

Note 2 - If you meet our credit standards, we will finance the purchase of your Start-Up Package for up to six months. Our decision to grant, or not grant, financing is determined by us and is based upon your need, background and history. The Promissory Note must be personally guaranteed by you, if you are an individual, or is personally guaranteed by the owners of 15% or more of your equity, if you are a legal entity. The Promissory Note can be prepaid at any time without penalty. If you do not pay on time, we can call the loan and demand immediate payment of the full outstanding balance of the Promissory Note and obtain court costs and attorney's fees, if a collection action is necessary. We also have the right to terminate your Dealership Agreement if you do not make payments. Promissory Note in Exhibit F1.

We do not currently, nor do we plan to, discount or sell in whole or in part, any note, contract, or other instrument executed by you nor are there any waivers of defense or similar provision with regard to any financing arrangements.

We do not arrange financing from other sources. We do not receive direct or indirect payment from any person or persons for obtaining or placing financing. As of January 2006, we have been included on the Small Business Association's Franchise Registry. This listing should ensure expedited loan processing for prospective franchisees seeking obtaining SBA financing.

We do not guarantee your obligations to third parties.

ITEM 11 FRANCHISOR'S OBLIGATIONS

Except as disclosed below, Re-Bath need not provide any assistance to you.

Pre-Opening Obligations

Before you open your Dealership, we will:

1. Provide you with proprietary and confidential installation criteria specifications for the proper installation of Re-Bath Products- (Article 7 in Dealership Agreement).
2. Provide training as set forth below- (Article 4, Dealership Agreement). We will also provide you with our Installation Training Videos.
3. Provide to you, on loan, one copy of the Confidential Operations Manual and one copy of the Confidential Field Installations Manuals- (Article 8, Dealership Agreement).
4. Designate your exclusive Territory- (Article 2, Dealership Agreement).
5. Sell you your Start-Up Package- (Article 1, Dealership Agreement).
6. Advise you in selecting an initial showroom site within 4 months after completion of the Initial Training Program initial installation and operations training program: Your site must have at least 800 square feet in area devoted to display of Re-Bath Products, have adequate storage area, and be located in a high traffic area or on or near a main arterial street. We must approve or disapprove your site within 30 days after we receive notice of the location. We have never had a situation where we have been unable to reach agreement regarding a showroom site, and we do not expect this to be a concern. However, if we cannot agree on a site for your showroom for any reason, then, at your expense, the dispute will be settled by binding arbitration at your expense. If you open additional showrooms, or alternatives such as mall kiosks, we may provide the same assistance and will have the same right to approve or disapprove- (Articles 6 and 33, Dealership Agreement).

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Training Programs

Within 90 days after you sign signing the Dealership Agreement, we will provide an initial installation and operations training program (the "Initial Training Program") for two people at

our Re-Bath's Mesa, Arizona headquarters. One of the trainees must be your full time manager (you may be you) and the other must be your full time installer. Each trainee must successfully complete the training program to our satisfaction. We pay the cost of one hotel room (for a maximum of 2 people) and; you must pay all other personal expenses, such as lodging, transportation and food, and the wages of your employee(s) expenses— (Article 4 of Dealership Agreement). You must offer Re-Bath Products to the general public within 3 months after successful completion of the Initial Training Program initial installation and operations training program (Article 6 of Dealership Agreement). Your failure to do so is a cause for termination of your Dealership Agreement— (Article 25 of Dealership Agreement).

If you want to send additional personnel to the Initial Training Program, initial installation and operations training program; you must pay a \$750.00 materials fee and all personal expenses, such as lodging, transportation, food and wages and food for each extra individual— (Article 4 of Dealership Agreement).

Re-Bath may also hold seminars, sales classes, special conferences and advanced installation training/Advanced Installation Training from time to time, which we may require you may be required to attend and pay for— (Article 5 of Dealership Agreement). You must also be required to have at least one person, either you, your manager or a key employee, attend our National Dealer Conferences, which are held approximately every 14 to 20 months— (Article 5 of Dealership Agreement).

Re-Bath will train you and/or your manager and one full time installer as follows:

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INITIAL INSTALLATION AND OPERATIONS TRAINING PROGRAM

Day	Subject	Time Begun	Instructional Material (s)	Hours of Classroom Training	Instructor & Years of Experience
One	Manufacturing Methods and Templating/ Measuring Techniques	8:00 AM	Manufacturing Facility Tour	Owner 8 hrs	Norm Murdock, Vice President Franchise Operations 10 years
			Product Orientation		
			Installation Training Introduction	Installer 8 hrs	Lemoin Skiles, Corporate Installation Technician 5 years
Two	Installation Techniques Bathtub Installation Marketing Training	8:00 AM	Installation Manual	Installer 8 hrs	Lemoin Skiles, Corporate Installation Technician 5 years
			Operations Manual	Owner 8 hrs	
					Jay Butgereit, Marketing Director 10 years
Three	Installation Techniques Bathtub Installation Wall Systems Sales Training	8:00 AM	Installation Manual	Installer 4 hrs 4 hrs	Lemoin Skiles, Corporate Installation Technician 5 years
			Operations Manual	Owner 8 hrs	
					Sid Birch, Sales Director 5 years

3. You must use your best efforts to promote your Franchised Business in your territory. We will not grant another Re-Bath Dealership in your territory for as long as the Dealership Agreement is effective, and as long as you meet or exceed the following sales quotas for each 50,000 of population in your territory.

a. During the first full calendar year of operation of your Dealership, you must purchase from Re-Bath, pay for, and take delivery of, a minimum of five Quota Units for each 50,000 of population in order to maintain exclusivity in your Territory. A "Quota Unit" is defined as (a) one bathtub liner, shower base liner, or wall system consisting of three wall panels (a "Required Product"), (b) a replacement acrylic bathtub, (c) a replacement shower base, (d) three shower doors, or (e) the purchase of \$500 worth of Re-Bath Products other than items included in (a) - (d) above.

b. During the second full calendar year of operation of your Dealership, you must purchase from Re-Bath, pay for, and take delivery of, a minimum of 15 Quota Units for each 50,000 of population within your territory to maintain your exclusivity in your territory.

c. During the third full calendar year of operation of your Dealership, you must purchase from Re-Bath, pay for, and take delivery of, a minimum of 20 Quota Units for each 50,000 of population within your territory to maintain your exclusivity in your territory.

d. During the fourth full calendar year of operation of the Dealership and thereafter, Dealer must purchase from Re-Bath, pay for, and take delivery of, a minimum of 25 Quota Units per year for each 50,000 of population within your territory to maintain your exclusivity.

e. The Sales Quotas shall begin on the first January 1 after you commence operation, which shall be defined as the day following the day of completion by you of the initial Installation and Operations training program.

f. If you fail to meet the Sales Quotas set forth above for any calendar year of operation, you will lose the rights of exclusivity in your territory. If your rights to exclusivity are lost, Re-Bath will, by written notice to you, declare your territory non-exclusive. Non-exclusive means other Re-Bath dealers may solicit sales and install Re-Bath Products in your territory. Once your territory is declared non-exclusive, you shall have up to 12 months after the date of written notice of non-exclusivity to regain exclusive status. If you purchase, pay for, and take delivery of, (a) the remaining Sales Quotas for the calendar year during which you failed to meet the Sales Quotas, and (b) the Sales Quotas (on a calendar quarter pro rata basis) for the then current calendar year, the exclusivity will be returned to you when the Sales Quotas are met. This may take less than a full 12 months. For example, if you fail to meet the Sales Quotas for calendar year 2006, but by the second calendar quarter of 2007, you have purchased from Re-Bath, paid for, and taken delivery of, the remaining Sales Quotas for 2006, plus the entire Sales Quotas (on a pro rata basis) for the first two calendar quarters of 2007, you will be returned to exclusive status in your territory on the date that is the later of the date you paid for, or installed all such Quota Units. If you fail to regain exclusive status within 12 months after the date of written notice of non-exclusivity, your Dealership will be subject to termination (extraordinary circumstances will be considered).

4. If you transact or conduct business in any area or territory that has been assigned as an exclusive Re-Bath territory to another Re-Bath dealer, then Re-Bath may require you to immediately pay to Re-Bath, and you shall immediately pay to Re-Bath, as liquidated damages, and in addition to any other rights of Re-Bath in this Agreement or otherwise, 300% of your gross profits (total income less cost of goods sold) earned in transacting or conducting business in another Re-Bath dealer's exclusive territory. Re-Bath shall deliver to the dealers in whose exclusive territories you wrongfully conducted business one-half of all such funds actually received by Re-Bath from you (after deduction by Re-Bath for costs and expenses incurred by Re-Bath with respect to the investigation of the wrongful transactions and the collection of such funds from you).

5. AmBath, and its predecessor, AmBath Corporation, have since their inception, sold and installed bathtub liners nationally and primarily to the hospitality industry and will continue to solicit and sell its products to the hospitality industry, even in your territory. This in no way prevents you from soliciting within this same market

commenced regarding a site for a showroom, then we can terminate the dealership relationship upon delivery to you of a notice of termination. (Articles 6 and 25)

We may require you to open one or more additional showrooms, or additional alternatives such as mall kiosks, if you acquire additional territory from us or from other dealers and we do not enter into a new Dealership Agreement for the additional territory. (Article 6, Dealership Agreement)

Electronic Point of Sale and Computer Systems

We do not require that you use an electronic point of sale recording system. We do require that you purchase a facsimile machine with a separate dedicated phone line for communication and operational purposes. We do not require a certain type of fax machine as long as it can send and receive communication. We also require a personal computer with Internet Explorer 5.0 or equivalent. You are required to use the Re-Bath Web Ordering System to order all products and supplies (See Exhibit J for system requirements). The computer is not required exclusively or solely for Re-Bath and may be used for all other aspects of the business. In the future if we require it, you must upgrade or update your computer hardware or software to our standards. We will have independent access to information and data that is electronically collected.

Opening of Franchised Business

Dealers typically begin selling Re-Bath Products 30 to 60 days after they sign the Dealership Agreement. Dealers must open an initial showroom within four months after completion of initial training. The factors that affect these times are the scheduling of initial training, the ability to obtain a lease, and installation of equipment, fixtures and signs.

NO OTHER SUPERVISION, ASSISTANCE OR SERVICES ARE PROVIDED BY THE FRANCHISOR IN CONNECTION WITH THE ESTABLISHMENT OR OPERATION OF THE FRANCHISED BUSINESS.

ITEM 12 TERRITORY

You are given an exclusive territory to operate your Dealership to market and install Re-Bath Products. The exclusive territory is determined by use of metropolitan and rural statistical population data. The exclusive territories are within defined geographical areas and can be outlined by counties, city limits, streets, roads, or highways. The territory shall be mutually agreeable to us and you. You have the right to market and install Re-Bath Products as long as you comply with the terms and conditions of the Dealership Agreement.

1. A Large Market Territory, large-market-territory will be defined before the execution of the Dealership Agreement and will consist of 150,000 population or greater. The population will be charged at the rate of six cents (\$.06) per person. A nonstandard territory, or Small Market Territory, small-market-territory, shall consist of less than 150,000 population.

2. You may transact or conduct business in any other area or territory unless the area has been assigned as an exclusive Re-Bath territory to another Re-Bath Dealer. Upon notice of those territory assignments, you will immediately stop any activity within that area. Any sales and/or soliciting activity outside of your assigned territory may help a new Dealer of Re-Bath in its newly assigned territory. If so, you will receive no compensation or other consideration for any previous sales, pre-selling or soliciting activities.

a. Subject to paragraphs 3 - 6 below, Re-Bath will not franchise another, or operate a company-owned dealership, in an exclusive territory of another Re-Bath dealership.

b. Re-Bath does not and will not license others or operate its own similar business under a different name or service mark within the exclusive territory.

c. Re-Bath does not offer the first right of refusal for an expansion or addition of an existing exclusive territory.

3. Provide accurate identification of Re-Bath Bathtub Liners ~~that ordered by you order-~~ (Article 12, Dealership Agreement).

4. Loan you a copy of our Confidential Operations Manual and one copy of our Field Installations Manual, which contain standards, methods, policies and procedures. This manual is confidential and remains our property. Re-Bath may will modify or revise the manuals, from time to time, this manual; and you must comply with each new or changed standard- (Article 8 of the Dealership Agreement). Re-Bath has a copyright interest in each manual. The Confidential Operations Manual table of contents of each manual is Exhibit G.

Advertising and Promotion

Re-Bath's in-house marketing department may occasionally provides for placement of national advertising for the entire Re-Bath system. However, most placement is done on a local basis, typically by local advertising agencies hired by individual Dealersdealers or the Dealersindividual-dealers themselves.

We will provide copyrighted advertising materials and other advertising materials for your use in local advertising. You may also develop advertising materials for your own use, at your own cost, however, cost- Re-Bath must approve allthe advertising materials, in advance, and in writing.

We require you to spend certain annual minimum amounts on advertising-~~These amounts are described in Item 6-~~ (Articles 6 and 18, Dealership Agreement), as described in Item 6. -We also require you to have at least one external dedicated Re-Bath sign- (Article 16, Dealership Agreement).

Re-Bath has a National Advertising Telephone Number, 1-800-BATHTUB. For national consistency, you must be required to participate in the 1-800-BATHTUB program; and pay us monthly fees to useparticipate in using this national toll free telephone number. The participation fee is presently \$249.00 per month for a Large Market Territory large market territory and \$150.00 per month for a Small Market Territory small market territory. These participation fees may increase from time to time but no more than 10% per year. (See Item 6, and Article 18, Dealership Agreement.)Agreement)

Re-Bath may, from time to time, establish sales and marketing programs, including but not limited to print advertising, telemarketing, etc., to promote commercial business development for Re-Bath-Dealers. These programs are for the benefit of both Dealersthe-Dealer and Re-Bath and will be at no charge to DealersDealer- There are no requirements regarding minimum amounts we must spend on advertising. We do not collect funds from Dealersour dealers for any collective or cooperative advertising programs. Upon your written request, no more often than once per our fiscal year, we will provide you an accounting of our advertising expenses if your state laws require us to do so.

You are not required to participate in any other advertising programs. If you wish to expand upon the advertising material we provide and desire to create your own advertising and promotional material, including any internet websites, you must first submit such material to us for approval before use. We will approve or disapprove proposed advertising or promotional materials that you submit to us, in writing, in our reasonable discretion, within 15 days after receipt receipt, any submissions from you of proposed advertising materials. Our approval of proposed advertising materials will not be unreasonably withheld- If we do not approve or disapprove any such material within this 15 day period, then such advertising materials will be deemed to be approved in the form submitted.

Site Selection ***

We will advise you in selecting a business site. The initial showroom site must be within your Territory territory as outlined in Exhibit B of the Dealership Agreement, should include a minimum of 800 square feet for a showroom, and be situated in an area with high traffic, on or near a main arterial street. Within 30 days, we must approve or disapprove in writing, your showroom site after we receive notice of the location and either photographs or video of proposed site. (Article 6, Dealership Agreement) If you and Re-Bath cannot agree upon a site, then at your expense, the controversy will be settled by binding arbitration. (Article 33, Dealership Agreement) If you do not open a showroom within four months after you complete initial training, and no arbitration has

Day	Subject	Time Begun	Instructional Material (s)	Hours of Classroom Training	Instructor & Years of Experience
Four	Installation Techniques Wall Systems Accessories	8:00 AM	Installation Manual	Installer 4 hrs 4 hrs	Lemoin Skiles, Corporate Installation Technician 5 years
	Sales Training Franchise Operations		Operations Manual	Owner 4 hrs 4 hrs	Sid Birch, Sales Director 5 years Norm Murdock, V.P. Franchise Operations 10 years
Five	Installation Techniques URSB USB	8:00 AM	Installation Manual	Installer 4 hrs 4 hrs	Lemoin Skiles, Corporate Installation Technician 5 years
	Hiring/Human Resources		Operations Manual	Owner 1 hr	Robin Rollando, VP Operations 20 years
	Accounting/Cash Flow/Budgeting Competitive Review			1 hr 3 hrs	Tim Szkatulski, CFO, 20 years Norm Murdock, VP Franchise Operations 10 years
	Operations Training			3 hrs	Jan Farr, FAC Supervisor 7 years
Six	Installation Techniques Final Review/Testing Web Ordering System	8:00 AM	Installation Manual MAS 200	Installer 4 hrs Owner 4 hrs	Lemoin Skiles, Corporate Installation Technician 5 years Jan Farr, FAC Supervisor 7 years

We have Company has the right to make such changes in our training staff as we deem it deems necessary.

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Continuing Obligations

During the operation of the Franchised Business, we will:

1. Provide consultation and maintain a continuing advisory relationship with you at our sole discretion and subject to the availability of our personnel. We may also provide consultation and counseling to you with respect to sales, merchandising and promotional operating techniques at our option. (Article 7, Dealership Agreement).
2. Provide access for you to purchase, at wholesale prices, the Re-Bath bathtub liners, Re-Bath shower base liners, Re-Bath replacement shower base liners, Re-Bath wall surround systems, Re-Bath replacement tubs, and Re-Bath replacement shower bases, and other products necessary for the operation of the Re-Bath Dealership. (Article 11, Dealership Agreement).

within your territory. As a result of these activities, certain product inquiries or leads for other types of uses, such as apartment properties, dormitories, or HUD multi-housing properties are obtained by AmBath. These inquiries are passed on to us for distribution to our dealers in their respective territories, and the applicable dealer is given the opportunity to bid on these inquiries. If the dealer in the applicable territory cannot, or chooses not to, bid on or install any such project, AmBath and/or Re-Bath may, without violation of the terms of the Dealership Agreement, bid on and/or install any such projects. AmBath may also appoint agents, representatives and/or license others to sell its Re-Bath Products within the hospitality industry.

6. Sales and installation of Re-Bath Products by AmBath within your territory provides increased awareness and product acceptance by the public at large. No commissions, overrides or other monetary compensation is paid by AmBath to Re-Bath or to you for AmBath's sales and installations, other than under the Re-Bath commercial program, whereby any installations by AmBath or another Re-Bath dealer in your territory that are not in the hospitality industry will result in a 6% Re-Bath Product credit to you. Any such installations shall be accomplished only with your prior written consent.

7. Re-Bath has entered into an agreement with Home Depot to place participating dealers and/or displays in selected Home Depot stores throughout the country. If a participating Home Depot store is in your territory, you shall have the option to participate in the Home Depot in that store. This is a voluntary program. If a participating Home Depot store is in an area that is not designated as a territory for a Re-Bath dealer, Re-Bath may offer the opportunity to participate in the Home Depot program in that store to a nearby dealer selected by Re-Bath. If a dealer does not meet Home Depot's standards of service quality, Home Depot will have the right to immediately terminate the dealer from the Home Depot program. If a dealer is terminated from the Home Depot program, that dealer's exclusivity in its territory shall be revoked solely as to the Home Depot program. For purposes of clarification, Re-Bath may place another Re-Bath dealer in your territory, solely for the Home Depot program if you are terminated from the Home Depot program. This reservation of rights only applies to the Home Depot program or other similar programs with other home improvement retailers or mass merchandise retailers that we may enter into in the future, and only for Re-Bath Product orders that are the result of these programs. If your territory becomes non-exclusive, during the period of non-exclusivity, other Re-Bath dealers may apply to any Home Depot stores in your territory to participate in the Home Depot program. If you regain exclusivity in your territory, Re-Bath shall require that any such dealer cease participating in the Home Depot program in your territory.

ITEM 13 TRADEMARKS

The Dealership Agreement grants you the right to use the trade name "Re-Bath" and other symbols and marks of the Re-Bath system ("Proprietary Marks"). Through an assignment from Re-Bath Corp., effective January 18, 2002, Re-Bath is the sole and exclusive owner of the trademarks, trade names and service marks provided. You must follow our rules when you use these marks. You cannot use our name or any of our marks as part of a corporate name.

The "Re-Bath" trademark is registered on the Principal Register with the United States Patent and Trademark Office. The registration was issued on July 10, 1984 and bears registration number 1,285,159. It was renewed in 2004.

The "Re-Bath" trademark is also registered with the Registrar of Trademarks in Canada. The registration was issued on July 7, 1989 and bears registration number TMA 358,263.

The "tub-over-tub" bathtub design is a registered service mark on the Principal Register of the United States Patent and Trademark Office. The registration was issued on November 29, 1994 and bears registration number 1,864,893. The "tub-over-tub" bathtub design is also a registered trademark on the Principal Register of the United States Patent and Trademark Office. The registration was issued on January 31, 1995 and bears registration number 1,876,486. Renewals have been filed for both of these trademarks.

The "Rebath & Design" bathtub design is registered on the Principal Register with the United States Patent and Trademark Office. The registration was issued on July 16, 2002 and bears registration number 2,594,685.