

1. Purpose of this Franchise Agreement

We look forward to doing business with you. To establish our business relationship, we have created this Franchise Agreement. This Franchise Agreement is between Klaes Automation & Technology Solutions, Inc. and the individual or entity whose application form we accept. The “Effective Date” of this Franchise Agreement is the date we notify you that we have accepted your reseller application form. By submitting the franchise application form, you represent and warrant to us that you have read these agreements and agree to be bound by them.

2. Franchise Fee (One Time Fee)

The cost, compensation and benefits for a franchise is as follows:

- \$3,400.00 for the “Franchise Fee”
- The Franchisee **NEVER** owes any additional Royalties Fees under this Franchise agreement.

3. Basis of Agreement

This program was conceived and implemented for boat owners for the purpose of:

- Earn substantial income from recruiting other low-cost franchise members.
- Acquiring marine fenders at distributor discounted pricing for the purpose of resale and profit.
- Ownership of a franchise and corporation with the associated federal and state income tax incentives. Talk with an accountant to maximize this benefit.
- Initial Number of fenders provided as part of this agreement are (21) twenty-one.
- Distributor pricing plus 15% on all orders.
- Freight charges apply to all purchases.
- Handling fees will **NOT** ever be charged as part of this agreement.
- Compensation - Franchise recruitment is \$800.00. This payment will be made to this Franchisee upon successful recruitment of any additional Franchisee under this agreement.
- There are no regional restrictions in regard to this Franchise agreement with the exception of the National Retail/Wholesale Client Restricted List listed in this document.
- The Franchise is responsible for any attorney fees that arise deemed necessary by the Franchise in completing this Franchise Agreement.
- The Franchisee may not transfer ownership of the Franchise or sell the Franchise as detailed in this Franchise Agreement.
- No modifications shall be made to this contract without expressed written permission of Klaes Automation and Technology Solutions, Inc.

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Marine Modular Fender

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4. National Retail/Wholesale Client Restricted List

The following national retail/wholes sale entities are restricted from recruitment to the Franchisee by this agreement:

- West Marine
- Cabela's
- Bass Pro
- Overton's
- Boat US
- Walmart

5. Upon Grant of Franchise

Upon Grant of Franchise the Franchisee will be provided with the following within (5) business days:

- A signed and executed contract sent via certified mail to the address of the franchise.
- The (5) day period begins upon successful payment of the One-Time Franchise Fee.
- A Franchise Number for identification, discount pricing and recruitment compensation.
- (21) marine fenders with metal lynch pins based upon inventory availability. It is normal that this fender will be shipped within the (5) day period. Forecast of demand is not possible at this time.

6. Governing Law

This Franchise Agreement shall be interpreted under the governing laws of Texas, United States.

7. Advertising

Under this agreement the Franchisee may request that their franchise contact information be made available per the Hull Guard Web Page. This request will be addressed in a timely manner as practicable.

8. Franchisee Payment of Taxes

The Franchisee is responsible for payment of all taxes that arise from them doing business under this Franchise Agreement.

9. Insurance

Any and all insurance that the Franchisee deems necessary per this Franchise Agreement is to be procured and paid for by the Franchisee.

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10. Quality Control and Warranties

Due to the diverse nature of the application of this product and its use the only warranty, implied and otherwise is that this product is manufactured to high quality manufactured standards. No claims or compensation will be offered or provided that arise from the use of this marine modular fender.

11. Notices

All notices given under this Agreement are required to be given in writing by certified mail with return receipt or by an overnight delivery service providing documentation of receipt at the address set forth in this agreement or at such an address or such an address as the Franchisor and Franchisee may designate from time to time and shall be effectively given when deposited in the United States mail, postage prepaid or when received via overnight delivery, as may be applicable.

12. Invalidity

If any provision of this Agreement is held invalid by any tribunal in a final decision from which there is no appeal is or can be taken such provision shall be deemed modified to eliminate the invalid element and as modified, such provision shall be deemed a part of this Agreement as though originally included. The remaining provisions of this agreement shall not be affected by such modification.

13. Signatures

Before signing this Agreement, the Franchisee should read it carefully with the assistance of Legal Counsel. The Franchisee acknowledges that (a) the success of the business venture contemplated herein involves substantial risk and depends on the Franchisee ability as an independent business person and their active participation in the daily affairs of business, and (b) no assurance or warranty, expressed or implied, has been given as to the potential success of such business venture or the earnings likely to be achieved, and (c) no statement, representation or other act, event or communication, except as set forth in this document, and in any offer circular supplied to the Franchisee, is binding on the Franchisor in connection with the subject matter of this agreement.

Intended to be bound, the parties have executed this agreement as of this date first above set forth

FRANCHISOR

Klaes Automation and Technology Solution

P.O. Box 2466

Spring, Texas, 77386

Signature _____.

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Date _____

FRANCHISEE

Business Name _____

Owner Name #1 _____

Owner Name #2 _____

Owner Name #3 _____

Owner Name #4 _____

Street Address #1 _____

Street Address #2 _____

Business City _____

Business State _____ Zip Code _____

Phone Number (Main) _____

Phone Number (Cell) _____

Email Address _____

Signature _____

Date _____