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FRANCHISE DISCLOSURE DOCUMENT
PRECISION HOLDINGS OF BREVARD, INC.
dba PRECISION DOOR SERVICE
2395 Washington Avenue, Suite 5
Titusville, Florida 32780
Telephone: (321) 225-3500
Fax: (321) 225-3513
www.precisiondoor.net

The franchise offered is for the operation of a garage door repair and service business under the name Precision Door Service® within a designated territory.

The total investment necessary to begin operation of a Precision Door Service franchised business is $67,255 to $314,955. This includes $10,000 to $100,000 that must be paid to the franchisor or its affiliate(s).

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jon Kunstman, jkunstman@precisiondoor.net, Precision Holdings of Brevard, Inc., 2395 Washington Avenue, Suite 5, Titusville, Florida 32780, telephone (321) 225-3500.

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

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

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

Issuance date: March 31, 2020

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How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFOMRATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits E & F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Precision Door Service business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be [an XYZ] franchisee?	Item 20 or Exhibits E & F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

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Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.

2. The franchise agreement states that florida law governs the agreement, and this law may not provide the same protections and benefits as local law.

3. Your spouse must also sign a personal guarantee making your spouse individually liable for your financial obligations under the agreement. The guarantee will place your spouse's marital and personal assets at risk if your franchise fails.

4. The franchise agreement requires franchisee to gain written approval from franchisor to engage in any business activity outside of the franchised business.

5. The franchise agreement provides that franchisor may unilaterally make modifications to the operations manual if the change would cost franchisee $10,000 or less annually.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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NOTICE REQUIRED
BY
STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

Precision 2020 FDD
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(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "PHB" and "we" or "us" means Precision Holdings of Brevard, Inc., d/b/a Precision Door Service, the franchisor. "You" means the person or legal entity that buys a franchise, the franchisee. If you are a corporation or other legal entity, "you" includes your owners.

The Franchisor

We are a Florida corporation formed on August 16, 2004. Our predecessor company was Precision Door Service, Inc. ("PDS"), which was founded in May 1997 as an informal partnership operating a garage door repair service business under the trade name Garage Door Services (the "GDS Partnership"). They incorporated in Arizona as Precision Door Service, Inc. on May 21, 1999. On June 13, 2003, PDS changed its domicile from Arizona to Florida. We do not have any affiliates or parents. We do business under our corporate name and the name Precision Door Service. Our principal place of business is 2395 S. Washington Avenue, Suite 5, Titusville, Florida 32780.

On December 21, 2004, we entered into an Agreement and Plan of Merger with PDS. Under the agreement, which was effective February 2005, we are the surviving company and succeeded to all the properties, assets, debts, liabilities and duties of PDS.

Our agents for service of process are disclosed in Exhibit A of this Disclosure Document.

Our Business

We franchise businesses under the name "Precision Door Service" and have done so since February 2005. We are not involved in any other business activities and have not offered franchises in any other line of business. We only operate garage door repair service businesses on a temporary basis where we have placed advertising and there is no franchisee to operate the business at the time the advertising is placed. In addition, because advertising placement may last a year, we may operate the business as a result of an abandonment by a franchisee or a termination until a new franchisee is identified and a Franchise Agreement is signed. Through the merger, we assumed the franchise agreements held by existing franchisees. PDS offered franchises from September 1999 through February 2005. PDS also offered area development agreements between June 1999 and December 1999. All area developers have converted to franchises or have left the Precision Door system. PDS did not offer franchises or operate businesses in any other line of business.

PHB Franchises

As a Precision Door franchisee, you will operate a residential-only garage door repair service business and may also sell and install new garage doors. You will provide these services to residential homeowners within a territory defined by county as we determine. The repair, installation, maintenance and service of commercial garage doors, roll-up doors, commercial operators, access gates, entrance gates and their operators are not a part of the system and therefore prohibited under the Precision Door Service franchise system.. Depending on special circumstances, you may provide services outside your territory upon meeting certain requirements. A copy of the Franchise Agreement is included in this Disclosure Document as Exhibit C.

The Market and Competition

Sales are not seasonal. Your primary competition will be garage door repair and new door installation services companies. You may compete with other independent, local repair service

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businesses for customers and for qualified technicians to work in your business. Some competitors may be garage door repair businesses not affiliated with PHB, but use one or more of the words "Precision," "Overhead," "Door" or "Service" in their business name.

Laws and Regulations

Your garage door repair service business will be subject to all of the federal, state and local laws that apply to businesses generally, including minimum wage and occupational health and safety laws. Your state or local laws also may require you to obtain a contractors' license and post a bond in order to conduct your garage door repair business. These laws vary from place to place. You must obtain and maintain all necessary permits, certificates and licenses for the operation of your business. You should investigate these matters further and consult with local authorities and your attorney about them.

Affiliates

Under separate area development agreements, an affiliate to Us, Performance Entrance Solutions, offers a business concept providing facility management and commercial overhead door services under the tradename Performance Entrance Solutions. Performance Entrance Solutions developers strictly provide services only to commercial customers and do not operate in the residential overhead garage door space and as such Performance Entrance Solutions and Precision Door Service are not in direct competition with each other.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer and Board of Directors Member: Brian D. Tindall

Mr. Tindall has been our Chief Executive Officer and a Director since the company's formation in August 2004. He also was the President and Chief Executive Officer of PDS from March 2001 through March 2006. He was a Director of PDS from May 1999 through February 2005.

President and Board of Directors Member: Michael Brickner

Mr. Brickner was hired June 2011 as the Director of Communications, the title of Operations Manager was added January 18, 2013 and the title of Vice President of Operations was added April 30, 2015 and oversaw all day-to-day corporate operations of the company. He became President June 27, 2018 and was also appointed to the Board of Directors the same day.

Chairman of the Board and Board of Directors Member: Jon G. (Jack) Eberenz

Mr. Eberenz has been Chairman of the Board since February 2005. He was a Director of PDS from September 2000 through February 2005, and was PDS' Chairman of the Board from September 2002 to March 2003 and October 2003 through February 2005.

Director of Customer Relations and Reputation Management: Jonathan Kunstman

Jon started with Precision June 18, 2018 as Director of Customer Relations and Reputation Management. Prior to joining Precision, from April 2016 – June 2018 Jonathan provided concierge services for Expedia Local Expert, a brand of the Expedia Group, located in Orlando, FL. Jon also

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provided independent consulting and sales services to Gun Dog Armory between May 2015 and April 2016. And from August 2007 until May 2015 he held various positions beginning as an Executive Intern August 2007 – July 2008, Franchise Support Manager July 2008 – January 2009, Director of Franchise Startup January 2009 – August 2011, Operations Director August 2011 – October 2014 and general manager for a local corporate franchise location October 2014 – May 2015 for the U.S. division of The Filta Group, Inc. which is a multi-national franchisor providing services to commercial kitchens around the world.

Senior Director of Field Operations and Technical Training: Jon Russell

Jon started with Precision Door Corporate on July 22nd 2019 as the Training Coordinator. Currently Jon is the Senior Director for Technical Training. Prior to joining the corporate office, November 2014 – July 22nd 2019. Jon performed the day to day duties of General Manager for Precision Door Memphis, TN. Jon opened the Huntsville PDS location in May 2015 and Jackson, MS May 2017. General operational duties included recruiting / hiring, technical training, sales force training, inventory management, customer relations, reputation management, and call center management..

Controller: Curtiss Fry

Mr. Fry started with Precision June 10, 2019 as Controller. Prior to joining Precision, Curtiss was a Commercial Insurance Advisor with Brown & Brown Insurance out of the Melbourne, FL office from January 2015 – May 2019. There he advised clients in construction, agriculture, and manufacturing industries on their property and causality insurance. He also was the team leader for the Precision Door book of business.

General Counsel and Senior Director of Franchise Administration: George Payor, Esq.

Mr. Payor began his tenure with PHB in July 2010 as Director of Franchise Administration, adding the title of General Counsel in September 2010 and Senior Director of Franchise Administration in June 2018. From September 2008 until November 2009 he was General Counsel with The Filta Group, Inc., an Orlando, Florida based franchisor.

ITEM 3
LITIGATION

Concluded Matters

Precision Holdings of Brevard, Inc. v. Profit Innovators, Inc. and Glenn Juckett (Circuit Court of the 18th Judicial Circuit, Brevard County, Florida, Case No. 2010-CA-45453). On September 24, 2010 PHB filed an action against a former franchisee, Profit Innovators, Inc. and Glenn Juckett ("PII") seeking injunctive relief to enforce a noncompete covenant and for PII to transfer ownership of certain franchise related telephone numbers as contemplated by the franchise agreement between the parties. This matter was settled November 10, 2010, with PII agreeing to transfer all telephone numbers to PHB and would not operate a competing business to that of a PHB franchisee for a period of two years; PHB agreed to pay $6,000 directly to Cramer-Krasselt, a yellow page marketing firm used by PII. The parties stipulated to the dismissal of the lawsuit with prejudice.

Precision Holdings of Brevard, Inc. v. Raymond Thorsky and Janice Thorsky d/b/a Preferred Garage Door Services and Preferred Door Services; and Preferred Door Services, Inc. d/b/a Preferred Garage Door Services, Inc. or Preferred Garage Door (United States Middle District Court of Florida,

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Orlando Division, Case No. 6:11-cv-583-Orl-31-GJK). On April 8, 2011 PHB filed an action against a former franchisee, Raymond Thorsky and Janice Thorsky for trademark infringement and false designation of origin and unfair competition in violation of the trademark Act of the United States, specifically 15 U.S.C. § 1125(a), (d), and for breach of contract. PHB was seeking injunctive relief, forfeiture of domain names and monetary damages. This matter was settled July 20, 2011 with the defendants agreeing to turn over domain name precision-garage-door.com, telephone numbers used in the operation of the former PDS franchise, payment of $50,000 as damages, and a Permanent Injunction Order preventing defendants from further operating a competing garage door business. PHB executed a Satisfaction of Final Judgment August 25, 2011.

Precision Door & Gate Service Ltd. v. Precision Holdings of Brevard, Inc. (Canadian Federal Court, Vancouver, British Columbia Canada, Court No. T-2168-10). A Notice of Application was filed by Precision Door & Gate Ltd., a Canadian company in Canadian Federal Court. The applicant applied on July 26, 2005 under a Canadian trade-mark application for registration of the trademark Precision Door & Gate Service Ltd. which was subsequently denied. Denial was based upon the fact that the three trademarks filed by Precision Holdings of Brevard, Inc. had an earlier filing than that of the Applicant. We answered the application and have defended the application vigorously. Argument before the Canadian Federal Court was heard on November 23, 2011. A ruling was rendered April 30, 2012 wherein Trade-mark registrations No. TMA738668, TMA738669 and TMA738737 were struck from the register under s 57 of the Canadian Trade-marks Act.

The claim against three trademarks filed in Canada have no bearing nor effect on any trademark currently on file and registered with the United States Patent and Trademark Office.

Precision Holdings of Brevard, Inc. v. Rick O'Neal (Circuit Court of the 18th Judicial Circuit, Brevard County, Florida, Case No. 05-2003-CA-056763). In September 2003 PHB filed an action against a former franchisee ("O'Neal") for unpaid continuing fees, advertising assessments, telephone charges and nonpayment of a promissory note seeking damages totaling $114,965, plus attorneys' fees. O'Neal filed an Answer and a Counterclaim seeking unspecified damages and attorneys' fees for alleged violations of the Florida Deceptive and Unfair Trade Practices Act, breach of contract and fraud. O'Neal has added a claim for punitive damages. The case went to trial in June 2012 and Precision Holdings of Brevard (PHB) prevailed on three counts for breach of contract and was not held liable on all counter-counts filed by O'Neal. O'Neal filed a motion for new trial on four separate counts for breach of contract which all were in PHB's favor; the trial court granted the Defendant's/Counter-Plaintiff's motion for a new trial. A new trial was held March 11, 2013, and after two days the judge declared a mistrial. A new trial date was scheduled for the two-week trial docket beginning June 16, 2014 however, PHB and the defendant entered a confidential settlement agreement wherein the defendant received payment in the amount of $137,500; PHB denied any liability but as a business decision made a decision to settle the case after eleven years of litigation. PHB received an executed Mutual Confidential Settlement Agreement in exchange for the settlement proceeds.

Precision Holdings of Brevard, Inc. v. Frank Hoffman and Lifetime Garage Doors, Inc. (Circuit Court of the 18th Judicial Circuit, Brevard County, Florida, Case No. 05-2016-CA-012499). On January 22, 2016 PHB filed an action against Frank Hoffman, a former general manager of a Precision franchisee, and Lifetime Garage Doors, Inc. (LGD), a garage door repair and installation service business located in Sarasota, Florida. Frank Hoffman formed LGD with his brother Ken Hoffman. The action sought a Temporary Restraining Order (TRO) and Permanent Injunction against Frank Hoffman and LGD enforcing a noncompete agreement preventing Frank Hoffman from owning, directly or indirectly a garage door business for a period of two years. The action also was seeking that LGD cease operations which but for Frank Hoffman's involvement would not have been formed. A hearing was held March 4, 2016 and a TRO enforcing the noncompete agreement was entered April 11, 2016 against Frank Hoffman. LGD settled this matter February 22, 2017, with LGD agreeing to cease all operations, dissolve

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the corporation, withdrawing occupational licenses, shutting down the current trade name of Lifetime Garage Doors, agreeing not to reorganize under any iteration or version of "Lifetime", permanently discontinuing the domain/URL of Lifetime Garage Doors and agreeing not to redirect that domain/URL to a new garage door site. PHB and LGD stipulated to the dismissal of the lawsuit with prejudice.

Precision Holdings of Brevard, Inc. v. Charan Gohlwar and Tej, Inc.(American Arbitration Association, Brevard County, Case No. 01-19-0000-0863); *Charan Gohlwar v. Precision Holdings of Brevard, Inc.* (United State District Court for the Middle District of Florida, Case No. 6:19-cv-00075-JA-GJK). On January 9, 2019 PHB served a notice of incurable breach and termination to its' franchisees Charan Gohlwar ("Gohlwar")and Tej, Inc. ("Tej") due to the franchisees having committed an incurable breach of the Phoenix franchise agreement for Violating the Precision Door Service Uniform Standards for Sales Practices, Violating Precision Door Service Uniform Standards for Handling Customer Complaints and Honoring Obligations to Customers, Violating Precision Door Service Uniform Standard for Protecting Their Companies and the Industry, and Violating Precision Door Service Uniform Standards for Conduct and Practices Aimed at Competitors and Customers, as outlined under the Precision Door Service Operations Manual. The franchisees, Gohlwar and Tej, own and operate five separate Precision Door Service franchises in the Phoenix & Tucson, AZ, Dallas and Fort Worth, TX, and Baltimore, MD areas. Simultaneously, PHB filed an action for arbitration against Gohlwar and Tej the same day; two days later on January 11, 2019 Gohlwar and Tej filed a separate action for copyright infringement, breach of contract, conversion, and unjust enrichment. Prior to either case going any further than the initial pleading stage PHB, Gohlwar and Tej entered into a confidential settlement agreement wherein (1) Gohlwar's and Tej's Phoenix and Tucson franchises were terminated, (2) Gohlwar and Tej had 12 months from the executed settlement agreement date to close on the sale of the Dallas, Fort Worth and Baltimore Maryland franchises which would be taken over by PHB if not sold within the specified time period, and (3) Gohlwar and Tej. would be able to continue operating a garage door repair business in the Phoenix and Tucson areas but under a different name and not as a Precision Door Service franchisee. PHB denied any liability but as a business decision made the determination to settle both cases. PHB received an executed Mutual Confidential Settlement Agreement and release in exchange for the settlement terms. PHB withdrew the arbitration action, and Gohlwar and Tej filed a notice of voluntary dismissal with the federal court which issued an order February 26, 2019 dismissing the case with prejudice.

Pending Matters

Precision Holdings of Brevard, Inc. v. Charan Gohlwar and Tej, Inc. (United State District Court for the Middle District of Florida, Case No. 6:20-cv-00095); *Precision Holdings of Brevard, Inc.* v. *Charan Gohlwar and Tej, Inc.* (American Arbitration Association, Brevard County, Case No. 01-20-0003-7127). On December 18, 2019 PHB served a notice of incurable breach and termination to its' franchisees Charan Gohlwar and Tej, Inc. (collectively "Franchisees") due to the Franchisees having committed an incurable breach of the Maryland, Dallas and Fort Worth, Texas franchise agreements and Settlement Agreement dated February 15, 2019 for violating the in-term and post-term noncompetition covenants, respectively contained therein. Under the terms of the Settlement Agreement the Franchisees were allowed to continue operating the Maryland, Dallas and Fort Worth, Texas Precision Door Service franchise markets until either the market selling or February 15, 2020, whichever occurred first. Franchisees began operating a competing garage door repair business violating in-term noncompetition covenants. A notice of termination was then issued January 7, 2020, however Franchisees continued thereafter to operate a competing garage door repair business which violated the post-term noncompetition covenants. PHB subsequently filed suit in the U.S. District Court for the Middle District of Florida January 17, 2020 seeking a permanent injunction enforcing the post-term

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noncompete provisions and also for Lanham Act violations. Simultaneously, PHB filed an action for arbitration against the Franchisees March 11, 2020 for Breach of Contract, Unfair Competition, Injunctive Relief and Attorneys' Fees for violation of the in-term and post-term noncompetition provisions under the respective franchise agreements and settlement agreement. Prior to a hearing before the U.S. District Court judge on PHB's petition PHB and the Franchisees reached a settlement wherein (1) the Franchisees exclusivity in Arizona to continue operating a garage door repair business in the Phoenix and Tucson areas under a different name and not as a Precision Door Service franchisee (see preceding concluded case) was reduced from five years to three years, beginning August 14, 2019, (2) Franchisees will cease operations in Maryland and Texas no later than April 1, 2020 (3) the parties will enter into a confidential settlement agreement and (4) the Court will enter a consent order enforcing the post-term noncompetition covenants. PHB will withdraw the arbitration action once the consent order is issued.

Other than these 7 actions, no other litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay an initial franchise fee when you sign your Franchise Agreement. The initial franchise fee for your territory is 10¢ for each single family home one unit detached ("SFHUD") in your specific market area. The number of SFHUD is determined by using the most recent figures from the U.S. Census. Your territory will likely include between 100,000 and 1,000,000 SFHUD making the initial franchise fee between $10,000 and $100,000.

In the past, we have waived the initial franchise fees for area developers who became franchisees, for franchisees who purchased multiple locations at one time, for franchisees who accepted temporary franchises and for a franchisee who agreed to test a new marketing concept. We also reduced the initial franchise fee for existing franchisees who purchased additional areas, for franchisees based on their financial circumstances and for a franchisee who was a previous PHB employee. We may waive the initial franchise fee under similar circumstances in the future.

During 2019 there were nine new franchises sold, seven to an existing franchisee and two to a new franchise owner not already in the system with initial franchise fees ranging from $5,000 to $24,241.70.

Refunds

During or at the end of your initial training, if we determine in our sole judgment that you are unqualified to operate a Precision Door Service business, we may terminate the Franchise Agreement. If this should occur, we will both sign a mutual release (subject to the requirements of applicable state law, see the State Law Addendum at Exhibit B), except that you will continue to be bound by the covenants of confidentiality and non-competition, and we will refund the initial franchise fee. There is no refund of your initial franchise fee under any other circumstances.

Websites/Domain Names/URLs

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We will obtain the Website Address/Domain Name/URL (Website) for use on the internet/world wide web promoting and advertising your business before opening. We will own the Website and all content contained, but they will be leased to you and designated exclusively for your use while you are in good standing under your franchise agreement. If we incur any charges in obtaining, maintaining, designing, building, constructing, upgrading or monitoring these Websites, then you must reimburse us for these amounts. PDS will not reimburse you for any amounts incurred by you obtaining, maintaining, designing, building, constructing, upgrading or monitoring any Websites.

Training Fees.

You do not have to pay an initial training fee for one person; however, you must pay training fees for additional persons and refresher training ranging from $1,000 to $2,000 which is not refundable.

We do not finance the initial franchise fee or any other initial payments. Except as specifically disclosed in this Item, none of these payments are refundable. Other than the payments described above you do not pay anything to us or our affiliates for goods or services provided to you before your Precision Door Service begins operations.

ITEM 6
OTHER FEES

The fees and charges listed in the chart below are payable to us and are non-refundable.

Column 1 Type of Fee	**Column 2 Amount**		**Column 3 Due Date**	**Column 4 Remarks**
	Low	High		
Royalty (Note 1)	$500	$6,000 (or more)	Electronic – weekly	See Note 2, Definition of Gross Sales
Advertising Fees (Note 3)	3.0% of Gross Sales		Payable together with and for the same period as the Royalty Fee	Advertising Fees are paid to the Marketing Fund, 2% back to market area, 1% to National Fund
Telephone Number Charges Per Number Per Month (Note 4)	TBD		Upon opening	Preopening charges reimbursed to us. Payments then made directly to carrier. Subject to adjustment by local telephone companies.
Websites/ Domain Names/URLs	$2,500	$10,000	Upon opening	The costs cover purchase of the domain name and construction of the website.

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Column 1 Type of Fee	Column 2 Amount		Column 3 Due Date	Column 4 Remarks
	Low	High		
Audit	Cost of audit plus full amount of any underpayment plus interest and late charges		Upon completion of audit results	Payable if audit shows an understatement of Gross Sales for any period of 2% or more
Late Charges and Interest	Late charges: $200 per late payment Interest: 1.5%		Automatically imposed upon payment Interest accrues immediately after due date if you fail to pay full obligation	Applies to all amounts owed to us. Interest is payable on the entire overdue amount beginning with the date payment is due until the amount is paid. Interest accrues on the late charge if not paid when due.
Review and Supplemental Training	$500 per person		Before training	During the term of your franchise.
Customer Service Center Fees (Optional service)	TBD	TBD	Weekly each Friday	There will be a tiered menu of services ranging from hourly, nights, weekends and 24/7.
Consultation (Note 5)	$100 per day minimum plus expenses		At time of assistance	Telephone advice and assistance offered without a fee. If on-site or other extraordinary consultation is requested by you, the current daily charge is $500 per day, plus expenses. Daily charge is subject to adjustment.
Training fees	Classroom Training: $1,000 to $2,000 per person per week; Field Training: $1,000 per week		Before training	No charge for initially training one person. This fee is charged for additional persons and for refresher training upon renewal of franchise. Training fees are subject to change.

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Column 1 Type of Fee	Column 2 Amount		Column 3 Due Date	Column 4 Remarks
	Low	High		
Transfer Fee	Application fee of $750 for our interview and investigation of a proposed transferee. In the event you sell any portion of your business including any assets and inventory, you must also pay us a $7,500 transfer fee.		Upon closing of the transaction transferring any portion of ownership in the franchise business including any assets and inventory	To be paid by the seller.
Taxes	Amount of taxes		Upon demand	Taxes imposed by your state and/or local governments on payments you pay to us if PHB has no presence in your jurisdiction
Indemnity	Amount of PHB's liabilities		Upon demand	Claims and liabilities by PHB relating to your business
Attorneys' fees and costs	Amount incurred		Upon demand	All costs for indemnification or enforcing your franchise agreement
Desktop and Mobile Software Package Service (Note 6)	$100 - $200 per license		Monthly	This fee covers (1) access to the franchisee extranet and (2) access and use of the licensed office management Office software package.
Reputation Management Service (Note 8)	$50	$100	Monthly	This fee covers reputation management services which are provided by a third-party vendor contracted with PHB which will perform brand analytics, reputation intelligence and social media monitoring services.
Ongoing Technician Training (Note 9)	$75	$125	Monthly	This fee covers online initial and ongoing training services for your technicians which are provided by a third-party vendor contracted with PHB.
Trade Association Memberships	$350		Annually	International Door Association & International Door Education Association

Notes:

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1. Except where otherwise noted, all fees are payable to us are nonrefundable. We may require you to pay the royalty fee by electronic fund transfers from your bank account. The payment amount is based on a combination of population and number of households. The following chart will serve as a general indicator:

Single Family Detached Households Plus Population	Payment Per Week
0 to 499,999	$500
500,000 to 999,999	$1,000
1,000,000 to 1,499,999	$1,250
1,500,000 - 1,999,999	$1,500
2,000,000 - 2,499,999	$1,750
2,500,000 - 2,999,999	$2,000
3,000,000 - 3,499,999	$2,250
3,500,000 - 3,999,999	$2,500
4,000,000 - 4,499,999	$2,750
4,500,000 - 4,999,999	$3,000
5,000,000 - 5,499,999	$3,250
5,500,000 - 5,999,999	$3,500
6,000,000 - 6,499,999	$3,750
6,500,000 - 7,000,000	$4,000
7,000,000 – 7,499,999	$4250
7,500,000 – 7,999,999	$4,500
8,000,000 – 8,499,999	$4,750
8,500,000 – 8,999,999	$5,000
9,000,000 – 9,499,999	$5,250
9,500,000 – 9,999,999	$5,500
10,000,000 – 10,499,999	$5,750
10,500,000- and above	$$6,000 (or more, See Note 2)

2. Total weekly royalties range from $500 up to $6,000 or more. You may request that we assign additional areas to you, and if we approve, we will include the additional single family detached households and population factor in our calculation of your royalty fee. The formula currently uses the detail of single family detached households and population figures from the U.S. Census to determine a factor that is compatible market to market.

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3. Payment to us for advertising fund fees is 3% of gross sales, and the fees are paid at the same time royalties are paid. Two thirds of the advertising fund fees (2%) are to be returned to the Franchisee or region to be used for local projects that we sanction and we shall manage one third (1%) on behalf of the Franchise Association Advisory Council. The advertising fees are the same for all franchises we currently offer. If a regional advertising cooperative is formed, we will have the same voting right for our corporate location as a franchised outlet in that area. We will not have control of voting power.

4. We may have to pay one month's telephone number charges in advance when obtaining the telephone numbers that will be designated for your use. You must reimburse us for these charges upon the opening of your franchise business. Telephone number charges currently range from a minimum of $25 per month (for one directory advertising one number at $25 per number) up to a maximum of $1,750 per month for (ten directories advertising seven numbers each at $25 per number). Continuing charges will be owed directly to the telephone provider.

5. We will advise and assist you when you reasonably request or as we determine to be necessary. We will be available to give telephone assistance and advice without a fee. If you request onsite or extraordinary consultation, then we decide on a case-by-case basis whether a charge applies for the additional consultation. You will be charged our then current rate, but no less than $100 per day plus expenses.

6. We have licensed an office desktop and mobile software package used in the management and operation of your garage door repair and installation services business. The application features include scheduling and book service calls, managing inventory, and tracking advertising sources and sales; the point-of-sale features for mobile handheld computers includes invoicing, work estimates, record keeping, customer database and global positioning map capabilities of jobs and employee locations. You are required to use the office and mobile software package that We select which you will be given a license to use. The cost of the software is not included as a part of your initial franchise fee which the current cost is an ongoing monthly maintenance fee of $100 - $200 per license which is subject to change from time to time.

7. The Reputation Management services are provided by a third-party vendor contracted with PHB which will perform brand analytics, reputation intelligence and social media monitoring services. The company will track online visibility, reviews and competitors presence on the web; and monitors social media platforms such as twitter, Facebook, Instagram as well as generate new leads and develop and strengthen customer loyalty. The current cost for the software package is between $50 and $100 per month per location, which includes the program, basic training, installation and monitoring. The charge is for a web based service maintenance/hosting fee, which is subject to change from time to time.

8. The ongoing technician training services are provided by a third-party vendor contracted with PHB which will perform technician training in: Safety, Tools, Parts, Door Installation, Spring Systems, Torsion Springs, Extension Springs, Openers, Door Installation and Residential Door Service Trouble shooting.

9. The highest interest rate allowed in California is 10% annually.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT					
Column 1 Type of Expenditure (1)	**Column 2 Amount**		**Column 3 Method of Payment**	**Column 4 When Due**	**Column 5 To Whom Payment Is to Be Made**
	Low	**High**			
Initial franchise fee (2)	$10,000	$100,000	Lump sum or installments	Upon signing franchise agreement	Us
Office lease (Note 3)	1,000	3,000	Installments	Monthly	Landlord
Office build-out	0	4,000	Lump sum	As incurred	Landlord, vendors or contractors
Telephone number charges	0	500	Lump sums	Before opening	Local telephone provider
Yellow pages advertising (Note 4)	1,000	7,500	Lump sums	Monthly	Local vendor
Websites/ Domain Names/URLs	$2,500	$10,000	Lump sum	Before opening	Us or vendor
Office and mobile software package	$100 per license	$400 per license	Lump sum	Monthly	Us
Reputation Management Service (Note 17)	$50	$100	Lump sum	Monthly	Us or vendor
Ongoing Technician Training (Note 18)	$75	$125	Lump sum	Monthly	Us or vendor
Music-On-Hold	30	30	Lump sum	Monthly	On Hold Network

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