee of thirty thousand dollars (\$40,000.00) upon execution of this Agreement. FRANCHISEE agrees that the initial territory fee represents payment for the initial grant of the Franchise rights and license granted herein, shall be fully earned upon execution of this Agreement, and will not be refunded under any circumstances unless otherwise specifically set forth herein.

C. FRANCHISEE shall, prior to opening the Franchised Business, deposit into the Franchised Business's bank account (and provide FRANCHISOR with proof of compliance) an initial advertising and marketing campaign fund of four thousand five hundred dollars (\$4,500.00), which FRANCHISEE must spend in accordance with FRANCHISOR's guidelines for a start-up advertising and marketing campaign.

D. FRANCHISEE shall pay to FRANCHISOR a continuing non-refundable royalty fee on a monthly basis of three hundred dollars (\$300.00) per month for months one through four; seven hundred dollars (\$700.00) per month for months five through eight, and eleven hundred dollars (\$1,100.00) per month beginning with the ninth month and continuing each month for the remainder of the term of this Agreement. The monthly royalty payment shall be due and payable in advance on the first day of each month. FRANCHISEE agrees to provide FRANCHISOR with information and authorization necessary to enable FRANCHISOR to arrange for the automatic draft of the monthly royalty fee from FRANCHISEE's bank account within 30 days after FRANCHISEE completes the initial training. FRANCHISOR shall have the right to increase the monthly royalty fee each year on the anniversary date of this Agreement by the same percentage as the increase of the U. S. Consumer Price Index during the preceding year.

E. FRANCHISEE shall pay to FRANCHISOR a continuing non-refundable Advertising Fee of one hundred and fifty dollars (\$150.00) per month, due and payable monthly on the first day of each month. FRANCHISEE agrees to provide FRANCHISOR with information and authorization to enable FRANCHISOR to arrange for the automatic draft of the monthly Advertising Fee from FRANCHISEE's bank account. FRANCHISOR shall hold the

Advertising Fees in a National Advertising Fund ("NAF") for the payment of FRANCHISOR's costs associated with expenses such as the creation, production, distribution, media placement, and administration of local, state, or national advertising programs, market research, web site and public relations programs designed to promote and enhance the franchise system, the Licensed Marks, and the public awareness and acceptance of Gotcha Covered Products, including FRANCHISOR's reasonable expenses in administering the NAF. FRANCHISOR shall have sole discretion to determine how to spend the NAF, and there is no guarantee that any portion of the said funds will be spent in FRANCHISEE's market or for FRANCHISEE's direct benefit. Any funds remaining in the NAF not expended during any fiscal year will be carried over and used during the following year. The NAF is not a trust or escrow account, and FRANCHISOR has no fiduciary obligations with respect to the NAF. FRANCHISOR will provide FRANCHISEE upon request within 90 days following the end of its fiscal year a statement detailing the income and expenditures for the NAF for the previous fiscal year. FRANCHISOR may increase the Advertising Fee each year on the anniversary date of this Agreement by the same percentage as the increase in the U. S. Consumer Price Index during the preceding year.

F. FRANCHISOR has established and maintains toll-free telephone numbers for customers to call. The telephone service provider will provide monthly reports detailing usage of the toll-free numbers. FRANCHISEE shall pay the portion of the expenses for the toll-free telephone numbers attributable to the Designated Territory promptly upon receipt of each monthly bill. The toll-free numbers will at all times remain the sole property of FRANCHISOR, and FRANCHISEE shall discontinue any use of these numbers following expiration or termination of this Agreement.

G. All delinquent fees shall bear interest at a rate of the lower of: (i) one and one-half percent (1.5%) per month, or (ii) the maximum rate permitted by applicable law.

IV. DUTIES OF FRANCHISOR

4.01. Prior to the opening of the Franchise, FRANCHISOR shall:

A. Following receipt in writing from FRANCHISEE (either before or after the opening of the Franchised Business) of a request for approval of a location as the Authorized Location for the Franchised Business, promptly evaluate the appearance of such location and notify FRANCHISEE in writing of its approval or rejection of such location.

B. Provide FRANCHISEE with a New Franchise Business Start-Up Package with FRANCHISOR's specifications and requirements, a computer, a printer, supplies, samples, forms, signs for FRANCHISEE's van, an initial apparel package and other assistance deemed necessary by FRANCHISOR to assist FRANCHISEE in opening the Franchised Business.

C. Provide an initial training program for two persons, one of whom must be the full time day-to-day operation of the Franchised Business, and reimburse FRANCHISEE up to \$1,000.00 for hotel, air fare, car rental or mileage expenses to attend initial training.

D. Provide one copy, on loan to FRANCHISEE, of FRANCHISOR's Training and Operations Manual as described in Section VIII hereof for use solely in connection with operation of the Franchised Business granted hereunder.

E. Provide FRANCHISEE with a list of approved suppliers of Products for resale to customers in the Designated Territory.

F. Provide FRANCHISEE with guidelines for an initial advertising and marketing campaign for the start-up of the Franchised Business.

4.02. Following the opening of the Franchised Business, FRANCHISOR shall:

A. Provide consultation by telephone as reasonably requested by FRANCHISEE concerning the operation of the Franchised Business.

B. Provide continuing general advice and assistance from time to time concerning the management and operation of the Franchised Business as deemed necessary by FRANCHISOR.

C. Provide updates, ^ and amendments to the FRANCHISOR Training and Operations Manual as FRANCHISOR may from time to time deem necessary or desirable.

D. Publish a newsletter as least monthly for Franchisees which will provide information concerning general trends in the window covering industry, plus specific information relating to FRANCHISOR's franchise system.

E. Provide training programs or seminars as FRANCHISOR may, from time to time in its sole discretion, deem appropriate.

F. Provide from time to time without charge updates and improvements, if any, to FRANCHISOR's franchise system.

G. Promptly respond to requests by FRANCHISEE for approval of new suppliers of window covering products for resale to customers in the Designated Territory. The criteria for approval of suppliers of products is set forth in FRANCHISOR's Training and Operations Manual, which FRANCHISOR may change at any time at its sole discretion. FRANCHISOR's decision to approve or disapprove any supplier shall be final and without recourse by FRANCHISEE.

H. Administer FRANCHISOR's National Advertising Fund and provide an advertising program to be determined and managed by FRANCHISOR.

I. Provide the advertising incentive program described in Paragraph 10.03 of this Agreement during FRANCHISEE's first four months of operation.

4.03. FRANCHISOR shall maintain a toll-free telephone number(s) for use by potential customers to generate sales leads, which FRANCHISOR will forward to Gotcha Covered franchisees. The cost of such toll-free telephone number(s) will be shared by all franchisees based on usage.

4.04. FRANCHISOR shall maintain the exclusive Internet web site to promote the Gotcha Covered System and to generate sales leads for Gotcha Covered customers, which FRANCHISOR will refer to the franchisee in whose territory the potential customer is located or to which it is nearest. FRANCHISEE will not have a Gotcha Covered web site on the Internet.

V. DUTIES OF FRANCHISEE

5.01. FRANCHISEE shall:

A. Attend (or, if FRANCHISEE is a corporation, the majority owner of the corporation) and your general manager if you will not manage the franchised business, must attend and successfully complete to FRANCHISOR's reasonable satisfaction FRANCHISOR's initial training program, and complete within four weeks following execution of this Agreement the operations portion of the initial training program. FRANCHISOR will not charge FRANCHISEE for the initial training program, but FRANCHISEE shall be responsible for the costs of meals, lodging, travel and all other expenses incurred by FRANCHISEE or its employees in attending such programs. FRANCHISOR will reimburse up to \$1,000.00 of FRANCHISEE's travel expense for air fare, hotel or rental car for the initial training course.

B. Obtain all federal, state and local business licenses, permits, certifications and bonds required for lawful operation of the Franchised Business and certify in writing to FRANCHISOR prior to opening that all such requirements have been met.

C. Obtain and maintain a business telephone number for the Franchised Business available to the public, and monitor the telephone number during normal business hours, excluding legal holidays. FRANCHISEE will attach an automatic answering machine to the telephone line for the Franchised Business with a greeting to be provided by FRANCHISOR.

D. Obtain a van to serve as the Gotcha Covered Mobile Sales Unit for the Franchised Business. The parties understand and agree that a positive, professional business appearance of the van is essential to maintain the goodwill associated with the name and reputation of the Franchised Business and the Gotcha Covered franchise system, and FRANCHISEE agrees:

1. To keep the van in good mechanical condition and promptly have any physical damage repaired in a professional manner, and that the van will conform to FRANCHISOR's standards and specifications as set forth in FRANCHISOR's Training and Operations Manual and other written memoranda of FRANCHISOR, which FRANCHISOR may change from time to time at FRANCHISOR's sole discretion.

2. To display on the exterior of the van only those signs, emblems, logos and graphic materials provided by or designated and specified by FRANCHISOR in the Training and Operations Manual or otherwise in writing.

E. Attend (or if FRANCHISEE is a corporation, its majority shareholder or manager will attend) and complete to FRANCHISOR's reasonable satisfaction such continuing training or educational programs, if any, as FRANCHISOR may from time to time require in writing. FRANCHISOR will not charge FRANCHISEE for the training programs, but FRANCHISEE shall be responsible for the costs of meals, lodging, travel and all other expenses incurred by FRANCHISEE or its employees in attending such programs.

F. Actively promote the sales of products and services of the Franchised Business and exert his best efforts to fully develop and maximize the market for the products and services of the Franchised Business in the Designated Territory. FRANCHISEE will maintain advertisements in the Yellow Pages of all primary directories.

G. Devote his full time (or if FRANCHISEE is a corporation, the majority owner) to the management and operation of the Franchised Business, or hire a full-time manager.

H. Require all of FRANCHISEE's employees or agents ^ to execute and deliver to FRANCHISOR a Nondisclosure and Noncompetition Agreement in a form acceptable to FRANCHISOR at the time of hire prior to beginning work at the Franchised Business and prior to disclosing to them any information concerning the Franchised Business.

I. Maintain an adequate supply for use in connection with the operation of the Franchise Business of all printed materials and forms specified by FRANCHISOR, which are the proprietary property of FRANCHISOR and which are an integral part of FRANCHISOR's system franchised hereunder.

J. Sell and install only Products which have been approved by FRANCHISOR for resale to customers in the Designated Territory.

K. Purchase and maintain an adequate supply of Product samples of FRANCHISOR's Product line for use in the Franchised Business.

L. Comply with all federal, state and local health and safety laws, rules and standards applicable to operation of the Franchised Business. FRANCHISEE will forward copies of all notices of non-compliance by the Franchised Business with any law, rule, regulation or ordinance to FRANCHISOR within three days from receipt thereof accompanied by a summary of action FRANCHISEE will take to comply.

M. Maintain adequate working capital to operate the Franchised Business in accordance with the FRANCHISOR Training and Operations Manual, as such may be amended by FRANCHISOR from time to time.

N. Operate the Franchised Business in strict conformance with FRANCHISOR's policies, procedures, standards and specifications as may be prescribed by FRANCHISOR from time to time in the Training and Operations Manual or otherwise in writing, including without limitation all changes specified by FRANCHISOR.

O. Operate the Franchised Business at all times in a highly ethical manner, and shall not engage in deceptive, misleading, or unethical practices, or any other activity, including without limitation participation in transmission of e-mails, Internet chat rooms, letters, conversations or telephone calls, which would or might have a negative effect on the name, reputation or goodwill of FRANCHISOR, the Franchised Business, the Licensed Marks or other FRANCHISOR franchisees.

P. Display FRANCHISOR's Licensed Marks or logos, signs, emblems and graphic materials provided by or designated and specified by FRANCHISOR on all marketing materials, the Gotcha Covered Mobile Sales Unit (van) and at FRANCHISEE's business location if such is open to the public. FRANCHISOR reserves the right to alter or change its Licensed Marks, logos or trade dress at any time, and FRANCHISEE agrees to use such Licensed Marks, logos or trade dress as specified from time to time by FRANCHISOR promptly upon receipt of notice in writing from FRANCHISOR. FRANCHISEE must include only FRANCHISOR's toll-free telephone number(s) in all advertising for the Franchised Business.

Q. Maintain and supply to third parties upon request information to be supplied by FRANCHISOR regarding the availability of franchises.

R. Provide FRANCHISOR and its representatives with full access to FRANCHISEE'S offices or its location for the Franchised Business, including the books and records of the Franchised Business and the Gotcha Covered Mobile Sales Unit, during normal business hours for purposes of conducting inspections to fully examine and evaluate FRANCHISEE's methods of doing business, including interviews with FRANCHISEE's employees and customers. FRANCHISEE acknowledges and agrees that such inspections and evaluations are necessary for FRANCHISOR to insure the maintenance of its quality standards and goodwill, and FRANCHISEE agrees to fully cooperate with any reasonable request by FRANCHISOR in connection with such inspections and evaluations.

S. Diligently and immediately take such steps to correct any deficiencies detected by FRANCHISOR in FRANCHISEE's adherence to FRANCHISOR's operating policies, procedures, standards and specifications.

T. In the event FRANCHISEE is a corporation, comply with the following:

1. FRANCHISEE will provide in its Articles of Incorporation that FRANCHISEE's sole corporate purpose is operation of the Franchised Business.

2. Every certificate for shares of stock in the corporation will include the following legend printed thereon:

“THE TRANSFER, PLEDGE OR ASSIGNMENT OF THE SHARES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND RESTRICTIONS CONTAINED IN A FRANCHISE AGREEMENT BETWEEN THE HOLDER OF THESE SHARES AND WINDOW FASHIONS PROFESSIONALS, INC.”

3. FRANCHISEE agrees to comply with the restrictions on transfer of ownership of the corporation set forth in Section 12.02 below.

4. FRANCHISEE will provide FRANCHISOR, prior to the opening of the Franchised Business, with copies of FRANCHISEE’s Articles of Incorporation, Bylaws and other governing documents, including all amendments thereto, and a copy of the resolutions by FRANCHISEE’s Board of Directors authorizing execution of this Agreement, certified by an officer of the corporation.

5. FRANCHISEE will provide FRANCHISOR with a current list of shareholders and will update such list from time to time as the list changes.

6. Each shareholder of the corporation will execute a personal guarantee of FRANCHISEE’s performance under this Agreement and all amounts owed by FRANCHISEE to FRANCHISOR in a form acceptable to FRANCHISOR.

U. Devote his best efforts to market, sell and support the sales and services of the Franchised Business to customers located in the Designated Territory, to devote his marketing efforts to customers located in the Designated Territory, and not to advertise the products and services of the Franchised Business using media or publications whose primary coverage area is outside the Designated Territory. FRANCHISEE agrees to assist FRANCHISOR in developing the Gotcha Covered System and the general acceptance of the Gotcha Covered mark in the geographic area in which the Designated Territory is located by promptly forwarding inquiries from prospective franchisees by telephone or e-mail.

V. Meet or exceed a monthly sales quota for the Franchised Business (total revenue excluding sales taxes) of ten thousand dollars (\$10,000.00) beginning with the third month of operation and each month thereafter. In the event FRANCHISEE fails to meet the sales quota during any month, FRANCHISOR shall have the right to cancel FRANCHISEE’s exclusive right and license to operate a Gotcha Covered Mobile Sales Unit in the Designated Territory and may authorize others to market and sell Products in the Designated Territory. FRANCHISEE would thereafter be authorized to operate the Franchised Business in the Designated Territory without exclusivity. FRANCHISOR shall have the right to increase the monthly sales quota each year on the anniversary date of this Agreement by the percentage increase of the Consumer Price Index during the previous year.

W. Rent and maintain at least 100 square feet of storage space in a managed storage facility capable of receiving deliveries of products from shippers.

X. Spend the entire \$4,500.00 initial advertising and marketing campaign fund described in Paragraph 3.01.C above in accordance with FRANCHISOR's guidelines.

VI. PURCHASE AND SALE OF PRODUCTS AND SERVICES

6.01. FRANCHISEE will offer and sell only window covering products which have been previously approved in writing by FRANCHISOR. All installation services will be performed in a professional, workmanlike manner to the customer's reasonable satisfaction.

6.02. Notwithstanding prices advertised by FRANCHISOR, if any, FRANCHISEE may sell products and services through the Franchised Business at prices set by FRANCHISEE.

6.03. FRANCHISOR may, from time to time at its discretion, negotiate prices for approved Products through vendors for the benefit of Franchisees. FRANCHISEE must purchase the approved Products through such vendors, or from other sources only if approved by FRANCHISOR.

VII. LICENSED MARKS

7.01. FRANCHISOR represents with respect to the Licensed Marks that:

A. FRANCHISOR is the owner of all right, title and interest in and to the Licensed Marks or has the right and license to use and grant a license to FRANCHISEE to use the said Licensed Marks.

B. FRANCHISOR will take all steps reasonably necessary to preserve and protect the ownership and validity in and to the Licensed Marks.

7.02. With respect to FRANCHISEE's licensed use of the Licensed Marks pursuant to this Agreement, FRANCHISEE agrees that:

A. FRANCHISEE shall use only the Licensed Marks designated by FRANCHISOR and shall use them only in the manner authorized and permitted by FRANCHISOR.

B. FRANCHISEE shall use the Licensed Marks only for the operation of the Franchised Business in the Designated Territory.

C. During the term of this Agreement, FRANCHISEE shall identify itself as the operator of the Franchised Business in conjunction with any use of the Licensed Marks, including, but not limited to, in advertising, on invoices, order forms, receipts, business cards,

brochures, contracts and at such conspicuous locations on the Gotcha Covered Mobile Sales Unit or the Franchised Business premises as FRANCHISOR may specify. The identification shall be in a form which specifies FRANCHISEE's name, followed by the term "Franchised Operator" or such other identification as shall be approved by FRANCHISOR.

D. FRANCHISEE shall not use the Licensed Marks to incur any obligation or indebtedness on behalf of FRANCHISOR, and FRANCHISEE shall not represent that it is owned, operated by or affiliated with FRANCHISOR other than as a Franchisee.

E. FRANCHISEE shall not use the Licensed Marks or any portion of FRANCHISOR's name as part of its corporate or other legal name, without the prior written consent of FRANCHISOR.

F. FRANCHISEE shall file an assumed name registration, and shall execute any documents deemed necessary by FRANCHISOR to obtain protection for the Licensed Marks or to maintain their continued validity and enforceability.

7.03. FRANCHISEE expressly understands and acknowledges that:

A. As between the parties hereto, FRANCHISOR is the owner of all right, title and interest in and to the Licensed Marks and the goodwill associated with and symbolized by them.

B. FRANCHISEE shall not directly or indirectly contest the validity of the ownership of the Licensed Marks.

C. FRANCHISEE's use of the Licensed Marks pursuant to this Agreement does not give FRANCHISEE any ownership interest or other interest in or to the Licensed Marks.

D. Any and all goodwill arising from FRANCHISEE's use of the Licensed Marks in the Franchised Business shall inure solely and exclusively to the benefit of FRANCHISOR.

E. The right and license to use the Licensed Marks granted hereunder to FRANCHISEE is nonexclusive, and FRANCHISOR may use and grant franchises to others to use the Licensed Marks in any manner except as expressly provided otherwise herein.

F. FRANCHISOR reserves the right to substitute different Licensed Marks for use in identifying the System and the businesses operating thereunder, and FRANCHISEE agrees to comply with FRANCHISOR's requirements relating thereto.

7.04. FRANCHISEE shall promptly notify FRANCHISOR of any unauthorized use of the Licensed Marks or marks confusingly similar thereto, any challenge to the validity of the

Licensed Marks, or any challenge to FRANCHISOR's ownership of, or FRANCHISEE's right to use, the Licensed Marks. FRANCHISEE acknowledges that FRANCHISOR has the sole right to direct and control any administrative proceeding or litigation involving the Licensed Marks, including any settlement thereof. FRANCHISOR has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Licensed Marks.

7.05. Provided FRANCHISEE has used the Licensed Marks in accordance with this Franchise Agreement and the Training and Operations Manual, FRANCHISOR will defend FRANCHISEE at FRANCHISOR's expense against any third party claim, suit or demand involving the Licensed Marks and arising out of FRANCHISEE's use thereof. In the event that FRANCHISEE has not used the Licensed Marks in accordance with this Agreement, FRANCHISOR shall defend FRANCHISEE, at FRANCHISEE's expense, against such third party claims, suits or demands.

7.06. In the event of any litigation or administrative proceeding relating to the Licensed Marks, FRANCHISEE shall execute any and all documents and do all acts as may, in the opinion of FRANCHISOR, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of FRANCHISEE's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, FRANCHISOR agrees to reimburse FRANCHISEE for its out-of-pocket costs in performing such acts, except that FRANCHISEE shall bear the salary costs of its employees, and FRANCHISOR shall bear the cost of any judgment or settlement.

7.07 FRANCHISEE shall not develop, authorize a third party to develop, or participate in an Internet web page, e-mail address, web-site, bulletin board, newsgroup, chat room, buddy list, link page, instant messenger, or other Internet activity which in any manner uses or displays, in whole or in part, the Licensed Marks or any likeness thereof.

VIII. TRAINING AND OPERATIONS MANUAL

8.01. FRANCHISOR shall provide FRANCHISEE, on loan, with one copy of FRANCHISOR's Training and Operations Manual covering the proper operating and marketing techniques and the standards and specifications for operation of the Franchised Business. FRANCHISEE agrees to fully comply with the Training and Operations Manual in its entirety as an essential aspect of its obligations under this Agreement. Failure to so comply shall be treated as a material breach of this Agreement.

8.02. FRANCHISEE shall at all times treat the Training and Operations Manual, all supplements and revisions thereto, any other operations manual, brochure or memorandum created for or approved for use in the operation of the Franchised Business (the "Confidential Information") and the information contained therein as the confidential and proprietary information of FRANCHISOR, and shall use all reasonable efforts to maintain the confidentiality of such information. FRANCHISEE shall not at any time, without FRANCHISOR's prior written consent, copy, duplicate, record, or otherwise reproduce the

foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. FRANCHISEE may disclose such information and materials only to such of FRANCHISEE's employees or agents, or others who must have access to it in connection with their employment or the performance of this Agreement, in which event FRANCHISEE shall obtain the agreement in writing of such persons and entities to maintain the confidentiality thereof. FRANCHISEE shall provide FRANCHISOR with a copy of the Employee Confidentiality Agreement attached as Exhibit "C" signed by every person to whom Confidential Information is disclosed. The Training and Operations Manual and other Confidential Information shall remain at all times the sole property of FRANCHISOR.

8.03. FRANCHISOR may from time to time revise the contents of the Training and Operations Manual, and FRANCHISEE expressly agrees to comply with each new or changed standard, specification or procedure set forth therein. FRANCHISEE shall at all times ensure that FRANCHISEE's copy of the Training and Operations Manual is kept current and up to date. In the event of any dispute as to the content of the Training and Operations Manual, the terms of the master copy of the Training and Operations Manual maintained by FRANCHISOR shall be controlling.

IX. ACCOUNTING AND RECORDS

9.01. During the term of this Agreement, FRANCHISEE shall maintain and preserve, for at least five years from the date of their preparation, full, complete, and accurate, books, records and accounts in the form and manner prescribed by FRANCHISOR from time to time in the Training and Operations Manual or otherwise in writing.

9.02. FRANCHISEE shall, at FRANCHISEE's expense, submit to FRANCHISOR, by the fifth day of each month, a monthly statement on forms prescribed by FRANCHISOR accurately reflecting the total revenue of the Franchised Business for the preceding calendar month, and shall be signed by FRANCHISEE attesting that it is accurate.

9.03. FRANCHISEE shall, at FRANCHISEE's expense, submit to FRANCHISOR an annual financial statement for the Franchised Business, which includes an income statement prepared in accordance with generally accepted accounting principals, within ninety days of the end of each fiscal year during the term hereof. Each statement shall be signed by FRANCHISEE attesting that it is accurate.

9.04. FRANCHISEE shall submit to FRANCHISOR for review and auditing such other forms, reports, records, information and data, as FRANCHISOR may reasonably request.

9.05. FRANCHISOR or its designated agents shall have the right at all reasonable times to examine and copy, at its expense, all books, records, receipts and tax returns of FRANCHISEE related to the Franchised Business and to have an independent audit made.

X. MARKETING AND ADVERTISING

10.01. FRANCHISEE shall submit to FRANCHISOR for review prior to use samples of all advertising and promotional materials that have not been previously approved by FRANCHISOR. FRANCHISOR shall notify FRANCHISEE of its approval or disapproval within fourteen days from the date of receipt by FRANCHISOR of such materials. Failure by FRANCHISEE to obtain the prior approval in writing of FRANCHISOR for all advertising and promotional materials shall be a material violation of this Agreement.

10.02. FRANCHISOR has established a National Advertising Fund ("NAF") for the payment of costs for the creation, production, distribution and media placement of local, state or national advertising programs such as a direct mail program, promotional materials, market research, web site, and public relations programs (possibly including memberships in various organizations) designed to generate customer leads and promote and enhance the franchise system and the Licensed Marks, including FRANCHISOR's reasonable expenses in administering the NAF. FRANCHISEE shall pay to FRANCHISOR a monthly advertising fee as set forth in Paragraph 3.01.B above. FRANCHISOR shall have sole discretion to determine how to spend the NAF, and there is no guarantee that any portion of the said funds will be spent in the Designated Territory or for FRANCHISEE's direct benefit. The NAF funds are spent generally to benefit all franchisees. Any funds remaining in the NAF not expended during any fiscal year will be carried over and used during the following year. The NAF will not be a trust or escrow account, and FRANCHISOR shall have no fiduciary obligations with respect to the NAF. FRANCHISOR will provide FRANCHISEE upon request a statement detailing the income and expenditures for the NAF for the previous fiscal year within ninety days following the end of each fiscal year.

10.03. FRANCHISOR has a program to provide FRANCHISEE with incentive to expand the initial advertising and marketing program for the Franchised Business for FRANCHISEE's first territory only. If FRANCHISEE spends more than \$5,000.00 on advertising approved by FRANCHISOR during the first four months of operation of the Franchised Business (excluding the \$4,500.00 initial advertising fee required under Paragraph 3.01.C), FRANCHISOR will reimburse FRANCHISEE for the amount of approved advertising spent in excess of \$5,000.00 up to a total of \$5,000.00. For example, if FRANCHISEE spends \$7,500.00 on approved advertising during the first four months of operation, FRANCHISOR will reimburse the amount of \$2,500.00 (the amount in excess of \$5,000.00). To receive the reimbursement, FRANCHISEE must provide FRANCHISOR with receipts or other satisfactory documentation to verify that the approved advertisements ran during the first four months of operation of the Franchised Business.

10.04. FRANCHISOR strongly recommends that each month beginning with the fifth month of operation, FRANCHISEE should spend an amount equal to at least five percent (5%) of the gross sales of the Franchised Business during the preceding month for FRANCHISEE's continuing advertising and marketing campaign.

XI. INSURANCE

11.01. FRANCHISEE shall procure and maintain in full force and effect during the term of this Agreement, at FRANCHISEE's expense, insurance policies written by an insurance company satisfactory to FRANCHISOR in accordance with standards and specifications set forth in the Training and Operations Manual or otherwise by FRANCHISOR in writing. Such policies shall name FRANCHISOR as an additional insured and shall include, at a minimum:

A. Comprehensive general liability insurance in the amount of One Million Dollars (\$1,000,000.00).

B. Comprehensive automobile liability insurance, including collision, comprehensive, medical and liability to satisfy state law requirements, covering all drivers of the Gotcha Covered Mobile Sales Unit for bodily injury not less than \$300,000.00 for each injury, \$1,000,000.00 for all injuries in each accident, and not less than \$300,000.00 for property damage in each occurrence.

C. Additional coverages and higher policy limits may be required from time to time by FRANCHISOR.

11.02. At least seven days prior to the opening of the Franchised Business and on each policy renewal date thereafter, FRANCHISEE shall submit to FRANCHISOR copies of all policies and policy amendments. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days' prior written notice to FRANCHISOR.

11.03. FRANCHISEE's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by FRANCHISOR, nor shall FRANCHISEE's performance of that obligation relieve FRANCHISEE of liability under the indemnity provisions set forth in Section XVII of this Agreement.

11.04. Should FRANCHISEE, for any reason, fail to procure or maintain the insurance required by this Agreement, FRANCHISOR shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to FRANCHISEE, which charges, together with a reasonable fee for FRANCHISOR's expenses in so acting, shall be payable by FRANCHISEE immediately upon notice.

XII. TRANSFER OF INTEREST

12.01. Transfer by FRANCHISOR

A. FRANCHISOR shall have the right to transfer or assign all or any part of its rights or obligations in this Agreement to any person or legal entity. FRANCHISOR may sell

or assign any of its assets, including without limitation the Licensed Marks and the system, to any person or legal entity without liability or obligation to FRANCHISEE.

B. Nothing in this Agreement or otherwise shall obligate FRANCHISOR to remain in the window covering business in the event FRANCHISOR should exercise its right to assign this Agreement or its assets which are the subject of this Agreement to a third party.

12.02. Transfer by FRANCHISEE

A. FRANCHISEE agrees that the rights and duties set forth in this Agreement are personal to FRANCHISEE, and that FRANCHISOR has entered into this Agreement and granted the Franchise rights and license hereunder in reliance on the business skill, financial capacity, and character of FRANCHISEE. Accordingly, FRANCHISEE shall not sell, assign, transfer, convey, give away, mortgage or otherwise encumber any direct or indirect interest in FRANCHISEE or the Franchised Business without the prior written consent of FRANCHISOR.

B. Any purported assignment or transfer, by operation of law or otherwise, not having the prior written consent of FRANCHISOR shall be null and void and shall constitute a material breach of this Agreement.

C. FRANCHISOR shall not unreasonably withhold its consent to a transfer of any interest in FRANCHISEE or in this Agreement if the following conditions have been met:

1. All of FRANCHISEE's accrued monetary and other obligations to FRANCHISOR and its subsidiaries, affiliates and suppliers shall have been satisfied;

2. FRANCHISEE shall not be in default of any provisions of this Agreement or any other agreement between FRANCHISEE and FRANCHISOR or its affiliates or suppliers;

3. FRANCHISEE shall have executed a general release, in a form satisfactory to FRANCHISOR, of any and all claims against FRANCHISOR and its officers, directors, shareholders and employees.

4. FRANCHISEE shall remain liable for all obligations of the Franchised Business prior to the effective date of the transfer;

5. The transferee shall enter into a written assignment in a form satisfactory to FRANCHISOR assuming and agreeing to discharge all of FRANCHISEE's obligations under this Agreement;

6. The transferee shall demonstrate to FRANCHISOR's satisfaction that the transferee meets FRANCHISOR's then-existing requirements and qualifications for the

granting of a Gotcha Covered Franchise;

7. The transferee shall execute for a term ending on the expiration date of this Agreement the standard form franchise agreement then being offered to new Franchisees and such other ancillary agreements and documents as FRANCHISOR may then require for the Franchised Business, which may include changes in required fee payments or other terms;

8. The transferee shall agree to upgrade the Franchised Business to conform to the then-current standards and specifications for Gotcha Covered franchises;

9. Transferee and its employees shall complete such training programs as FRANCHISOR may reasonably require, at the transferee's expense;

10. FRANCHISEE shall pay FRANCHISOR a transfer fee, which is currently One Thousand Five Hundred Dollars (\$1,500.00), to cover FRANCHISOR's administrative expenses in connection with the transfer.

12.03. Right of First Refusal.

If FRANCHISEE desires to sell the Franchised Business and Franchise rights and license granted herein, or any part of the stock interest in a corporation that has been granted such rights, and receives a bona fide acceptable offer in writing, FRANCHISEE will notify FRANCHISOR in writing of the terms and conditions of such offer. FRANCHISOR shall have the option, within thirty (30) days from receipt of written notice, to notify FRANCHISEE that FRANCHISOR elects to purchase the rights and license or stock ownership on the same terms and conditions as the bona fide written offer. FRANCHISEE agrees to sell to FRANCHISOR on the same terms and conditions as the bona fide offer and to comply with all applicable laws relating to bulk transfers of assets. If FRANCHISOR fails to notify FRANCHISEE of its election to exercise its right of first refusal within the thirty day period, then FRANCHISEE may sell the franchise rights and license or the stock for the amount of the bona fide offer, subject to FRANCHISOR's rights under Section 12.02 above. Any material change in the terms or conditions of any offer prior to closing shall constitute a new offer subject to FRANCHISOR's right of first refusal described herein. If FRANCHISEE fails to consummate the transaction within sixty (60) days from the earlier of: (a) receipt of notice from FRANCHISOR that it elects not to exercise its right of first refusal, or (b) expiration of the thirty day period referred to herein, then FRANCHISEE must resubmit the proposed transaction to FRANCHISOR, and FRANCHISOR shall have a new thirty day review period and right of first refusal.

12.04. Transfer Upon Death or Mental Incapacity

Upon the death or mental incapacity of FRANCHISEE or a person owning all or controlling interest in FRANCHISEE, FRANCHISOR shall consent to the transfer of such interest to the spouse or heirs of the FRANCHISEE provided, in FRANCHISOR's sole

determination, such person(s) meet FRANCHISOR's then-existing requirements and qualifications for the granting of an FRANCHISOR Franchise. If the said transfer shall not be approved by FRANCHISOR, the executor, administrator or personal representative of FRANCHISEE must transfer FRANCHISEE's interest to a third party approved by FRANCHISOR within six months after FRANCHISEE's death or the determination of his mental incapacity. If FRANCHISEE's interest is not disposed of within six months after such death or mental incapacity, FRANCHISOR may terminate this Agreement.

12.05. Operation of Franchise by FRANCHISOR

In order to prevent any interruption in the business that would cause harm to the Franchised Business or FRANCHISOR, FRANCHISEE authorizes FRANCHISOR, at its option, in the event that FRANCHISEE is absent or incapacitated by reason of illness, death or otherwise and is not, in FRANCHISOR's sole judgment, able to operate the Franchised Business for any extended period of time, to operate and manage the Franchised Business for so long as FRANCHISOR deems necessary, without waiving any of FRANCHISOR's other rights and remedies under this Agreement. All moneys from the operation of the Franchised Business during such period of operation by FRANCHISOR shall be kept in a separate account, and the expenses of FRANCHISOR during such period for operating the Franchised Business, including reasonable compensation of FRANCHISOR and its employees or representatives, shall be charged to such account. FRANCHISEE agrees to save harmless and fully indemnify FRANCHISOR and its employees and representatives for and against all claims, losses or actions in connection with the operation and management of the Franchised Business hereunder.

12.06. Non-Waiver of Claims

FRANCHISOR's consent to a transfer of any interest in the Franchise granted herein shall not constitute a waiver of any claims it may have against FRANCHISEE, nor shall it be deemed a waiver of FRANCHISOR's right to demand exact compliance with any of the terms of this Agreement by the transferee.

XIII. CONFIDENTIAL INFORMATION

13.01 FRANCHISEE shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity, or use such information other than to operate the Franchised Business, any Confidential Information, knowledge, or know-how concerning FRANCHISOR's system or the operation of the Franchised Business, including without limitation the Training and Operations Manual. FRANCHISEE shall divulge such confidential information only to such of FRANCHISEE's employees or agents as must have access to it in order to operate the Franchised Business. All of FRANCHISEE's employees or agents must execute and deliver to FRANCHISOR a Nondisclosure and Noncompetition Agreement in a form acceptable to FRANCHISOR at the time of hire. Any and all information, trade secrets, knowledge, know-how, or other data concerning FRANCHISOR's system or which FRANCHISOR designates as confidential shall be

deemed confidential for purposes of this Agreement, except information which FRANCHISEE can demonstrate came to FRANCHISEE's attention prior to disclosure thereof by FRANCHISOR, or which, at or after the time of disclosure by FRANCHISOR to FRANCHISEE, had become or later becomes a part of the public domain, through publication or communication by others. FRANCHISEE agrees to use such proprietary information of FRANCHISOR only for operation of the Franchise Business.

13.02. FRANCHISEE acknowledges that the provisions of this Section XIII are and have been a primary inducement to FRANCHISOR to enter into this Agreement, and that any failure to comply with the requirements of Section 13.01 will cause FRANCHISOR irreparable injury without an adequate remedy at law; and FRANCHISEE agrees to pay all court costs and reasonable attorneys' fees incurred by FRANCHISOR in obtaining specific performance of, or an injunction against any violation of, the requirements of Section 13.01.

XIV. DEFAULT AND TERMINATION

14.01. FRANCHISOR may, at its option, terminate this Agreement and all rights granted hereunder, without affording FRANCHISEE any opportunity to cure the defaults, effective immediately upon receipt of notice by FRANCHISEE, for any of the following:

A. FRANCHISEE shall become insolvent or makes a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by FRANCHISEE or such a petition is filed against and consented to by FRANCHISEE; or if FRANCHISEE is adjudicated a bankrupt; or if FRANCHISEE is unable to pay commercial debts as they become due.

B. FRANCHISEE (or a principal shareholder if FRANCHISEE is a corporation) is convicted of a felony or other crime or offense that is reasonably likely, in the opinion of FRANCHISOR, to adversely affect the goodwill or reputation of FRANCHISOR or the Licensed Marks.

C. A judgment or consent decree is entered against FRANCHISEE (or a principal shareholder if FRANCHISEE is a corporation) in a case involving allegations of fraud, racketeering, unfair or deceptive trade practices or similar allegations which, in FRANCHISOR's judgment, are likely to adversely affect FRANCHISOR, the Licensed Marks or the goodwill associated therewith.

D. FRANCHISEE or any partner or shareholder in FRANCHISEE transfers any rights or obligations under this Agreement or any interest in FRANCHISEE or in the Franchised Business to any third party without FRANCHISOR's prior written consent.

E. FRANCHISEE intentionally discloses the contents of the Training and Operations Manual or other trade secrets or confidential information provided to FRANCHISEE by FRANCHISOR to any unauthorized person or fails to exercise reasonable care to prevent such disclosure.

F. FRANCHISEE maintains false books or records of the Franchised Business or knowingly makes any material false statements or omissions to FRANCHISOR in connection with FRANCHISEE's application for the franchise granted herein or in connection with any reports submitted to FRANCHISOR, including without limitation the understatement of gross sales by more than two percent.

G. FRANCHISEE fails to commence business within sixty days following the execution of this Agreement.

H. FRANCHISEE (or its majority stockholder or manager if FRANCHISEE is a corporation) fails to attend any scheduled training program which FRANCHISOR has indicated is mandatory.

I. FRANCHISEE operates the Franchised Business in such a manner which causes a threat or danger to public health or safety.

J. FRANCHISEE engages in deceptive, misleading or unethical practices, including without limitation, participation in an Internet chat room, or transmission of an e-mail, written correspondence, or telephone or other verbal communication or activity which disparages or would have a negative effect on the name, reputation or goodwill of FRANCHISOR, the Licensed Marks, the Franchised Business or other Gotcha Covered franchisees.

J. FRANCHISEE receives three or more notices of default of this Agreement from FRANCHISOR for violations under Section 14.02 hereof.

14.02. Except for violations of this Agreement listed in Section 14.01 above, or violations specifically provided for elsewhere in this Agreement, FRANCHISEE shall have thirty (30) days from receipt from FRANCHISOR of a written Notice of Termination (citing the reason(s) therefor) within which to remedy any default listed in this Section 14.02, or any other violation of this Agreement.

A. FRANCHISEE fails to pay promptly any monies owing to FRANCHISOR or its subsidiaries or affiliates when due, or to submit the financial information or reports required by FRANCHISOR under this Agreement.

B. FRANCHISEE fails to meet or comply with any standards, specifications or procedures prescribed by FRANCHISOR in this Agreement, the Training and Operations Manual or otherwise specified in writing from time to time by FRANCHISOR.

C. FRANCHISEE is convicted, pleads guilty or enters into a consent agreement for violation of any federal, state or local law, ordinance, rule or regulation that is reasonably likely, in the opinion of FRANCHISOR, to materially and unfavorably affect the Franchised Business, FRANCHISOR, the Licensed Marks or the goodwill associated therewith.

D. FRANCHISEE misuses or makes any unauthorized use of the Proprietary Marks or otherwise impairs the goodwill associated therewith or FRANCHISOR's rights therein.

E. FRANCHISEE abandons the Franchised Business or fails to operate the Franchised Business during normal business hours without the consent in writing of FRANCHISOR.

F. FRANCHISEE fails to submit advertising or promotional materials to FRANCHISOR for approval in writing prior to use.

14.03. No right or remedy of FRANCHISOR conferred herein shall be exclusive of any other right or remedy provided herein, or at law or in equity, unless specifically provided otherwise in this Agreement or any amendment hereto.

XV. OBLIGATIONS UPON TERMINATION

15.01. Upon termination or expiration of this Agreement, this Agreement and all rights granted hereunder to FRANCHISEE shall immediately terminate, and:

A. FRANCHISEE shall immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former Franchisee of FRANCHISOR.

B. FRANCHISEE shall immediately and permanently cease to use, by advertising or in any other manner whatsoever, the Licensed Marks, any other identifying characteristics or trade dress of the system, and all confidential methods, procedures and techniques associated with the Franchised Business.

C. FRANCHISEE shall take such action as may be necessary to cancel any assumed name or equivalent registrations or listings in telephone or other directories which contain the names or Licensed Marks, and FRANCHISEE shall furnish evidence satisfactory to FRANCHISOR of compliance with this obligation within thirty days after termination or expiration of this Agreement.

D. FRANCHISEE shall promptly pay all sums owing to FRANCHISOR and its subsidiaries and affiliates, including all damages, costs and expenses, including reasonable attorneys' fees, incurred by FRANCHISOR as a result of the default.

E. FRANCHISEE shall pay to FRANCHISOR all damages, costs and expenses, including reasonable attorneys' fees, incurred by FRANCHISOR subsequent to the termination or expiration of the Franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

F. FRANCHISEE shall immediately turn over to FRANCHISOR the

Training and Operations Manual, records, files, instructions, software, correspondence, and all other materials provided by FRANCHISOR related to the operation of the Franchised Business, and all copies thereof (all of which are acknowledged to be FRANCHISOR's property), and shall retain no copy or record of any of the foregoing, except only FRANCHISEE's copy of this Agreement and any correspondence between the parties, and any other documents which FRANCHISEE reasonably needs for compliance with any applicable provision of law.

G. Upon request by FRANCHISOR, FRANCHISEE will execute a document assigning FRANCHISEE's telephone numbers at the Franchised Business to FRANCHISOR or its designee.

H. FRANCHISOR shall have the right, but not the duty, to be exercised by notice of intent to do so within thirty days after termination or expiration, to purchase any or all signs, advertising materials, supplies and inventory and any other items bearing FRANCHISOR's Licensed Marks, at FRANCHISEE's cost or at fair market value, whichever is less. If the parties cannot agree on the fair market value of such items, the parties will select and share the expense of an independent appraiser to determine fair market value. With respect to any purchase by FRANCHISOR as provided herein, FRANCHISOR shall have the right to set off against the purchase price all amounts due from FRANCHISEE under this Agreement.

XVI. COVENANTS

16.01. FRANCHISEE covenants and agrees (or the controlling shareholder if FRANCHISEE is a corporation) to devote his full time and best efforts to manage and operate the Franchised Business, or to hire a full-time manager to do so. If FRANCHISEE hires a full-time manager to manage the Franchised Business, FRANCHISEE will require the manager to execute and deliver to FRANCHISOR a Nondisclosure and Noncompetition Agreement in a form acceptable to FRANCHISOR.

16.02. FRANCHISEE acknowledges that, pursuant to this Agreement, FRANCHISEE will receive valuable specialized training and confidential and proprietary information of FRANCHISOR, including, without limitation, information regarding product sources and the operational, sales, promotional, and marketing methods and techniques of FRANCHISOR and its system. FRANCHISEE covenants and agrees that during the term of this Agreement, and subject to the post-termination provisions contained herein, FRANCHISEE shall not, except as otherwise approved in writing by FRANCHISOR, either directly or indirectly:

A. Divert or attempt to divert any business or customer of the Franchised Business to a competitor, or competing business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to FRANCHISOR or the goodwill associated with the Licensed Marks and FRANCHISOR's franchises.

B. Employ or seek to employ any person employed by FRANCHISOR or by another of FRANCHISOR's Franchisees, or induce such person to leave his or her employment.

C. Own, maintain, engage in, be employed by, advise, consult, assist, invest in or have any other interest in any business or entity which competes with or offers products or services which are the same or similar to those of FRANCHISOR or the Franchised Business.

16.03. FRANCHISEE covenants and agrees that FRANCHISEE (and any shareholder if FRANCHISEE is a corporation) shall not, for a period of two years following termination of this Agreement for any reason, either directly or indirectly own, maintain, engage in, be employed by, advise, consult, assist, invest in or have any interest whatsoever in any business or entity which competes with or offers products or services which are the same or similar to those of FRANCHISOR or the Franchised Business within a radius of twenty-five miles of the Designated Territory. In the event a court of competent jurisdiction holds this covenant to be unreasonable or overly broad, the parties agree to reduce the scope of the covenant to the maximum restriction permitted by law, and FRANCHISEE agrees to be bound by such less restrictive terms of this covenant. FRANCHISEE agrees to obtain and provide executed covenants in a form acceptable to FRANCHISOR containing terms equivalent to those contained herein from any employee of FRANCHISEE, and, if FRANCHISEE is a corporation, from any director or shareholder of FRANCHISEE.

16.04. FRANCHISOR covenants and agrees that the restrictions set forth above in Paragraphs 16.02.C and 16.03 shall not apply to ownership by FRANCHISEE of less than a five percent beneficial interest in the outstanding equity securities of any publicly traded corporation, provided that FRANCHISEE is not an employee, consultant or director of such corporation.

16.05. FRANCHISEE covenants and agrees that its violation of any covenant contained herein would result in serious, immediate and irreparable injury to FRANCHISOR for which no adequate remedy at law will be available, and FRANCHISEE consents, in addition to other remedies which may be available to FRANCHISOR, to the entry without opposition of an injunction prohibiting any conduct by FRANCHISEE in violation of any covenant set forth herein. In addition, in the event FRANCHISEE violates the covenants set forth in 16.03, FRANCHISEE agrees to pay FRANCHISOR immediately upon demand the sum of \$50,000.00 as liquidated damages for such violation, which FRANCHISEE agrees is reasonable compensation for FRANCHISOR's damages.

XVII. INDEMNIFICATION

17.01. FRANCHISEE agrees to defend, indemnify and hold FRANCHISOR and its affiliates, directors, officers, employees and agents harmless from all claims, losses, lawsuits and expenses arising from or relating to the Franchised Business and the operation thereof, except for claims of infringement from third parties due to FRANCHISEE's use of the Licensed Marks if FRANCHISEE has used the said Licensed Marks as authorized by FRANCHISOR.

17.02. FRANCHISOR agrees to defend, indemnify and hold FRANCHISEE harmless from all claims, losses, lawsuits and expenses arising from or relating to any claims of infringement from third parties due to FRANCHISEE's use of the Licensed Marks, provided that

FRANCHISEE has used the said Licensed Marks as authorized by FRANCHISOR.

XVIII. DISPUTE RESOLUTION

18.01 The parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement or the relationship created by this Agreement to non-binding mediation before filing or bringing the claim, controversy or dispute to arbitration or any other legal proceeding. Mediation shall be conducted in Dallas County, Texas before either an independent mediator agreeable to both parties, or if the parties cannot agree on an individual mediator or mediation service within fifteen days after either party gives notice to the other party of its desire to mediate a dispute, the dispute shall be submitted for mediation through the American Arbitration Association's mediation rules. All costs of mediation, including the compensation of the mediator, but excluding the parties' legal fees, shall be borne by the parties equally. Each party shall bear its own legal expenses.

18.02. Any claim, controversy or dispute arising out of or relating to this Agreement not finally resolved through mediation shall be submitted to binding arbitration before and in accordance with the rules of the American Arbitration Association, and judgment upon the award may be entered in any court having jurisdiction thereof; provided, however, that this clause shall not limit FRANCHISOR's right to obtain any provisional remedy, including without limitation injunctive relief, from any court of competent jurisdiction, as FRANCHISOR deems to be necessary or appropriate, to compel FRANCHISEE to comply with its obligations hereunder or to protect the Licensed Marks or other rights of FRANCHISOR. This provision shall be deemed to be self-executing, and if either party fails to appear at any duly noticed arbitration hearing, award may be entered against it notwithstanding such failure to appear. This provision shall survive the termination of this Agreement. Any arbitration proceeding shall be conducted in Dallas County, Texas.

XIX. GENERAL PROVISIONS

19.01. No failure of a party to exercise any power reserved to it by this Agreement or to insist upon strict compliance by the other party with any obligation hereunder shall constitute a waiver of such party's rights unless it is in writing. Any waiver by either party shall not constitute a waiver thereafter to demand exact compliance with any of the terms herein. Waiver by a party of any particular default by the other party shall not affect or impair such party's rights with respect to any subsequent default of the same, similar or different nature; nor shall any delay or omission of a party to exercise any power or right arising out of any breach or default by the other party of any of the terms hereof affect or impair such party's right to exercise the same.

19.02. Delays in the performance of any duties hereunder which are not the fault of and are beyond the ability of the party to control, including without limitation fires, floods, natural disasters, acts of God, labor disputes, riots or other similar events, shall not constitute a default in the party's performance of this Agreement, and the parties agree to extend the time of performance for a reasonable period of time to allow for such delays.

19.03. The relationship between the parties is that of independent contractors. No partnership, joint venture, employment or relationship of principal and agent is intended, and FRANCHISEE may not commit or bind FRANCHISOR to any obligation whatsoever.

19.04. Any and all notices required or permitted under this Agreement shall be in writing and shall be delivered by any means which will provide evidence of the date received, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to FRANCHISOR:

Window Fashions Professionals, Inc.
1611 North Stemmons Freeway, Suite 318
Carrollton, Texas 75006
Attn: Michael K. Rose, President

Notices to FRANCHISEE:

Any notice shall be deemed to have been given at the date and time it is received.

19.05. This Agreement and the documents referred to herein constitute the entire Agreement between FRANCHISOR and FRANCHISEE concerning the subject matter hereof, and supersede all prior agreements, oral or written. No amendment, change or variance from this Agreement shall be binding on either party unless executed by both parties in writing.

19.06. Except as expressly provided to the contrary herein, each provision of this Agreement shall be considered severable; and if, for any reason, any provision herein is determined to be invalid under any law or by a court having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties hereto, and the invalid provision shall be deemed not to be a part of this Agreement.

19.07. This Agreement takes effect upon its acceptance and execution by FRANCHISOR in the State of Texas, and shall be interpreted and construed under the laws of the State of Texas.

19.08. The parties agree that any legal action or arbitration brought by either party against the other shall be brought in Dallas County, Texas and do hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

19.09. If either party is required to resort to legal process to enforce any provision of this Agreement, the prevailing party will recover all costs, including reasonable attorneys fees, incurred in such legal proceeding.

19.10. FRANCHISEE represents to FRANCHISOR that FRANCHISEE has conducted an independent investigation of the business franchised hereunder and recognizes that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of FRANCHISEE as an independent businessman. FRANCHISOR expressly disclaims the making of, and FRANCHISEE acknowledges that FRANCHISEE has not received, any representation or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

19.11. FRANCHISEE acknowledges that FRANCHISEE received a completed copy of this Agreement, the attachments hereto, if any, and agreements relating thereto, if any, at least five business days prior to the date on which this Agreement was executed. FRANCHISEE further acknowledges that FRANCHISEE has received the disclosure documents required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, at least ten business days prior to the date on which this Agreement was executed.

19.12. This Agreement contains various headings, but it is agreed that such headings are for convenience only and shall not affect the meaning of the provisions of this Agreement.

19.13. FRANCHISEE acknowledges that he has read and understood this Agreement and any attachments hereto, if any, and that FRANCHISOR has accorded FRANCHISEE ample time and opportunity to ask questions and to consult with advisors of FRANCHISEE's own choosing about the potential benefits and risks of entering into this Agreement.

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

FRANCHISEE

WINDOW FASHIONS
PROFESSIONALS, INC.

By: _____
Title: _____

By: _____
Michael K. Rose, President
and General Manager

Revised 6/28/06

ATTACHMENT "A"
DESIGNATED TERRITORY