

## FRANCHISE DISCLOSURE DOCUMENT



Furry Cuts! Petmobile International, LLC  
A Delaware Limited Liability Company  
19500 Victor Parkway  
Livonia, MI 48152  
866 338 2463  
[www.furryland.us](http://www.furryland.us)

We offer qualified individuals and entities the opportunity to operate a franchise that provides mobile pet grooming services, including providing pet owners with dog and cat grooming services at customer locations under the mark FURRY LAND (each, a “Franchised Business”).

The total investment necessary to begin operation of a Furry Land Franchised Business is \$137,002 to \$309,702. This includes \$65,000 to \$190,000 that must be paid to the franchisor.

The 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 the franchisor or an affiliate in connection with the proposed franchise sale or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of different formats, contact Michael Shinabarger at 19500 Victor Parkway, Livonia MI 48152.

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](http://www.ftc.gov) for additional information.

Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

**Issuance date: April 30, 2025, amended July 23, 2025**

## 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 INFORMATION
<b>How much can I earn?</b>	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 and Exhibits G and H.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Furry Land business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be an Furry Land franchisee?</b>	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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.

## 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 C.

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.

## 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 Delaware. 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 Delaware than in your own state.
2. **Short Operating History**. This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.
3. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
5. **Mandatory Minimum Payments**. You must make mandatory minimum royalty payments or advertising contributions, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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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### **EXHIBITS:**

- A. Franchise Agreement
- B. Financial Statements
- C. List of State Agencies and List of State Agents for Service of Process
- D. Copy of Current Form of General Release
- E. Operating Manual Table of Contents
- F. List of Franchisees
- G. List of Franchisees That Left the System
- H. State Addenda
- I. Receipts

## **Item 1: The Franchisor and any Parents, Predecessors, and Affiliates**

### The Franchisor

To simplify the language in this Franchise Disclosure Document, unless the context otherwise requires, all references to “Franchisor,” “we,” “us,” or “our” refer to Furry Cuts! Petmobile International, LLC, and all references to “Franchisee,” “you,” or “your” refer to the person or legal entity granted the right to operate a Furry Land Franchised Business under the terms and conditions of our Franchise Agreement. If you are a corporation, limited liability company, or any other type of legal entity allowed by your state law, the term “you” or “your” may apply to your owners, officers, or directors.

We are a Delaware limited liability company formed on March 30, 2021. We offer franchises for Furry Land Franchised Business. Our principal business address is 19500 Victor Parkway Livonia, MI 48152. Our agent or agents to receive service of process, if any, are identified in attached Exhibit C. We do business under the name Furry Land, our corporate name, and, we and our affiliates, as well as other franchisors with overlapping minority ownership interests are marketed under Phoenix Franchise Brands.

We have been Furry Land Franchised Businesses since February of 2022. We have not in the past and do not now directly operate a business of the type being franchised, engage in any other line of business and have never offered franchises in any other lines of business.

### Predecessors, Parents, and Affiliates

Our predecessor is Furry Land, LP, a Nevada limited partnership formed on November 27, 2017 and with a principal business address of 470 First On Drive, Las Vegas, Nevada 89148. Furry Land, LP offered Furry Land franchises from 2019 to April 2021. In April 2021, we purchased the assets of Furry Land, LP.

Our corporate parent is Phoenix Franchise Brands, LLC (“Phoenix”), a Delaware limited liability company formed on June 17, 2022, with a principal address of 19500 Victor Parkway Livonia, Michigan 48152. Phoenix does not now and has never in the past offered franchises in any line of business and has not in the past and do not now engage in other lines of business, but the ownership listed herein.

Our affiliate, Phoenix Franchise Holdings, LLC, a Delaware limited liability company, formed on September 5, 2024, with a principal address of 19500 Victor Parkway Livonia, Michigan 48152 is the owner of our trademark and other intellectual property. Phoenix does not now and has never in the past offered franchises in any line of business and has not in the past and do not now engage in other lines of business, but the ownership listed herein.

Our affiliate, Fetch! Pet Care, Inc. is a California corporation formed on November 4, 2002 with a principal address of 19500 Victor Parkway Livonia, Michigan 48152, which offers professional pet sitting, dog walking and home care services to customers and has done so since 2002. On March 4, 2020, Longe Acquisitions LLC, an entity controlled by our CEO Gregory Longe, acquired a majority interest in Fetch! Pet Care, Inc. As of December 31, 2024, there were

126 Fetch! Pet Care franchises. Fetch! Pet Care, Inc. does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Furry Land franchisees.

Our affiliate, Door Renew International, LLC is a Delaware limited liability company formed on June 24, 2021, with a principal address of 19500 Victor Parkway Livonia, Michigan 48152, which offers franchises that provide commercial and residential door refinishing and restoration services and has done so since 2022. As of December 31, 2024, there were 16 Door Renew franchises. Door Renew International, LLC does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Furry Land franchisees.

Our affiliate, Spray Foam Genie International, LLC is Delaware Limited Liability Company with a principal business address of 19500 Victor Parkway Livonia Michigan 48152, which offers franchises that provide residential and commercial spray foam insulation services, including crawl space encapsulation, new construction and retro attic insulation, open & closed cell foam, slow rise foam injection, and concrete lifting/leveling and has done so since October 2022. As of December 31, 2024, there are 44 Spray Foam Genie outlets. Spray Foam Genie International, LLC does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Furry Land franchisees.

Our affiliate, Steel Coated Floors, LLC is a Delaware Limited Liability Company formed on May 2, 2024 and our principal office is located at 19500 Victor Parkway Livonia, MI 48152, which offers franchises that provide proprietary epoxy flooring product and services, primarily for residential garages but also for industrial and commercial garages, with a lifetime guarantee, and other products or services, and has done so since 2018. On August 22, 2024, Phoenix acquired a majority interest in Steel Coated Floors, LLC. As of December 31, 2024, there were 8 Steel Coated Floors, LLC franchises. Steel Coated Floors, LLC does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Furry Land franchisees.

Our affiliate, medspa810 Global, LLC is a Delaware Limited Liability Company with its principal office located at 19500 Victor Parkway Livonia, MI 48152, which offers franchises that provide best in class aesthetic medical services and products and has done so since 2014. In May 2024, Phoenix acquired a majority interest in medspa810 Global, LLC. As of December 31, 2024, there were 4 medspa810 Global, LLC franchises. Medspa810 Global, LLC does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Furry Land franchisees.

Our affiliate, Worried Bird International, LLC is a Delaware Limited Liability Company with its principal office located at 19500 Victor Parkway Livonia, MI 48152, which offers franchises that provide commercial window cleaning, windows and door screen repair, power washing, rain gutter cleaning, window restoration and seasonal holiday lighting, and has done so since December 2024. As of December 31, 2024, there were 4 Worried Bird International, LLC franchises. Worried Bird International, LLC does not conduct any other business, does not offer franchises in any other line of business and does not provide any goods or services to Furry Land franchisees.

## The Franchise Offered

We offer franchises for the operation of Furry Land Franchised Businesses, which provide mobile pet grooming services, including providing pet grooming services for dogs and cats. Furry Land Franchised Businesses offer bathing services, brushing services, hair and nail cutting services, eye and ear cleaning services, and other related services and products.

The franchise is referenced as the “Franchised Business,” or “Furry Land Franchised Business.” Our unique and distinctive system for operating Furry Land Franchised Businesses is referenced as the “System.” The “Marks” refers to our current and future trade names, trademarks, service marks, and trade dress used to identify Furry Land Franchised Businesses and the services and products offered by Furry Land Franchised Businesses and includes the “FURRY LAND” mark and the distinctive color scheme and signage of Furry Land Franchised Businesses. Our mandatory and suggested specifications, standards, and operating procedures for how to operate the Furry Land Franchised Businesses, as communicated to you in our operating manuals or through other communications to you, is referred to as our “Methods of Operation”.

Typically, you will provide mobile pet grooming services to pet owners who have contacted you requesting our authorized services. Our franchisees are required to operate authorized vehicles that must be driven to customer locations to provide grooming services within the vehicle. It is required that your employee(s) drive the vehicle(s) to multiple customers locations each day the Franchised Business is operating. It is expected that your Furry Land Franchised Business will operate every day of the week.

Each Furry Land Franchised Business operates in a territory that comprises an entire designated market area (“DMA”). Each Furry Land Franchised Business utilizes a minimum number of mobile pet grooming vehicles (“Grooming Vehicle”). Depending on the population of your DMA, you will be required to add additional Grooming Vehicles in accordance with a “Market Area Development Schedule” set forth in the Franchise Agreement. Our current form of the Franchise Agreement is attached as Exhibit A to this Disclosure Document. We may terminate the Franchise Agreement if you fail to maintain and operate the required number of Grooming Vehicles in accordance with a Market Area Development Schedule. You must purchase each Grooming Vehicle from our designated supplier. Typically, a franchisee will pay an initial deposit towards the purchase of an initial van and will finance the outstanding balance through third-party financing. Each Grooming Vehicle will be equipped with our required equipment package, which includes water tanks, stainless steel tubs, and vacuums.

You may only operate the Furry Land Franchised Business from an approved business location, which may be your home. We do not have any requirements as to where the vehicles are parked overnight, with most groomers taking the vehicles home, or parking them in commercial parking lots. Generally, vehicles are parked at the homes of groomers. We may approve the location where you park and store the vehicles. Throughout the term of the Franchise Agreement, we may require you to attend mandatory industry professional organization training that we designate as a condition of operating the Furry Land Franchised Business. Additionally, you must pass all required state or local licensing exams required as a condition of operating the Furry Land Franchised Business.

## Market and Competition

Generally, our services are sold to individuals owning a dog or cat and who require pet grooming-related services. You may provide services to certain customers on a regularly scheduled basis or may provide services on a requested basis as needed by the customers. You will schedule customer visits on a daily basis through our designated scheduling systems.

You will have to compete with other national, regional, and local businesses, including other franchise systems, offering similar pet grooming services and products. The services and related products you will sell are recognized by consumers and are generally available from other sources. The market for the services you will sell is well established. Our services and related products are sold principally to individuals. Generally, the services are not seasonal.

## Industry Specific Regulations

Your Furry Land Franchised Business will be subject to laws and regulations in the state, county or municipality regarding the operation of a pet grooming business. Additionally, you should consider that certain aspects of any business are regulated by federal, state, and local laws, regulations, rules, and ordinances (“laws”) in addition to the laws applicable to businesses generally, such as Federal Wage and Hour Laws and the Occupation, Health and Safety Act. Various federal, state and local laws may impact the operation of your franchise. You may need to obtain a specialized license in order to operate the Franchised Business. Typically, any licensing, registration, or certification process for pet grooming businesses may involve a combination of education, experience, or testing requirements.

Other than any laws relating to the pet grooming services industry and the laws that apply to businesses generally, we are not aware of any other laws or regulations that are specific to the industry in which Furry Land Franchised Businesses operate. It is your responsibility to fully investigate and comply at all times with all the laws and regulations applicable to your business, including, but not limited to, existing, pending, or future laws or regulations related to licensing of pet grooming services businesses.

### **Item 2: Business Experience**

#### **Gregory A. Longe – Chief Executive Officer of Phoenix Franchise Brands**

Mr. Longe is Chief Executive Officer of Phoenix Franchise Brands and has served in that position since December 2024. Previously, Mr. Longe served as our Chief Executive Officer from March 2020 until December 2024. Mr. Longe was also the Chief Executive Officer of our affiliates, Fetch! Pet Care, Inc. from March 2021 until December 2024 and Door Renew International LLC from July 2021 until December 2024. Mr. Longe also served as the Chief Executive Officer of medspa810 from October 2019 until December 2024. He has also served as the Chief Strategy Officer of our affiliate, Spray Foam Genie International, LLC, from February 2022 until December 2024. Mr. Longe serves in his current roles from Livonia, Michigan.

#### **Maria Longe – President of Phoenix Franchise Brands**

Mrs. Longe has served as President of Phoenix Franchise Brands since December 2024 in Livonia, Michigan. Previously, Ms. Longe served as our President from March 2021 until December 2024.

Ms. Longe has also been President of our affiliates, Fetch! Pet Care, Inc. from March 2020 until December 2024 and Door Renew International LLC from July 2021 until December 2024. Ms. Longe also served as the Vice President of Operations for medspa810 from January 2020 until December 2024 in Livonia, Michigan.

**Nicholas Field – Vice President**

Mr. Field has served as Vice President of Furry Land in Livonia, Michigan since August 2021. Since November 2017, Mr. Field has owned Furry Land, LP, which operates a substantially similar business to a Furry Land Franchised Business in Las Vegas, Nevada. Mr. Field also is the Owner of Field Group LLC, a position he has held since November 2019. Mr. Field also is the Owner of Las Vegas Club Crawls and Entertainment located in Las Vegas, NV, a position he has held since April 2011.

**Michael Shinabarger – Vice President of Franchise Administration**

Mr. Shinabarger has served as Vice President of Franchise Administration for Furry Land in Livonia, Michigan since August 2021. Previously, he was Director of Franchise Administration from March of 2020 to October 2021. Mr. Shinabarger is also Vice President of Franchise Administration for our affiliate, Door Renew International, LLC and has been since October 2021. Mr. Shinabarger is also Director of Franchise Administration of our affiliate, Fetch! Pet Care, Inc., and has been since October 2021.

**Steven McEntire – Vice President of Operations**

Mr. McEntire has served as Vice President of Operations for Furry Land in Livonia, Michigan since March 2022. Mr. McEntire has also served as Vice President of Operations for our affiliates Fetch! Pet Care and Furry Cuts! since March 2022. Prior to that Mr. McEntire was our Director of Business Development from October 2021 until March 2022, and our Business Development Manager from July 2021 until October 2021. Prior to that, he worked as Outside Sales Manager for Holbrook Auto Parts from August 2020 until October 2021 in Farmington Heights, Michigan. From November 2018 to April 2020, Mr. McEntire was an Account Manager for Flex N Gate in Allen Park, Michigan. Previously, Mr. McEntire was Director of Business Development of our affiliate, Furry Cuts! from October 2021 until March 2022 in Livonia, Michigan.

**Heather Bir – Vice President of Operations**

Mrs. Bir has served as Vice President of Operation of Furry Land since August 2023 in Livonia, Michigan. Mrs. Bir has also served as Vice President of Operations of our affiliate, Fetch! Pet Care, Inc., since August of 2023. Prior to that Mrs. Bir was Senior Director of Franchise Services of our affiliate, Fetch! Pet Care, Inc., from October 2022 to August 2023, Director of Franchise Service of our affiliate, Fetch! Pet Care, Inc., from October 2021 to October 2022, and Sales and Marketing Center Manager of our affiliate, Fetch! Pet Care, Inc., from November 2018 to October 2021.

**Zachary Taha, CPA, CMA, CFE – Chief Financial Officer**

Mr. Taha has served as Chief Financial Officer of Furry Land in Livonia, Michigan since April 2024. From October 2022 until April 2024, Mr. Zaha was the audit manager for Cherry Bekaert, an

accounting firm in Raleigh, NC. From September 2021 until March 2022, Mr. Zaha was the Controller/CFO for Mission Point Healthcare Services. Mr. Zaha was employed by UHY, LLP, Certified Public Accountants from January 2019 until December 2019 as an audit staff accountant, and from January 2020 until September 2021 as a senior auditor.

### **Kevin Longe- Chief Executive Officer of Home Services Division for Phoenix Franchise Brands**

Mr. Longe has served as the Chief Executive Officer of Home Services Division for Phoenix Franchise Brands in Livonia, Michigan since December 2024. Mr. Longe previously served as Chief Executive Officer of our affiliate, Spray Foam Genie, International, LLC since May 2022, and Chief Executive Officer of our affiliate, Steel Coated Floors, LLC since May 2024. Mr. Longe has also been the Executive Vice President of our affiliate, Door Renew International, LLC from June 2022 until December 2024. Mr. Longe is also a member of the Board of Directors of Phoenix Franchise Brands, LLC, a position he has held since 2022. Mr. Longe was previously the Chief Revenue officer of VCM, LLC from 2020 through February 2022. Prior to that he served as a Business Development Manager at ILC Dover from January 2018 to January 2022.

### **Eric Redden – Director of Franchise Development**

Mr. Redden has served as the Director of Franchise Development at Furry Land in Livonia, Michigan since January 2025. Mr. Redden was previously the Owner and Director of Franchise Development at Hypergrowth Franchising, LLC in Charlotte, NC from June 2023 to December 2024. Prior to that, he held various roles at United Franchise Group in Charlotte, NC, including Brand Development Manager, Regional Vice President, and Regional Manager, from February 2018 to May 2023.

## **Item 3:     Litigation**

### **Disclosures Regarding Affiliated Programs**

#### **Pending Actions Regarding Affiliated Programs**

Our affiliate Door Renew International, LLC, the franchisor of Door Renew franchises, and Longe Home Services Acquisitions, LLC have each been named as a party in the following proceeding listed below. The lawsuit does not have any impact on us or our brand and does not allege any wrongful conduct by us.

OH Endeavors Corporation v. Door Renew International, LLC and Longe Home Services Acquisitions, LLC, (Third Judicial Circuit, County of Wayne, State of Michigan, Case No. 24-012137). Door Renew entered into an agreement with a former franchisee to repurchase a franchise. As the franchisee failed to pay certain royalties or rent payments due Door Renew, Door Renew sought to offset the amounts due; however, the former franchisee disagreed and, on August 21, 2024, filed suit under the note, which contained a confession of judgment provision. A default judgment was entered against Door Renew in the amount of \$151,525.00 on September 9, 2024. Door Renew and the former franchisee have entered into a settlement and the matter will be fully satisfied and resolved in May 2025.

Our affiliate, Spray Foam Genie International, LLC, the franchisor of Spray Foam Genie businesses, Kevin Longe, Gregory Longe, and Maria Longe have each been named as a party in the following arbitration proceeding:

Jamil v. Spray Foam Genie International, LLC, et al. (Case No. 01-24-0006-5354). On July 18, 2024, Franchisees Tim Jamil, Lisa Jamil, and TL Jamil, LLC (“Jamil”) submitted a Demand for Arbitration to AAA against Spray Foam Genie International, LLC, Kevin Longe, Chris Ryan, Keith Ryan, Gregory A. Longe, Spray Foam Genie Managed Services LLC, Rhino 7 Consulting Co. d/b/a Rhino7 Franchise Development Company, Inc, Phoenix Franchise Consulting LLC d/b/a Phoenix Franchise Brands, and Maria Longe alleging breach of contract, violations of the Michigan Franchise Investment Law for misrepresentation of the total investment cost and financial performance, conversion of brand development and advertising funds, and fraud and/or misrepresentation about the financial performance of the franchises. Jamil has sought damages greater than \$1,000,000. The matter remains pending. All defendants except SFG were dismissed from the action by the arbitrator. SFG has denied all claims and is actively defending this matter.

Kevin Longe, Gregory A. Longe, and Maria Longe have been named as parties in the following civil action:

Jamil v. Kevin Longe, et al. (E.D. Michigan, Case No. 2:24-cv-13029-LJM-KGA, 2024). On November 15, 2024, the Jamils sued all defendants previously dismissed from the arbitration matter. The claims are identical to those in arbitration. Defendants have denied all claims and are actively defending the matter.

Our affiliate, Fetch! Pet Care, Inc., and Greg Longe have been named as defendants in the action listed below.

1. Independent Association of Fetch Pet Care Franchisees v. Fetch! Pet Care, Inc., Greg Longe (Superior Court of California, County of Marin, Case No. CV0003334, 2024). On July 5, 2024, an independent association of franchisees filed suit for alleged violations of franchisees' right to associate under California Franchise Investment Law. The court denied plaintiffs' TRO and the suit was dismissed without prejudice.

Our affiliate, Fetch! Pet Care, Inc., has been named as a defendant in the proceeding listed below. The proceeding does not have any impact on us or our brand and does not allege any unlawful conduct by us.

Billings, et al. v. Fetch! Care, Inc., Fetch! Managed Services, LLC, and DOES 1-50 (AAA Arbitration, Case No. 01-24-0008-2566, 2024). On October 11, 2024, forty-nine (49) current and former Fetch! franchisees (“Claimants”) filed an arbitration demand against Fetch!, Fetch! Manages Services, and DOES 1-50. The Claimants are listed below by their individual names and entity names (if applicable). The Claimants allege violations of the Michigan Franchise Investment Law, common law fraud, breach of contract, common law conversion, and breach of the covenant of good faith and fair dealing. Claimants are seeking rescissions of their franchise agreements and undetermined monetary damages. Defendants deny all claims and on April 15, 2025 filed a response seeking dismissal of the group arbitration demand based on claimants’

failure to satisfy the substantive and procedural requirements for mass arbitration and/or class certification.

Our affiliate, Fetch Pet Care, Inc., has initiated three suits against former franchisees as follows. These suits remain pending.

#### Suits to Enforce Covenant-Not-To-Compete

1. *Fetch! Pet Care, Inc. v. Pam Axelson, Happy Tails Pet Sitting, Inc., and Talon Brown* (W.D.N.C. No. 3:24-CV-1010, 2024), Filed November 19, 2024, pending.

#### Suits to Collect Royalty Payments

1. *Fetch! Pet Care, Inc. v. Wang*, (AAA Case No 01-24-0008-2566, 2024), Filed October 17, 2024, pending.
2. *Fetch! Pet Care, Inc. v. Caerulean, LLC and Venetsanos*, (AAA Case No 01-24-0008-2782, 2024) Filed October 18, 2024, pending.

These suits remain pending.

Our affiliate Fetch! Pet Care, Inc., the franchisor of Fetch! Pet Care businesses, resolved the following governmental actions brought against it with settlements that involved them becoming subject to currently effective injunctive or restrictive orders or decrees. These actions arose from matters controlled by Fetch! Pet Care, Inc.'s prior owners and haven't had any impact on us or our brand and do not allege any unlawful conduct by us or our current ownership group.

1. State of Maryland vs. Fetch! Pet Care, Inc. and Paul Mann (Securities Commission of Maryland, Case No. 2009-0477, 2010). On January 4, 2010, in accordance with Sections 14-214, 14-216, 14-223, and 14-231 of the Maryland Franchise Law, the Maryland Attorney General required Fetch! Pet Care, Inc. ("Fetch!") and Mr. Mann to sign a Consent Order (the "Order") for violations of those sections in that Fetch! sold a franchise prior to its initial registration becoming effective and sold three (3) others after the renewal registration expired. The Order required Fetch! to offer rescission to the franchisees who bought the franchise during the unregistered periods. Two (2) franchisees accepted rescission and two (2) franchisees deferred their decision. The Order also provides that if Fetch! violates the Order, the Maryland Division of Securities may bring administrative or judicial proceedings against Fetch! for enforcement of the Order. On May 20, 2010, the Order was amended to include three (3) additional unregistered franchise sales. Fetch! offered rescission to the three (3) additional individuals who purchased unregistered franchises in Maryland and all three (3) have accepted rescission.

2. On April 14, 2010, the California Department of Corporations ("DOC") approved a Notice of Violation under the California Corporations Code, Section 31303, against Fetch! Pet Care, Inc. ("Fetch!"). The Notice was issued because Fetch! violated the California Franchise Investment Law ("FIL") by offering and selling 35 franchises to 31 individuals after its registration lapsed in April 2006 under the FIL. As of July 1, 2010, Fetch! offered rescission to the individuals who purchased unregistered franchises in California, 17 individuals accepted the offer and 14

individuals rejected the offer. Fetch! was also required to pay an administrative fee of \$675 to the DOC.

3. State of Illinois v. Fetch! Pet Care, Inc. and Paul Mann, (Seventh Judicial Circuit Court, Sangamon County, Illinois, Case No. 2011CH000453, 2011). On April 5, 2011, a Consent Judgment was entered into between the State of Illinois, Fetch! Pet Care, Inc. (“Fetch!”) and Mr. Mann relating to violations of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 et seq. During the period between February 3, 2008 and the date of the Consent Judgment, Fetch! sold four (4) franchises in Illinois without its disclosure document being registered in the State of Illinois. Fetch! offered rescission to each of these franchisees. Two (2) of the franchisees accepted rescission, and two (2) refused rescission. Fetch! also paid the State of Illinois a penalty of \$10,000 in five (5) installments.

4. State of Rhode Island v. Fetch! Pet Care, Inc. (State of Rhode Island and Providence Plantations, Order No. 11-004, 2011). On January 28, 2011, a Consent Order was entered into between the State of Rhode Island and Providence Plantations and Fetch! Pet Care, Inc. (“Fetch!”) relating to violations of the Rhode Island Franchise Investment Act, Section 19-28.1, et seq. On February 8, 2007, Fetch! sold one (1) franchise to a Rhode Island resident without its disclosure document being registered in the State of Rhode Island. Fetch! offered rescission to this franchisee and the franchisee accepted rescission with a total settlement of \$35,000. Fetch! also paid the State of Rhode Island a penalty of \$2,500.

5. Commonwealth of Virginia, ex rel. vs. Fetch! Pet Care, Inc. and Paul Mann (Virginia State Corporation Commission, Case No. SEC-2011-00013, 2011). On June 15, 2011, in accordance with Section 13.1-560 of the Virginia Retail Franchising Act (“Act”), Section 13.1-557 et seq. of the Code of Virginia, Section 13.1-563 (2) of the Act and Section 13.1-563 (4) of the Act, the State Corporation Commission (“Commission”) required Fetch! Pet Care, Inc. (“Fetch!”) and Mr. Mann to sign a Consent Order for violations of those sections in that Fetch! sold seven (7) franchises prior to registering its disclosure document and did not provide prospective franchisees with such disclosure documents. The Order required Fetch! to offer rescission to the franchisees who bought the franchise. Fetch! was also required to pay \$2,000 in monetary penalties and \$5,700 for the cost of the investigation. Fetch! offered rescission to each of these franchisees. Four (4) of the franchisees accepted rescission, and three (3) refused rescission.

6. In the Matter of Fetch! Pet Care, Inc. (Hawaii Department of Commerce and Consumer Affairs, Case No. SEU-2010-015, Consent Agreement, 2010). In September 2010, Fetch! Pet Care, Inc. (“Fetch!”) entered into a Consent Agreement with the Director of Commerce and Consumer Affairs, State of Hawaii. The Consent Agreement provides that the Hawaii Securities Enforcement Branch determined that Fetch! had, without registration, offered and sold franchises to be operated in Hawaii. Fetch! agreed to pay a \$10,000 civil penalty and to fully comply with all requirements of the Hawaii Investment law.

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

**Item 4: Bankruptcy**

No bankruptcy is required to be disclosed in this disclosure document.

**Item 5: Initial Fees**

**Initial Franchise Fee.** We will charge you an initial franchise fee (“Initial Franchise Fee”) when you sign the Franchise Agreement. The Initial Franchise Fee is paid in a lump sum. The Initial Franchise Fee is based on the population of your DMA and is as follows:

<b>Initial Franchise Fee</b>	<b>DMA Population</b>
\$65,000	150,00 to 524,999
\$110,000	525,000 to 1,000,000
\$140,000	1,000,001 to 1,500,000
\$170,000	1,500,001 to 2,000,000
\$190,000	2,000,001 to 2,500,000
+ \$20,000	For each additional 500,000 in population above 2,500,000, the Initial Franchise Fee shall increase by an additional \$20,000

The Initial Franchise Fee is uniformly charged for all franchises currently being offered and payable from you to us when you sign the Franchise Agreement and is non-refundable.

**Item 6: Other Fees**

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty	<p>The greater of: 6% of weekly Gross Revenues<sup>1</sup> for the preceding week or the minimum payment.</p> <p>The minimums are as follows:                      Year 1: \$115/week;                      Year 2: \$231/week;                      Year 3: \$415/week.</p>	<p>The royalty will be paid weekly. An invoice will be provided each Tuesday, and Funds will be withdrawn on Thursday for the preceding week.</p>	<p>Payment is by ACH or automatic virtual check debit. A late fee of \$50 per week plus interest on the unpaid balance will be charged on any payments not received by the due date. Interest shall accrue at the rate of 1.5% per month or 18% annually.<sup>2</sup> For purposes of calculating the amount due each week, a week is considered to be the seven-day period between Sunday and Saturday. Weekly minimums are aggregated with the</p>

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
			weekly minimum due for the Brand Development Fund Fee.
Brand Development Fund Fee	1% of weekly Gross Revenues <sup>1</sup> for the preceding week	Brand Development Fund Fee will be paid weekly to us. An invoice will be provided each Tuesday, and funds will be withdrawn on Thursday for the preceding week.	This fee includes a contribution to the Brand Development Fund, access to and use of certain technology, including the Sales & Marketing Center, support from the franchisor, and access to the local marketing library. The fee is paid by ACH or automatic virtual check debit. If charged to Franchisee's credit card, a credit card processing fee of 3.5% shall be assessed. Unpaid fees are subject to a late fee of \$50 per week plus interest. Interest shall accrue at the rate of 1.5% per month or 18% annually, or the maximum allowed by law. <sup>2</sup>

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Ongoing Local Advertising Requirement	Commencing 30 days after the date you begin to operate the Franchised Business, a minimum of \$3,000 per month for the following 11 months of operations, then \$2,000 per month thereafter.	Local Territory Marketing Expenditures will be paid to us monthly. We collect the expenditures and remit them to our designated vendors as a pass through.	You must conduct Local Territory Marketing, public relations, and/or promotions to advertise your Franchise. We must approve all advertising copies before placement. We may adjust the amount you must spend each year based on the Consumer Price Index.
Sales and Marketing Center Fee	Upon Opening, \$2,000 per month for up to five vehicles and \$2,000 per month for an additional five Vehicles	Monthly upon opening	We have established, and at our discretion, maintain a centralized sales and marketing center and online booking system (the "Sales and Marketing Center"), to process all orders for services or products, including all orders for services or products for your Franchised Business, and otherwise to handle customer inquiries. The Sales and Marketing Center Fee is not refundable under any circumstances and is uniformly calculated for all Franchised Businesses currently being offered.
Admin Fee	4% of Gross Revenue, with a Weekly Minimum of \$120.	Weekly	This includes accounting needs, tax filings, payroll facilitation, sales support, marketing support, dedicated operations and support team.
MoeGo Subscriptions Fee	\$159 per van.	Monthly	This amount is paid to us and remitted to the vendor as a pass through.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Additional Training	\$500 per session	Prior to the training course	At our discretion, we may charge you a training fee of \$500 for refresher programs and training of your subsequent franchise management staff. You will be responsible for all costs, including transportation, lodging, meals, and wages, if applicable.

Franchise Annual Convention Fee	Currently, the fee is \$150 per attendee, but Franchisor may increase the fee up to \$500 per attendee should costs increase.	Before each Franchise Annual Convention	You or your principal must attend each Franchise Annual Convention (up to one per calendar year). If neither you nor your principal attends, you must pay to Franchisor an amount equal to the attendance fee for one attendee. You are responsible for all additional costs (such as room, board, and travel) incurred by yourself and your attendees.
Transfers	\$10,000 per Market Area plus any related Broker Fees.	At the time designated by us. Under our current policy, the transfer fee would be due at the time the buying franchisee and selling franchisee submits an assignment and assumption	Due if the transfer would transfer controlling interest in the Franchise. A transfer is subject to our prior approval.

Audits	Amounts owing plus interest at prime (as stated in the Wall St. Journal) plus 3% per year plus the cost of the audit in some circumstances.	At the time of audit.	The audit shall be conducted upon our belief that your reported figures are not accurate. If the audit finds an understatement in any payment of 5% or more, franchisee shall pay the costs and expenses of the audit.
Renewal Fees	\$10,000 per Market Area	At the time of renewal.	
Indemnification	You will indemnify us from all claims arising from your operations, including all costs and attorney's fees.	On demand	
<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Approval of supplier fee	\$500 to \$2,000	Not specified	You must pay us the reasonable cost of inspection of and the actual cost of testing of a supplier requested by Franchisee. We estimate the typical range of supplier/product review costs to be \$500 to \$2,000.
Late royalty payment fees	\$50 per week plus interest or maximum amount allowed by law, plus (if charged to Franchisee's credit card) a credit card processing fee of 3.5%.	Not specified	You must pay us a late fee of \$50 per week plus interest at the rate of 1.5% per week, or 18% annually for any royalty payments received after the due date, or the maximum allowed by law <sup>2</sup> , plus (if charged to Franchisee's credit card) a credit card processing fee of 3.5%.
Cost of Enforcement	Our actual costs, including attorney fees.	As incurred	You must reimburse us for all costs to enforce obligations under the Franchise Agreement if we prevail.
Reimbursement	Amount of expense plus a reasonable fee (not yet determined)	Immediately on notice	You must reimburse us and pay a reasonable fee if we provide the required insurance when you fail to do so.

Customer Account Transfer Fee	An amount that shall be mutually agreed by both parties	As Agreed	See Note 3.
Encroachment fee	Up to 100% of any gross revenues generated from one 300% of revenue generated from more than one client, from another franchisee's Market Area.	As set by us. Currently: 10 days after notice from us.	Imposition of any fee is at Franchisor's sole discretion.

All fees may be uniformly imposed by us in our sole business judgment. All fees payable to us are non-refundable.

1. As the term is used in the Franchise Agreement, "Gross Revenue" means all revenue you derive from operating the franchise, and whether from cash, check, credit, or barter transactions, but excluding all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority and excluding customer refunds, adjustments, credits and allowances actually made by the franchise in compliance with our Methods of Operation.
2. Interest accrues from the date any payment is due, at the rate of 1.5% per week or 18% per year, with compounding as permitted by law.

In the event a customer account is identified by us as belonging to the territory of another franchisee, and you desire to provide services or products to such customer account, you may submit a written request to such other franchisee, with a copy of such written request provided to us, to purchase from the other franchisee the rights to provide services or products to the customer account. The other franchisee shall have no obligation to sell the customer account to you. In the event the other franchisee desires to sell the rights to the customer account to you, then the other franchisee shall respond to you in writing of such acceptance of your offer, and you shall pay such other franchisee a customer account transfer fee ("Customer Account Transfer Fee") in an amount that shall be mutually agreed by both parties. The Customer Account Transfer Fee shall be due and payable from you to the other franchisee prior to the transfer of the customer account.

**Item 7: Estimated Initial Investment**

**Your Estimated Initial Investment**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			

Initial Franchise Fee <sup>1</sup>	\$65,000	\$190,000	Lump Sum	When you sign the Franchise Agreement	Us
Technology Fee <sup>2</sup>	\$525	\$525	Lump Sum	Before beginning to operate	Approved Supplier
Rent	\$0	See Note 3.			
Initial Grooming Vehicle and Upfit <sup>4</sup>	\$11,000	\$40,000	Terms vary	At time of purchase	Suppliers
Technology and Office Equipment <sup>5</sup>	\$1,500	\$5,000	As Arranged	As Arranged	Approved Suppliers
Initial Local Advertising Requirement <sup>6</sup>	\$6,000	\$9,000	As Arranged According to our Methods of Operation	As Arranged According to our Methods of Operation	Advertisers
Insurance <sup>7</sup>	\$3,500	\$4,500	Terms vary	Before beginning to operate	Insurance companies
Professional Fees <sup>8</sup>	\$1,500	\$2,500	Terms vary	Terms vary	Accountants, lawyers, etc.
Licenses/Bonds <sup>9</sup>	\$500	\$1,000	Lump-sum on application	Before beginning to operate	Government agencies and bonding companies
Your Out-of- Pocket Expenses While Attending Training <sup>10</sup>	\$3,000	\$4,700	Terms vary	Terms vary	Airfare, ground transportation, meals, lodging, etc.

Type of Expenditures	Amount		Method of Payment	When Due	To Whom Payment Is To Be Made
MoeGo Fee <sup>11</sup>	\$477	\$477	As Arranged	Monthly	Paid to us then remitted to vendor as a pass through
Ongoing Local Advertising Requirement (3 months) <sup>12</sup>	\$9,000	\$12,000	As Arranged	30 days after to opening	Paid to us then remitted to vendor as a pass through
Additional Funds (first three months) <sup>13</sup>	\$35,000	\$40,000	Terms vary	Amount varies over the next 3 months	Prior to and during the 3-month period after the beginning of operations
<b>Total<sup>14</sup></b>	<b>\$137,002</b>	<b>\$309,702</b>			

1. The Initial Franchise Fee is \$65,000 for a single vehicle Market Area, \$110,000 for a two vehicle Market Areas, \$140,000 for a three vehicle Market Areas, \$170,000 for a four vehicle Market Areas, \$190,000 for a five vehicle Market Areas, and \$20,000 for each vehicle Market Area beyond 5 vehicles. The Initial Franchise Fee is uniformly charged for all franchises currently being offered and payable from you to us when you sign the Franchise Agreement and is non-refundable.
2. Technology Fee. You must pay a Technology Fee of \$175 per month (or \$525 for the first three months) for the use of Furry Land software and computer applications. This fee will be paid directly to the vendor. The Technology Fee is not refundable under any circumstances and is uniformly calculated for all Franchised Businesses currently being offered.
3. We have not provided an estimated Rent expense for an office or parking as this Item 7 assumes you will operate out of a home office and your groomers will park the vehicles at their homes. We make no estimate regarding real estate acquisition costs. We do not require you to acquire real estate to operate your Furry Land Franchised Business.
4. We estimate that the cost of the Grooming Vehicle ranges between \$60,000 and \$70,000. Generally, the vehicles are Mercedes Sprinters. The vehicle upfit ranges between \$53,000 ton \$60,000, which includes water tanks, stainless steel tubs, and vacuums. The vehicles and upfit must be purchased from our approved vendors. The range listed above represents all upfront fees, down payments for the van and fully loaded upfit, and decals. Your down payment and financing rates will vary depending on your credit history and overall financial strength.

If your Territory has a population over 500,000, you will be required to add an additional Grooming Vehicle for each additional 500,000 in population every six months after commencing operation of the Franchised Business in accordance with the following schedule:

Number of Grooming Vehicles	Population
1	150,00 to 524,999
2	525,000 to 1,000,000
3	1,000,001 to 1,500,000
4	1,500,001 to 2,000,000
5	2,000,001 to 2,500,000
6 +	For each additional 500,000 in population above 2,500,000, one additional Grooming Vehicle must be added

4. The estimated amounts are for the required technology, software, and office equipment you need to operate the Franchised Business, excluding MoeGo.
5. You must spend not less than \$6,000 for a required initial marketing program beginning 30 days prior to the opening of the Franchised Business. The low amount assumes the minimum spend of \$6,000, and the high assumes a \$9,000 spend. Additionally, within the first three months of opening the Franchised Business, you are required to spend \$7,500 on digital marketing. An additional \$1,000 per month (minimum) should be spent on business cards, brochures, internet listings, and advertising, direct mail, door hangers, clothing, car magnets or decals, and event attendance.
6. This estimated amount is for required Franchised Business first-year insurance premiums for the minimum commercial general liability insurance and commercial automobile insurance. Your insurance premiums may be higher if you operate multiple vehicles.
7. Professional fees may include setting up a corporation or other business entity, filing the necessary forms, setting up an accounting system, etc. You must use the services of our approved payroll and accounting vendor. In some instances, we may have only one approved vendor of certain services, and you will be required to use such vendor for its specified service.
8. This is an estimate of the cost of potential licenses and bonds you may need to obtain prior to operating the business.
9. The initial training program is 5 days. The estimated amount includes potential travel and living expenses for up to 2 people to attend initial training.
10. This amount assumes the MoeGo expense for one van for three months at the rate of \$159 per month per van.
11. The low range assumes a monthly minimum spend of \$3,000 and the higher number assumes a monthly spend of \$4,000.

12. Additional funds are an estimate of the amount of cash required to cover any operating expenses during your first three months of operation. Working capital costs include the costs of groomers, advertising expenses and other day-to-day operating expenses. We recommend having two groomers per vehicle, but only one operates the vehicle at any given time.
13. These expenses are estimates of your initial investment in one business before beginning to operate and for the first three months thereafter. We cannot guarantee that you will not have additional expenses starting the business. We and our affiliates do not provide any financing for your initial investment.
14. We relied upon our Affiliates' experience in operating a similar business to the Franchised Business in compiling these estimates.

**Item 8: Restrictions on Sources of Products and Services**

You must operate your Franchised Business in conformance with our methods, standards, and specifications, which we prescribe in our proprietary and confidential operations manual (the "Operating Manual"), and various other confidential manuals, writings, and other information prepared by us for your use in operating a Furry Land Franchised Business which are provided in the Operating Manual or communicated to you in writing or other means of communication. We may periodically change our standards and specifications at our sole discretion, and you must comply with all changes.

Each Grooming Vehicle must be equipped with our required equipment package that you must purchase from our designated approved supplier.

Currently, any computer software and hardware we require you to use is not our proprietary property. You are required to use our designated point-of-sale and customer scheduling system. You must use the services of our approved credit card processing vendor for any credit card transactions processed for the Franchised Business, as well as the services of our approved payroll and accounting vendor. In some instances, we may have only one approved vendor of certain services, and you will be required to use such vendor for its specified service.

You must pay us a Sales and Marketing Center Fee for access to and use of certain technology, support, and access to the local marketing library, as well as a Technology Fee for the use of the Furry Land computer system software and applications.

You may only offer the services and products that we authorize and approve. Our approved suppliers and specifications are contained in our Operating Manual. Approved suppliers and specifications are determined based on the current needs for operating the Franchised Business. As of the date of this disclosure document, none of our officers own any interest in any of our approved suppliers other than in us and our Affiliates.

We and our affiliates may derive revenues from required purchases and leases by franchisees as well as in the form of rebates or marketing allowances paid to us by Approved Suppliers that we require you to use. As of December 31, 2024, we have not derived any revenues

on account of required franchisee purchases or leases, or supplier rebates but we may do so. We may negotiate arrangements with these approved suppliers including service requirements for our franchisees, prices, and terms, for the benefit of the franchisees, as well as rebates.

We evaluate approved suppliers based on price, service, quality, and other commercially reasonable benchmarks. The identity of approved suppliers and these specifications are updated periodically in writing by modifying the appropriate pages of the Operating Manual. We will send you modified pages electronically, through the United States Mail, or by any other commercially reasonable means we determine in our business judgment. We have procedures for approving vendors and suppliers you recommend. It takes up to 90 days to evaluate new vendors or suppliers after we have received all information, we require concerning the proposed vendor or products or services, including our obtaining any testing results we specify, in our sole business judgment.

We may approve or disapprove any supplier, and we may approve a supplier conditionally, provided, however, that approval will not be withheld unreasonably. In evaluating any supplier, you propose, we will, subject to reasonable restrictions and conditions to protect our trade secrets and confidential information, disclose to the proposed supplier applicable standards, specifications, processes, and procedures for the item in sufficient detail to enable the proposed supplier to demonstrate its capacity and capabilities fully to supply the items. Within 90 days after we receive all requested information, we will communicate to you in writing our decision to approve or disapprove your proposed supplier. We may disapprove of any supplier who we previously approved, and you may not, after receipt of notice of disapproval, reorder from any supplier we have disapproved.

We may prescribe procedures for the submission of requests for approval and impose obligations on approved suppliers, which will be incorporated in a written license agreement with the supplier. We may obtain from you and/or the approved supplier reimbursement of our reasonable costs and expenses incurred in the approval process and ongoing monitoring of the supplier's compliance with our requirements. We estimate the typical range of supplier/product review costs may be from \$500 to \$2,000.

We do not act as an agent, representative, or in any other intermediary or fiduciary capacity for you in our relationship with an alternative supplier you propose, and we approve. We may impose limits on the number of approved suppliers. We have the right to monitor the quality of goods or services provided by approved suppliers in a manner we deem appropriate and may terminate any supplier who does not meet our quality standards and specifications, as may be in effect periodically.

We may negotiate purchase agreements with approved suppliers for the benefit of our company locations and franchisees. We may negotiate purchase arrangements with third-party suppliers (including price terms) for the benefit of all Furry Land Franchised Businesses, including those owned by franchisees. We do not provide material benefits (for example, renewal or additional franchises) to a franchisee based on the use of designated or approved suppliers.

The total estimated proportion of all required purchases and leases from approved vendors in relation to all purchases and leases you will make in establishing the Franchised Business is 50% to 90%. The total estimated proportion of all required purchases and leases from approved vendors

in relation to all purchases and leases you will make in operating the Franchised Business on a continuing basis is 20% to 30%.

Insurance.

You must maintain in force: (a) commercial general liability (including completed operations/product liability) insurance; (b) All Risk property insurance, including fire and extended coverage, vandalism, and malicious mischief insurance, for 100% of the replacement value of your Furry Land franchise and its contents; and (c) any other insurance policies, like errors and omissions, business interruption insurance, automobile insurance, sexual harassment insurance, unemployment insurance, excess umbrella insurance, and worker’s compensation insurance (with a broad form all-states endorsement), as we may determine periodically and as required by law. All insurance policies must: (1) be issued by carriers approved by us; (2) contain the types and minimum amounts of coverage, exclusions, and maximum deductibles as we prescribe periodically; (3) name us and our affiliates as additional insureds; (4) provide for 30 days’ prior written notice to us of any material modification, cancellation or expiration of such policy; and (5) include such other provisions as we may require periodically.

Below are the types of insurance and minimum policy limit amounts that we currently require for each franchised Furry Land Franchised Businesses. If your state requires greater coverage amounts for the categories listed below, you must obtain and maintain coverage as required by your state. We require you to use our designated insurer as a condition of the Franchise Agreement.

<b><u>Policy Type:</u></b>	Commercial General Liability Package	
<b><u>Term:</u></b>	12 Months	
<b><u>Policy Limits:</u></b>	Each Occurrence Limit	\$1,000,000
	Damages to Premises Rented to You Limit	\$300,000
	Medical Expense Limit	\$10,000
	Personal & Advertising Injury Limit:	\$1,000,000
	General Aggregate Limit	\$2,000,000
	Products-Completed Operations Aggregate Limit:	\$2,000,000

<b><u>Policy Type:</u></b>	Business Automobile Liability Package	
<b><u>Term:</u></b>	12 Months	
<b><u>Policy Limits:</u></b>	Covered Autos Liability Limit:	\$1,000,000
<b><u>Workers’ Compensation:</u></b>	Statutory (with All States Broad Form)	

Please be aware that in the event you elect to rent space to operate the franchise location; the landlord may have its own insurance coverage requirements that apply additionally to our requirements for insurance coverage.

We may terminate your franchise if you purchase services and goods that are not according to our specifications or that are not from our approved suppliers.

There are no purchasing or distribution cooperatives at this time.

**Item 9: Franchisee’s Obligations**

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.**

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/ lease	8	7, 11
b. Pre-opening purchases / leases	8, 9, 10	6, 7
c. Site development and other pre-opening requirements	6, 8, 9, 10, 11	7, 11
d. Initial and ongoing training	10	11
e. Opening	6.1	11
f. Fees	2, 3, 7.4, 10, 12.7, 13.1.8, 17.1.1, 17.5, 20.4.5, 20.6, 21.2, 25.9, 25.12.4	5, 6
g. Compliance with standards and policies / Operations Manual	4, 12	11
h. Trademarks and proprietary information	14, 15, 23.2, 23.3	13, 14
i. Restrictions on products/services offered	12	16
j. Warranty and customer service requirements	12.7	1
k. Territorial development and sales quotas	4	12
l. Ongoing product/service purchases	12, 13	8
m. Maintenance, appearance and remodeling requirements	9, 21.1	7, 11
n. Insurance	11.5, 12.2.13	7
o. Advertising	13.1.4, 17	6, 7, 11
p. Indemnification	24.4	N/A
q. Owner's participation/ management/ staffing	4, 5, 12.2.8	11, 15
r. Records/reports	12.2.12, 18	6
s. Inspections/audits	19	6, 11
t. Transfer	20	17
u. Renewal	21	17
v. Post-termination obligations	23	17
w. Non-competition covenants	16, 23.4	17
x. Dispute resolution	25	17

### **Item 10: Financing**

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

**Item 11: Franchisor's Assistance, Advertising, Computer Systems, and Training**

**Except as listed below, the franchisor is not required to provide you with any assistance.**

Franchise Agreement

Our obligations prior to beginning operation of your Furry Land Franchised Business (see Franchise Agreement Sections 8, 10, 11) may include:

**Operating Manual (Franchise Agreement Section 12.1).** We loan or otherwise make available to you our Operating Manual. You must follow the terms of the Operating Manual's current edition. We may update or revise the Operating Manual periodically. We will provide you with these updates. The table of contents is listed in Exhibit F. The Operating Manual has approximately a total of 24 pages.

**Equipment, Signs, Fixtures, Opening Inventory, and Supplies (Franchise Agreement Sections 9, 12).** We provide you with the standards, specifications, and a list of designated and approved suppliers for all equipment, signs, fixtures, opening inventory, supplies, products, and other materials you will need to operate the franchised business. We do not deliver or install equipment for your site. We do not have any affiliates, parents, or predecessors that provide products or services to our franchisees.

**Products and Services, Training, Operating Assistance, Pricing. (Franchise Agreement Section 12).** We provide a listing of all products and services that your Franchised Business may offer. We provide initial training for replacement staff and managers. We may provide additional and ongoing training for staff and managers. If you do not resolve a dispute with a client, we may investigate the matter and resolve the dispute. We provide continuing assistance in operating your Furry Land Franchise Business. We provide recommended and suggested pricing for the Franchised Business products and services. You must fully participate, honor, and comply with any and all System, local, regional, seasonal, promotional, and other programs, initiatives, and campaigns adopted by us that we require you to participate in.

**Site Selection (Franchise Agreement Section 8).** Before you purchase the Franchised Business, you and we jointly agree on the DMA in which you will operate the Franchised Business. As you will be operating a mobile business, we expect that you will run the Franchised Business from a home office, and we will not review or approve the location of your office. You will need to secure sufficient parking for your Grooming Vehicles. We will not review or approve your parking accommodations.

We estimate the time from the date you sign the Franchise Agreement to the date you open your Franchised Business to be between 60 and 120 days. This time estimate may vary depending on various factors, including obtaining financing and scheduling initial training with us. We will provide initial training periodically, depending on the need to train franchisees. You must begin operating your Franchised Business within 120 days of your signing the Franchise Agreement, or we may terminate the Franchise Agreement and retain the Initial Franchise Fee.

If your DMA requires more than one Grooming Vehicle, you must add additional Grooming Vehicles per the Market Area Development Schedule. If you do not secure an additional Grooming Vehicle in the time provided in the Market Area Development Schedule, we may terminate the Franchise Agreement.

**Training (Franchise Agreement Section 10)**

**Pre-Opening Training.** Pre-opening training will be held at our training location, either at our headquarters in Livonia, Michigan, or a location of our choosing. Training is not scheduled regularly but will be offered to you before the opening of your Franchise Business.. You will be responsible for all expenses incidental to attending the training, such as travel and lodging expenses. You and your Franchised Business Managing Owner or General Manager must attend and successfully complete to our satisfaction the initial training before the opening of the Franchise Business.

Your Managing Owner or General Manager must attend and successfully complete all required pre-opening training prior to the opening of your Franchised Business. Failure of your Managing Owner or General Manager to successfully complete the initial training may result in termination of the Franchise Agreement.

The instructional material for initial training may consist of our Operating Manual, online information, video, checklists, demonstrations, practice, and quizzes. The initial training program will be provided substantially as follows:

**INITIAL TRAINING PROGRAM**

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Sales and Marketing	4		Your location Independent Study
Sales and Marketing		1	Livonia, MI or a place of our choosing
Managing Finances	4		Your location Independent Study

Managing Finances		1	Livonia, MI or a place of our choosing
Managing Your Territory	2		Your location Independent Study
Performing grooming	6		Your location Independent Study
Performing grooming		36	Livonia, MI or a place of our choosing
<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training Job</b>	<b>Location</b>
Safety Program	1		Your location Independent Study
Safety Program		2	Livonia, MI or a place of our choosing
<b>Total</b>	<b>17 Hours</b>	<b>40 Hours</b>	

It is the nature of the Furry Land Franchised Business that all subjects are integrated into the training program and that there are no clear delineations between the subjects being learned. Our Franchise Operations Manager oversees and facilitates our training program. The minimum experience of the instructors in the field is relevant to the subject taught and our operations, and is from four (4) to ten (10) years.

**Ongoing Training.** Additional training may be provided by us, our Affiliates, or by our designated vendor on an ongoing basis, which we may, in our sole business judgment, require you to attend at our specified training location. You will be responsible for paying all of the travel, living, wage, and other related expenses incurred in connection with the attendance of any

individual at any additional training we require you to attend. We may charge you our reasonable fees for us, or our Affiliate, to provide any additional training to you.

**On-site Training.** At your request, or if we require, our representative may visit you in your Territory and provide additional on-site training. We will provide additional guidance and assistance through this training. If you request or if we require, we will provide additional training for your employees. You will be responsible for paying all of the expenses that we incur in connection with any on-site training in your Territory, including per day charges and travel and lodging expenses for our representative.

## **Continuing Obligations**

**Operating Assistance (Franchise Agreement Section 13).** We will respond to your questions regarding operational issues and provide support on an as-needed basis.

**Advertising and Marketing (Franchise Agreement Section 17).** We will provide marketing consultation, general advertising strategy, promotional planning, and budgeting at your request. We are not obligated to conduct advertising or spend any amount of money on advertising in your Territory or area, except as provided below. We are not obligated to conduct local, regional, or national advertising except as provided below.

We administer a Brand Development Fund, using it to prepare and produce advertising, public relations, market research, and promotional programs in media we select, potentially including print, radio, television, or Internet, including the Furry Land website. This may be done in-house or through outside vendors. The advertising and marketing efforts may be national, regional, or local. We do not use any Brand Development Fund Contribution dollars for soliciting new franchise sales. There is no guarantee that these efforts will be effective in your geographic area or that any given advertising campaign will be run in your area.

The Brand Development Fund is funded by advertising and marketing fees paid by Franchisees. You must participate and contribute to the Brand Development Fund 1% of your weekly Gross Revenue to the Brand Development Fund. We (or our Affiliates) may, in our sole business judgment, contribute to the Brand Development Fund. There is no obligation for us to contribute to this fund. The fees contributed by franchisees are not in a “trust” and are not held by us in any fiduciary or similar special relationship. No relationship is created beyond an ordinary commercial relationship for our mutual economic benefit.

In any fiscal year, we may spend an amount greater or less than the contributions to the Brand Development Fund for that year. We may carry over deficits or surpluses from year to year. We will separately account for the Brand Development Fund and will provide an annual unaudited statement of the Brand Development Fund upon your written request. We are under no obligation to refund any unspent contributions when the Franchise Agreement is terminated or expires. For the 2024 fiscal year, the Brand Development Fund had expenses in the following categories: 74.33% for production, 6.53% for media placement, and 19.3% for advertising services. No money was spent for advertising that is primarily a solicitation of franchise sales.

We will provide you with start-up marketing materials and templates. Additional marketing materials, business cards, shirts, printed materials, and other related items utilizing the Furry Land Mark must be purchased through our designated vendors. If you require additional or specialized advertising or promotional materials, we will develop the materials for you upon your written request, and you must pay us any required fees. You may not use or distribute any marketing materials that we have not authorized.

We do not require you to participate in any regional or other advertising fund or cooperatives. The Furry Land System does not have an advertising council composed of franchisees.

**Initial and Ongoing Local Advertising (Section 17.5).** In addition to the Brand Development Fund requirements identified above, you must spend not less than \$6,000 for a required initial marketing program within 30 days of opening the Franchised Business.

A required expenditure by you that will be part of your required initial local advertising requirement is that you must pay our approved vendor for the creation of a designated website for the Franchised Business, which website we, or our Affiliate, will own and maintain administrative control.

In addition to your initial local advertising requirement, each month during the Term of the Franchise Agreement, commencing 30 days after the date you begin to operate the Franchised Business, you must spend not less than \$3,000 per month for the following 11 months of operations, then \$2,000 per month thereafter beginning on the 13<sup>th</sup> month of operations, on local advertising and promotion of your Franchised Business (the “Ongoing Local Advertising Requirement”).

**Computer Requirements (Franchise Agreement Section 12).** We approve suppliers for hardware and software (see Item 8 above). You must use MoeGo scheduling, our designated online scheduling system, in operating the Franchised Business.

You must use a required handheld point-of-sale (“POS”) software and hardware system from Clover Network, Inc. to operate your franchise location.

Generally, the required POS system consists of a touch screen tablet computer, printer, and an embedded high-resolution camera for barcode or QR code scanning. The POS software may be used for point-of-sale, customer database, accounting reporting, and credit and debit card authorization. This system will allow you to record all customer transactions and capture data for use in other applications. You must provide us with independent access to all of the information generated and stored on your computer system if we request it, including the delivery of a backup of your database. There are no contractual limitations on our right to access the information. We estimate the initial cost of leasing or purchasing the computer system to be \$1,500 to \$3,000.

At your own expense, you are responsible for upgrading all computer hardware and software, as necessary, to bring the franchise into compliance with our system standards. We nor any of our affiliates, other third-parties are obligated to provide ongoing maintenance, repairs, or updates to your computer systems. As often as we deem appropriate, including daily, we have the right to access any computer systems maintained in connection with the operation of the franchise and to retrieve

all information relating to the operation of the franchise. (Franchise Agreement Section 18.2.) We estimate the annual costs of any optional or required maintenance updating, upgrading, or support contracts for the cash register or computer systems to be \$5,500 to \$6,000.

**Website and Electronic Media (Franchise Agreement Section 17).** You must participate in the Furry Land website or in other online communications we may specify. You may not separately register any domain name or operate any website containing any of our Marks without our written approval. We determine the content and use of the website and have the right to establish the rules under which franchisees may or must participate in the website or separately use the Internet or other online communications. We retain all rights relating to the Furry Land website and may alter or terminate the website.

Any electronic media that you use to promote the Franchised Business must be approved by us prior to publication or use in any form. Electronic Media that is approved by us or that otherwise is acceptable to us as meeting our standards will be owned by us.

You may not use, reference, or otherwise promote the Marks or System in connection with any current or future form of social media networks or platforms, except in accordance with the related standards and restrictions we specify to you periodically under our Methods of Operation. We may require you to use specified social media networks or platforms to promote client outcomes. We may restrict the Franchised Business, or any individual employed by the Franchised Business, from using social media networks or platforms to promote any individual client outcome without providing additionally any designated reference or attribution to the Marks, or to the System, that we may specify to you.

## **Item 12: Territory**

**Your Territory.** For each Franchised Business, you will be granted a specific protected, non-exclusive territory (the “Territory”) in which to operate your franchise. Your Territory will be defined as a specific geographic area identified using commonly understood state, county, municipal, or postal area definitions. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We will not operate or license another person to operate another Furry Land Franchised Business within your Territory.

**Territory Population Limit.** There is no minimum area granted to a franchisee. A territory (“Territory”) is composed of a Demographic Market Area (“Market Area”) as defined by Nielsen Media research.

You are required to meet the Market Area Development Schedule which requires you to add additional Grooming Vehicles to your Territory. Generally, you are required to add an additional van every six months. Your failure to achieve either the required customer satisfaction index score results or the required customer retention rate results is grounds either for us to require

your mandatory attendance at any remedial training program that we specify or for us to allow other franchisees to operate in your Territory, or for us to terminate the Franchise Agreement. In addition, if you do not open the number of mobile pet grooming vehicles as required by the Market Area Development Schedule, we may terminate your Franchise Agreement.

If you do not meet the Market Area Development Schedule, we will not modify the definition of your Territory rights except by mutual written agreement.

**Conducting Business Outside of the Territory.** You may not offer or sell any services or products to a customer account situated outside of the Territory.

**The Business Location.** The Franchise Agreement grants you the right to own and operate a Furry Land Franchised Business at a specific principal business address. You may not conduct the business of your Furry Land Franchised Business at any site other than the approved principal business address or relocate your Furry Land Franchised Business principal business address without our prior written consent. In our sole business judgment, we may approve of the relocation of your franchise business address in certain circumstances, for example, where a similar location is available with more favorable lease terms or where the physical condition of the franchise business location requires that you move to another location. You must pay all our reasonable expenses incurred in evaluating any proposed relocation site for the Franchised Business and are responsible for all expenses you incur in moving to the new location.

By virtue of signing the Franchise Agreement, you do not obtain any additional options, rights of first refusal, or similar rights to acquire additional franchises. We do not currently operate or franchise the operation of any other business selling under different trademarks or any services similar to the services offered by Furry Land Franchised Businesses, and presently we do not have any plans to do so.

**Our Rights.** Except for rights expressly granted to you under the Franchise Agreement, we retain all of our rights with respect to the Marks, the System, and Furry Land Franchised Businesses anywhere in the world, including the following rights, without compensation to you:

1. outside the Territory, we have the right to establish and operate (directly or through an affiliate) and to grant to others the right to establish and operate Furry Land businesses under the Marks;
2. we have the right to establish and operate (directly or through an affiliate) and to grant to others the right to establish and operate, within and outside the Territory, any businesses of any kind the operate under any other mark other than the Marks;
3. we have the right to host one or more websites on the Internet that advertise Furry Land Franchised Businesses and the services and products they offer, and that allows potential clients to contact Furry Land Franchised Businesses throughout the world, even though a website is accessible to or viewable by persons in the Territory;

4. we have the right to advertise and promote the services and products offered by a Furry Land Franchised Business through broadcast, print, and electronic media that are broadcast, delivered, or otherwise transmitted into the Territory;

5. we have the right to offer and sell any services and products within the Territory and elsewhere under any trade names, trademarks, service marks, or trade dress, including the Marks, through any alternative channels of distribution, including but not limited to, via retail and wholesale distribution, in hardware stores, club stores and other retail facilities, via mail order and e-commerce channels; and

6. we have the right to acquire, be acquired by, merge, affiliate with, or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere. These transactions may include arrangements involving competing businesses or outlets and dual branding or brand conversions.

**National Accounts.** Periodically we may enter into agreements with certain regional or national businesses (each a “National Account”) to provide services to clients at designated National Account locations. We will identify and designate any National Account in our Operating Manual, and periodically we may add or remove National Accounts. We have the sole business judgment on who may provide services or products to any National Account, including at a single location of any such National Account. We may, in our sole business judgment, offer you the opportunity to accept and provide services or products under the terms of any such National Account agreement (including, without limitation, any central invoicing or fixed fee terms). In the case of a National Account agreement under which the client will pay a fixed amount for services or products at all locations listed in such agreement, we will allocate reasonably such fixed amount among the Furry Land Franchised Business providing the services or products.

### **Item 13: Trademarks**

You will operate under the FURRY LAND Mark as the principal mark of your Franchised Business. We have a federal registration for our principal mark. Therefore, our trademark has many legal benefits and rights as a federally registered trademark.

Our principal trademark (“Mark(s)”) is:

<b>TRADEMARK</b>	<b>REGISTRATION NUMBER</b>	<b>DATE OF REGISTRATION</b>	<b>REGISTER</b>
FURRY LAND	5,580,240	October 9, 2018	Principal

An affiliate, Phoenix Franchise Holdings, LLC, owns the FURRY LAND Mark. It unconditionally licenses us the right to use and sublicense the FURRY LAND Mark.

There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court.

There are no pending infringements, oppositions, or cancellations concerning our principal trademark. There is no pending material litigation involving the principal trademark. All affidavits required to preserve and renew the Marks have been and will be timely filed. We are not aware of any agreements in effect that significantly limit our right to use, or license the use of, the Marks that are material to the franchise.

You cannot use our trademarks as part of your corporate name. You may not use our trademarks in the event you wish to advertise the sale of your Franchise.

The Franchise Agreement does not confer any goodwill or other interests in the Marks to you. Any goodwill established by your use of the Marks will be exclusively for our benefit. You will not represent in any manner that you have any ownership in the Marks or the right to use the Marks except as provided in this Agreement and the Operating Manual. At the termination of this Agreement, you will not receive any compensation for goodwill.

Your use of the FURRY LAND Marks is limited to use in connection with the operation of your Furry Land Franchised Business within the Territory as set forth in the Franchise Agreement and as set forth in the FURRY LAND Operating Manual. You must promptly notify us of any use of the FURRY LAND Marks or any colorable variation by any person or legal entity or any litigation instituted by any person or legal entity against you or us involving the FURRY LAND Marks. We will control any litigation or proceeding. We are not required to defend FURRY LAND Marks. In the event we undertake the defense, prosecution, or settlement of any litigation relating to FURRY LAND Marks, you agree to assist as necessary to carry out such defense, prosecution, or settlement. We are not required to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you, or if the proceeding is resolved unfavorably to you. We retain the right to modify or discontinue the Mark(s). You shall, upon demand by us, modify or discontinue the use of FURRY LAND Mark(s), at your sole cost and expense, any Mark(s), as directed by us. We are not required to reimburse or compensate you for any modification or discontinuation of the Marks.

We have no knowledge of superior prior rights or infringing uses that could materially affect your use of the principal trademarks of your Furry Land Franchise.

#### **Item 14: Patents, Copyrights, and Proprietary Information**

We do not hold any patents or any pending patent applications. We do claim copyright protection for our Operating Manual, advertising materials, and certain other proprietary documents. Copyrighted materials, items, and documents are our trade secrets. We have not filed a registration of these copyrights due to public disclosures, which would be necessary to do so.

The Operating Manual, operating methods, business procedures, and all client information, including names, addresses, and all financial information, are considered confidential and proprietary information. You may not use this information in any other business or in any other way not authorized by us in writing.

There are no material determinations of the United States Patent and Trademark Office, the United States Copyright Office, or a court regarding our copyright materials.

You must promptly notify us of any infringement of the Furry Land copyright protected materials, Operating Manual, advertising materials, and other proprietary documents by any person or legal entity or any litigation instituted by any person or legal entity against you or us involving the Furry Land copyright protected materials, Operating Manual, advertising materials, or other proprietary documents. We will control any litigation or proceeding. We are not required to defend the Furry Land copyright protected materials, Operating Manual, advertising materials, or other proprietary documents. In the event we undertake the defense, prosecution, or settlement of any litigation relating to the Furry Land copyright protected materials, Operating Manual, advertising materials, or proprietary documents, you agree to assist as necessary to carry out such defense, prosecution, or settlement. We are not required to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Furry Land copyright protected materials, Operating Manual, advertising materials, or other proprietary documents, or if the proceeding is resolved unfavorably to you.

We retain the right to modify the Furry Land copyright protected materials, Operating Manual, advertising materials, and other proprietary documents. You shall, upon demand by us, discontinue the use of Furry Land copyright protected materials, Operating Manual, advertising materials, or other proprietary documents, at your sole cost and expense, as directed by us. We are not required to reimburse or compensate you for any modification or discontinuation of the Furry Land copyright protected materials, Operating Manual, advertising materials, or proprietary documents.

We have no actual knowledge of superior prior rights or infringing uses of the Furry Land copyright protected materials, Operating Manual, advertising materials, or other proprietary documents that could materially affect your use of such copyrights or proprietary information.

**Item 15: Obligation to Participate in the Actual Operation of the Franchise Business**

As identified in the Franchise Agreement, you must designate one on-premise “Managing Owner” or General Manager for the Franchised Business. The General Manager does not have to have ownership of the Franchised Business. You will provide us with the name and necessary contact information, such as address and telephone numbers, of this person. In the event we need to contact you, we will contact the Managing Owner or General Manager. This person will have all authority necessary to carry out day-to-day business decisions, answer any questions or requests we have and bind you. The Managing Owner or General Manager is responsible for the day-to-day management and operation of the Franchised Business and must successfully complete the pre-opening training program.

You, your spouse, your Managing Owner, General Manger, all other owners, and your employees are subject to confidentiality restrictions. You, your spouse, your Managing Owner and all other owners and General Manager are also subject to a covenant not to compete. You must individually guarantee performance under the Franchise Agreement. Depending on your form of ownership of the Franchise (for example, as a corporation), multiple individuals, including your spouse, may need to sign guarantees of performance as owners of the Franchised Business.

**Item 16: Restrictions on What the Franchisee May Sell**

You may only offer and sell those services and products that we have approved. You must offer all services and products that we designate as required for all franchisees. We may change, add or discontinue services and products that you must offer through your franchise. There are no limits on our right to do so.

If you propose to us to offer any services or products then not currently authorized by us under the Franchise Agreement and our Methods of Operation, you must submit to us, in writing, sufficient information that we require to determine whether you may offer the proposed services or products. We will notify you, in writing, within 90 days of our receipt of your inquiry, of our decision whether to allow you to offer alternative services or products.

**Item 17: Renewal, Termination, Transfer, and Dispute Resolution**

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise and related Agreements. You should read these provisions in the agreements attached to this Franchise Disclosure.**

<b>PROVISION</b>	<b>ARTICLE IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
a. Length of the Franchise term	1.2	The term is 10 years.
b. Renewal or extension of the term	21	Successive 10-year terms may be granted if you are not in default of any provisions of the Franchise Agreement.
c. Requirements for franchisee to renew or extend	21	Execute a new franchise agreement and pay a renewal franchise fee. When renewing, you may be asked to sign a contract with materially different terms and conditions than your original contract.

<b>PROVISION</b>	<b>ARTICLE IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
d. Termination by franchisee	22.1	By operation of law, only
e. Termination by franchisor without cause	N/A	We will not terminate without cause
f. Termination by franchisor with cause	22.2	Material, uncured breaches of the Franchise Agreement
g. "Cause" defined – curable defaults	22.2	You may cure certain deficiencies in the operation of the franchise (such as payment to us of overdue amounts; submission of required reports; violation of health; sanitation or safety laws; failure to file the required number of tax returns; etc.), which if uncured would result in the termination of the Franchise Agreement.
h. "Cause" defined – non-curable defaults	22.2	Certain deficiencies in the operation of the franchise (such as you or your owners' conviction of a felony; your disclosure of Confidential Information; your making a material misrepresentation or omission in connection with your purchase of the franchise; etc.) are inherently incurable and will result in termination of the Franchise Agreement.
i. Franchisee's obligations on termination/nonrenewal	23	Pay us what you owe us; cease using the Marks and follow our termination procedures; assign your customers; cancel fictitious business names; adhere to the covenant not to compete in the Franchise Agreement.
j. Assignment of contract by franchisor	20.1	Fully transferable by us.
k. "Transfer" by franchisee - definition	20.3	Includes any transfer of ownership.
l. Franchisor's approval of transfer by franchisee	20.2	Our approval of any transfer is required prior to your transferring the Franchise to a third party. However, we will not unreasonably withhold our approval where the proposed transferee meets all our conditions for approval.
m. Conditions for franchisor approval of transfer	20.4	The proposed transferee must meet our standards as to character, financial resources, and willingness to assume the existing obligations under the Franchise Agreement, sign our then-current form of the franchise agreement, and complete training.

n. Franchisor's right of first refusal to acquire franchisee's business	20.9	We can match any offer for your Franchise.
o. Franchisor's option to purchase franchisee's business	23.6	60-day option upon termination or expiration
p. Death or disability of franchisee	20.6	You must appoint a manager upon the death or permanent disability of the Managing Owner.
<b>PROVISION</b>	<b>ARTICLE IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
q. Non-competition covenants during the term of the franchise	16.1	No direct or indirect interest in a Competitive Business.
r. Non-competition covenants after the franchise is terminated or expires	23.4	After termination or expiration of the Franchise Agreement, you and your owners may not operate a similar type of business, and you may not be an employee of a similar type business owned by a family member, for a period of 24 months that is operating within the Territory, or within 100 miles of the principal business address, or within 100 miles of the principal business address of any other Furry Land Franchised Business operating on the effective date of termination or
s. Modification of the agreement	25.16	Must be in writing
t. Integration / merger clause	25.22	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

u. Dispute resolution by arbitration or mediation	25.12	You must first bring any claim or dispute between you and us to our CEO/President and provide us with thirty (30) days' notice and opportunity to cure. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes must be submitted first to mediation, except for certain disputes involving our intellectual property or compliance with restrictive covenants. (subject to applicable state law).
v. Choice of forum	25.14	Any and all suits, actions, or other proceedings with respect to, arising out of, or in connection with this Agreement shall be litigated in courts having a situs within New Castle County, Delaware (subject to applicable state law).
w. Choice of law	25.13	The state of Delaware (subject to applicable state law).

**Item 18: Public Figures**

There are no public figures involved in the sale of this franchise.

**Item 19: Financial Performance Representations**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document.

Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about a possible performance at a particular location or under particular circumstances.

This Item 19 includes an historic financial performance representation about the franchise system's existing outlets. This Item 19 provides revenue reported from 52 Furry Land franchised locations in operation in the United States. Excluded from this Item 19 are twenty-two (22) franchised locations that opened in 2024 and were not open for a full twelve (12) months. Also excluded from this list are four (4) locations that were terminated or otherwise ceased operation in 2024. We have also excluded from this list one (1) founder-owned unit as it does not utilize the Sales and Marketing Center; therefore, it does not operate in the same manner as other franchised locations.

We have not audited or independently verified this data. The data was provided to us by franchisees from their own independently maintained records. Written substantiation for the

financial performance representation will be made available to the prospective franchisee upon reasonable request.

Item 19 breaks down the Total Gross Revenues for 52 franchisees in 2024, divided into quartiles.

2024 Gross Sales for Franchisees Open Entire 2024 Calendar Year							
Quartile Group	Franchisee Count	Maximum	Average	Median	Minimum	Franchisees with Sales Greater than or Equal to Quartile Average	
						Franchisee Count	% Quartile
Top 25%	13	\$850,267.00	\$628,447.89	\$614,347.13	\$519,988.00	3	25.00%
Upper Middle 25%	13	\$519,476.00	\$457,868.36	\$461,079.50	\$361,009.00	6	50.00%
Lower Middle 25%	13	\$289,370.00	\$239,528.85	\$231,829.75	\$210,002.50	5	41.67%
Lowest 25%	13	\$204,606.00	\$215,089.41	\$152,368.47	\$78,802.00	7	58.33%

Notes.

1. **Gross Revenue.** “Gross Revenue” means all sales and other income (recognized on an accrual basis), whether cash or credit or barter for exchange (regardless of the collection in the case of credit), arising from the operation of the Franchised Business, less (i) all refunds and discounts made to customers in good faith and in accordance with Franchisor’s policies, and (ii) any sales or excise taxes that are separately stated and that owners may be required to and does collect from customers and pays to any federal, state, or local taxing authority.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance that you’ll earn as much.**

Other than the preceding financial performance representation, Furry Cuts! Petmobile International, LLC does not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Michael Shinabarger, Furry Cuts! Petmobile International, LLC, 19500 Victor Parkway, Livonia, MI 48152, 866 338 2463, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20: Outlets and Franchisee Representations**

**Table No. 1  
Systemwide Outlet Summary  
For Years 2022 to 2024**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised	2022	1	14	+13
	2023	14	52	+38
	2024	52	71	+19
Company- Owned	2022	1	1	0
	2023	1	3	+2
	2024	3	1	-2
Total Outlets	<b>2022</b>	<b>2</b>	<b>15</b>	<b>+13</b>
	<b>2023</b>	<b>15</b>	<b>55</b>	<b>+40</b>
	<b>2024</b>	<b>55</b>	<b>72</b>	<b>+16</b>

**Table No. 2  
Transfers From Franchisees to New Owners (Other than the Franchisor)  
For the Year 2022 to 2024**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
Florida	2022	0
	2023	0
	2024	1
Georgia	2022	0
	2023	1
	2024	0
North Carolina	2022	0
	2023	0
	2024	1
Total	2022	0
	2023	1
	2024	2

**Table No. 3**  
**Status of Franchised Outlets For Years 2022 to 2024**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at Start of Year</b>	<b>Column 4 Outlets Opened</b>	<b>Column 5 Termina- tions</b>	<b>Column 6 Non- Renewals</b>	<b>Column 7 Reacquired by Franchisor</b>	<b>Column 8 Ceased Operations - Other Reasons</b>	<b>Column 9 Outlets at End of the Year</b>
Alabama	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Arkansas	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Arizona	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	1	0	1
	2024	1	1	0	0	0	0	2
Colorado	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Conn.	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Florida	2022	0	1	0	0	0	0	1
	2023	1	5	0	0	0	0	6
	2024	6	1	0	0	0	1	6
Georgia	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	2	0	0	0	0	4

Idaho	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	1	1
	2024	1	0	0	0	0	0	1
Indiana	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Kansas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Kentucky	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Louisiana	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Maine	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Mass.	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Michigan	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2022	0	1	0	0	0	0	1

Missouri	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0
Nebraska	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Nevada	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Jersey	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Mexico	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
North Carolina	2022	0	1	0	0	0	0	1
	2023	1	3	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Ohio	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	4	0	0	0	0	5
Okla.	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

Oregon	2024	0	4	0	0	0	0	4
Penn.	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
	2024	3	0	0	0	0	1	2
Rhode Island	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
South Carolina	2022	0	1	0	0	0	0	1
	2023	1	10	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Tenn.	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	2
	2024	2	1	0	0	0	0	3
Texas	2022	0	4	0	0	0	0	4
	2023	4	4	0	0	1	0	7
	2024	7	3	0	0	0	0	10
Utah	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Vermont	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Wisconsin	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	2	0	0	0	0	3

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termina- tions	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
<b>Total</b>	<b>2022</b>	<b>1</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>
	<b>2023</b>	<b>14</b>	<b>35</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>52</b>
	<b>2024</b>	<b>52</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>71</b>

**Table No. 4  
Status of Company-Owned Outlets For Years 2022 to 2024**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Arizona	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
	2024	1	0	0	0	1	0
Idaho	2022	0	0	0	0	0	0
	2023	0	1	0	0	1	0
	2024	0	0	0	0	0	0
Nevada	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Texas	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
	2024	1	0	0	0	1	0
<b>Total</b>	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2024</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>

**Table No. 5**  
**Projected Openings as of December 31, 2024**

<b>Column 1 State</b>	<b>Column 2 Franchise Agreements Signed But Outlet Not Opened</b>	<b>Column 3 Projected New Franchised Outlets in the 2024 Fiscal Year</b>	<b>Column 4 Projected New Company-Owned Outlets in 2024 Fiscal Year</b>
Florida	1	0	0
New Jersey	1	0	0
Pennsylvania	1	0	0
Tennessee	1	0	0
<b>Total</b>	<b>4</b>	<b>0</b>	<b>0</b>

The number of new franchised locations projected to be opened in the next fiscal year, as presented in the table above, is an estimate based on the best information we have as of the date of this disclosure document. There is no assurance that the actual number of openings, or the states in which we projected the openings, will be the same as our estimates.

A list of the names, addresses, and telephone numbers of all Furry Land franchisees is attached to this disclosure document as EXHIBIT G. A list of the names, last known home addresses, and telephone numbers of every Furry Land franchise that has had their franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or who has not us within 10 weeks of the date of this disclosure document, is attached to this disclosure document as EXHIBIT H. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the previous three fiscal years, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with Furry Land. You may wish to speak with current and former franchisees but be aware that not all of those franchisees will be able to communicate with you.

We do not have any trademark-specific franchisee organizations associated with the franchise system.

**Item 21: Financial Statements**

Attached to this disclosure document as Exhibit B are our audited financial statements, as of December 31, 2022, December 31, 2023 and December 31, 2024, as well as our unaudited financial statements as of March 31, 2025. Our fiscal year ends on December 31.

**Item 22: Contracts**

The following exhibits to this disclosure document are the contracts used by us in offering franchises:

- A. Franchise Agreement
- B. Financial Statements
- C. List of State Agencies and List of State Agents for Service of Process
- D. Copy of Current Form of Release
- E. Operating Manual Table of Contents
- F. List of Franchisees
- G. List of Franchisees that Left the System
- H. State Addenda
- I. Receipts

**Item 23: Receipts**

The Receipt page is attached to the last page of this disclosure document. You must sign the receipt to acknowledge your receipt of this disclosure document.

**FURRY LAND®**

EXHIBIT A  
TO THE FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT  
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Acknowledgment Addendum to the Franchise Agreement

**FURRY LAND®  
FRANCHISE AGREEMENT**

This **FRANCHISE AGREEMENT** (“Agreement”) is made and entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between Furry Cuts! Petmobile International, LLC, a limited partnership formed under Delaware law, with its principal business address at 19500 Victor Parkway, Livonia, MI 48152 (referred to in this Agreement as “Franchisor,” “we,” “us” or “our”), and \_\_\_\_\_, a [STATE/TYPE OF ENTITY] with its principal business address at \_\_\_\_\_ (referred to in this Agreement as “Franchisee,” “you,” “your” or “owner”).

**RECITALS:**

**WHEREAS**, as the result of the expenditure of time, skill, effort, and money, we have developed and own a distinctive system for the development and operation of businesses that offer and provide mobile pet grooming services for dogs and cats, including bathing services, brushing services, hair and nail cutting services, eye and ear cleaning services, as well as offering related services and products, through a minimum number of mobile pet grooming vehicles (each a “Grooming Vehicle”); and

**WHEREAS**, the distinguishing characteristics of the system include, without limitation, distinctive business formats, methods, procedures, standards, programs, protocols, specifications, and procedures for operations; quality and uniformity of services and products offered; procedures for the management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

**WHEREAS**, we identify the system by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the “FURRY LAND” mark, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by us in writing for use in connection with the system (hereinafter referred to as “Marks”);

**WHEREAS**, we continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the system and to represent the system’s high standards of quality, appearance, and service;

**WHEREAS**, you understand and acknowledge the importance of our high standards of quality, client service, and the necessity of operating the business franchised hereunder in conformity with our standards and specifications; and

**WHEREAS**, your desire to use the system in connection with the operation of a Franchised Business, as well as to receive the training and other assistance provided by us in connection therewith;

**NOW, THEREFORE**, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

**CERTAIN DEFINITIONS:**

The defined terms listed immediately below have the meanings which follow them and include the plural as well as the singular, and other terms are defined elsewhere in this Agreement in the context in which they arise:

**“Accounting Period”** means one calendar week.

**“Brand Development Fund Fee”** means the amount of money that you are required to contribute to the Brand Development Fund.

**“Brand Development Fund”** means the pool of money controlled by Furry Cuts! Petmobile International, LLC for the purpose of advertising, marketing, and other promotional activities to promote the Furry Land businesses.

**“Affiliated Companies” or “Affiliate(s)”** means any person or company that, directly or indirectly, controls, is controlled by, or is under common control with the referenced party.

**“Agreement” or “Franchise Agreement”** means this document, all its attachments, exhibits, stipulations, and schedules, and written modifications whenever made.

**“Approved Supplier”** means any supplier, including us, an Affiliate of ours, or an independent third party, authorized by us in writing to manufacture and/or provide any products, services, vehicles, items, supplies, raw materials, fixtures, furnishings, equipment (including computer systems and software), business services, and other designated items used in the operation of a Furry Land business.

**“Competitive Business”** means any business that offers pet grooming services, or that offers any other services or products that are the same or similar to those offered by Furry Land businesses, or any business that offers franchises or licenses to others to operate any business that offers pet grooming services, or that offers any other services or products that are the same or similar to those offered by Furry Land businesses.

**“Corporation or Partnership”** includes, if applicable, reference to your formation as a limited liability company, limited liability partnership, or any other type of limited liability entity.

**“Customer Account Transfer Fee”** means the amount payable from one franchisee to another for the right to provide services and products to a designated customer account.

**“Designated Bank Account”** means the primary bank account used by Franchised Business for the general operation of the Franchised Business, including payroll, deposits of sales, revenues, payment of vendors and suppliers, and other operational matters, and which is to be used for any EFT withdrawals pursuant to this Agreement.

**“Effective Date”** means the date this Agreement becomes effective as designated on the Signature Page of this Agreement.

**“EFT”** means electronic funds transfers that are transacted through an Automated Clearing House or other electronic transfer system approved by Franchisor.

**“Electronic Media”** means any electronic document, application, or media that is connected to and/or in a network of computers, servers, and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of

a web-based application, software application, smartphone-based application or social media platform including, but not limited to social media platforms and applications, and world wide web and internet-based directories and local directories that refer, references, identifies, reviews, promotes, and/or relates in any way to Furry Land businesses, the Franchised Business, the Marks, the Operating System and/or the Franchisor. Electronic Media further includes the Furry Land website, web pages, and website subdomains (including those related to, associated with, and/or a part of the Furry Land website) associated with and/or related to the Franchised Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, subdomains, and all other media, and/or publications relating to the Operating System, that is displayed and/or transmitted electronically.

**“Franchisee”** means the individual or entity identified in the space at the beginning of the Agreement.

**“Franchised Business”** means your Furry Land business operated under this Agreement.

**“Franchisor”** means Furry Cuts! Petmobile International, LLC.

**“Furry Land business”** means a pet grooming services business operating under the Marks and using the Operating System that we, or any of our Affiliates, own and operate or license any other person or entity to own or operate.

**“Gross Revenue”** means the total revenue and other consideration from the Franchised Business, and whether from cash, check, credit, or barter transactions, but excluding all federal, state, or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority and excluding customer refunds, adjustments, credits and allowances actually made by the Franchised Business in compliance with our Methods of Operation.

**“Guarantor”** means any person who signs the Guaranty and Assumption of Obligations found in Appendix C to the Agreement.

**“Location”** means your principal place of business at which we authorize you to operate the Franchised Business.

**“Marks”** means the current and future trade names, trademarks, service marks, and trade dress used to identify Furry Land businesses and the services and products offered by Furry Land businesses, including the “FURRY LAND” mark and the distinctive color scheme and signage of Furry Land businesses.

**“Marks Standards”** means standards specified in the Manual for all Mark-bearing signs, advertising, and other items and the use of these items in the Franchised Business.

**“Methods of Operation”** means the Operating Manual we provide to you containing mandatory and suggested specifications, standards, operating procedures, and rules that we prescribe from time to time for the operation of a Furry Land business and any other information or communications we provide or send to you during the term of the Agreement relating to your operation of the Franchised Business or to any other of your obligations under this Agreement and related agreements.

**“National Accounts”** means regional or national businesses with which we’ve agreed to provide services or products to customers at certain designated locations.

**“Operating Manual”** means our confidential FURRY LAND Operating Manual, which contains the required policies and procedures for the operation of the Franchised Business, which includes all specifications we provide, send, or communicate to you during the Term of the Agreement, and which includes all supplemental bulletins, memoranda, revisions, and replacements.

**“Operating Standards”** means the standards specified in the Manual for customer service, hours, required services and products, and employee training.

**“Operating System”** means the plan and system as updated and revised from time to time for providing our mobile pet grooming services using our products, equipment selection, vehicles, software, accounting methods, advertising, promotional techniques, personnel training, and quality standards that feature the Marks and includes all proprietary materials, our Operating Standards, Marks Standards, and our technical requirements.

**“Owner”** means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in you (or a transferee of this Agreement and the Franchised Business or interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise or the Franchised Business and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets thereof. References to a “controlling interest” in you mean thirty-three and one-third (33.33%) percent or more of your voting shares or other voting rights if you are a corporation or partnership owned by three (3) or more persons; otherwise, fifty (50%) percent or more of your voting shares or other voting rights will constitute a “controlling interest.”

**“Person”** means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

**“Professional Organization Fees”** means the fees you pay to join any industry professional organization to which we require you to belong during the Term of the Agreement.

**“Sales and Marketing Center Fee”** means the percentage amount payable from you to us each Accounting Period for our administration of a centralized sales and marketing center and online booking system used by customers of the Franchised Business.

**“Section”** means any specified numbered section or sub-section contained in this Agreement.

**“Term”** means the ten (10) year period under which the Agreement is effective unless otherwise terminated.

**“Territory”** means the geographic area specified on Appendix B to the Franchise Agreement in which you are authorized to provide our approved services and products to customers located in the area.

**“We,” “us,” or “our”** means Furry Cuts! Petmobile International, LLC, our successors, and assigns, or our Affiliates.

**“You,” “your,” or “yours”** means the Franchisee.

## **1. GRANT OF FRANCHISE AND TERM OF THE AGREEMENT.**

1.1. **Grant of Franchise.** Subject to the terms of and upon the conditions contained in this Agreement, we hereby grant you a franchise (the “Franchise”) to operate the FURRY LAND

Franchised Business in the Market Area designated in Appendix B of this Agreement (the “Territory”) under the System and the Marks and using the system standards set (referred herein as “System Standards” which include the terms of this Agreement, the Operating Manual (as defined here), other directives provided by Franchisor) for a term commencing on the Effective Date of this Agreement and expiring on the tenth (10<sup>th</sup>) anniversary of that date (the “Term”), unless sooner terminated in accordance with this Agreement. You may not operate the Franchised Business from any site other than the Location without our prior written consent. You acknowledge and agree that you have no recourse against us if other franchisees are granted allowances or rights that are not granted to you.

- 1.2. **Market Area Development Schedule.** You must add additional Grooming Vehicles per the Market Area Development Schedule included on Appendix B (the “Market Area Development Schedule”) of this Agreement. If you do not secure an additional Grooming Vehicle in the time provided in the Market Area Development Schedule, we may terminate this Agreement or otherwise remove any exclusivity in the Territory.

**2. INITIAL FRANCHISE FEE.**

- 2.1. **Initial Franchise Fee.** You agree to pay us a nonrefundable initial franchise fee (“Initial Franchise Fee”) when you sign the Franchise Agreement. The Initial Franchise Fee is based on the population of your DMA and is as follows:

Initial Franchise Fee	DMA Population
\$65,000	150,00 to 524,999
\$110,000	525,000 to 1,000,000
\$140,000	1,000,001 to 1,500,000
\$170,000	1,500,001 to 2,000,000
\$190,000	2,000,001 to 2,500,000
+\$20, 000	For each additional 500,000 in population above 2,500,000 the Initial Franchise Fee shall increase by an additional \$20,000

The Initial Franchise Fee must be paid in cash or by check, money order, or bank draft and is fully earned, due, and payable to us upon the execution of this Agreement, in consideration of, among other things, the administrative and other expenses we incur in furnishing items to you as described herein and for our lost or deferred opportunity to franchise to others.

**3. ROYALTY, OTHER FEES, AND PAYMENTS.**

- 3.1. **Royalty**. You agree to pay us a royalty (“Royalty”) each calendar week (the “Accounting Period”) during the term of the Agreement in the amount of six percent (6%) of Gross Revenues derived by the Franchised Business during the respective Accounting Period.
- 3.2. **Sales and Marketing Center Fee**. We have established, and at our discretion, we maintain a sales and marketing center and online booking system (the “Sales and Marketing Center”), to process all orders for services or products within the Operating System, including all orders for services or products for your Franchised Business, and otherwise to handle customer inquiries. We require you to retrieve all orders for services and products for your Franchised Business from the Sales and Marketing Center. We direct all aspects of planning and operation of the Sales and Marketing Center that we believe to be in the best interest of the entire Operating System in our absolute and uncontrolled business judgment. You must fully participate in all programs and protocols involving the Sales and Marketing Center, as we may require from time to time. You agree to pay us monthly a fee (the “Sales and Marketing Center Fee”) in the amount of \$2,000 for up to 5 Grooming Vehicles and an additional \$2,000 per month for each additional 5 Grooming Vehicles.
- 3.3. **Technology Fee; MoeGo Fee**. You agree to pay us a Technology Fee of \$175 per month (or \$525 for the first three months), without offset, credit, or deduction of any nature, for the use of the Furry Land computer system software and applications. You acknowledge and agree that we may increase the Technology Fee upon 30 days’ written notice to you. Additionally, you must have a subscription to MoeGo and pay us the then-current monthly fee, currently \$159 per month per vehicle, which we will remit to the vendor.
- 3.4. **Administrative Fee**. Franchisee shall pay Franchisor an administrative fee of four (4%) percent of Gross Revenue per month week (“Administrative Fee”) for Franchisor assistance with Franchisee’s accounting needs, tax filings, payroll facilitation, marketing support, and a dedicated operations and support team., subject to the minimum payments as described below. For purposes of calculating the amount due each week, a week is considered to be the seven-day period between Sunday and Saturday. The weekly minimum Administrative Fee is One Hundred Twenty Dollars (\$120) per week.
- 3.5. **Professional Organization Fees**. You acknowledge and agree that during the Term of the Agreement, you must join and belong, in good standing, to such industry professional organizations that we designate, in our sole business judgment. You acknowledge and agree that you are responsible solely for paying any initial and ongoing professional organization fees (“Professional Organization Fees”) that any such professional organization may charge in order to belong to such an organization. You acknowledge and agree that throughout the Term of the Agreement, you are responsible solely for paying any fees and expenses to attend any designated industry professional organization training that we may require, in our sole business judgment.
- 3.6. **Designated Bank Account**. Prior to the opening of the Franchised Business, and as a condition thereof, you shall establish a designated bank account (“Designated Bank Account”). We shall deposit to the Designated Bank Account any amounts due to you from us under this Agreement. We shall be authorized by you to withdraw from the Designated Bank Account in any manner which we prescribe, which may include EFT or wire transfer, any amounts due to us or any Affiliate from you under the terms of this Agreement, including Royalty fees, Sales and Marketing Center Fees, and Brand Development Fund Fees due. All costs and expenses of establishing and maintaining such a designated account, including transaction fees and wire transfer fees, shall be paid by you. You shall bear all expenses, if any, associated with such authorizations and payments. You agree to execute Appendix E to this Agreement

(“Electronic Funds Transfer Authorization”) and any and all documents as may be necessary to effectuate and maintain the electronic funds transfer, as we require. In the event you change banks or accounts for the Designated Bank Account required by us, you shall, prior to such change, provide us with such information and documentation as we may require in our sole business judgment. Your failure to provide such information concerning the Designated Bank Account or your withdrawal of authorization as required hereunder for whatever reason shall be a material breach of this Agreement.

- 3.7. **Payments.** The Sales and Marketing Center Fee and Brand Development Fund Fee payable from you to us each calendar week during the Term of the Agreement shall be calculated with reference to the Gross Revenue derived by the Franchised Business during the immediately preceding Accounting Period. By the fifth (5<sup>th</sup>) day of each calendar week, we shall calculate the Royalty Fee, Sales and Marketing Center Sales and Marketing Center Fee, and Brand Development Fund Fee due for the immediately preceding calendar week and may withdraw via EFT such amounts and any other amounts due under this Agreement, directly from the Designated Bank Account, unless we have agreed with you in writing to some other acceptable method of delivery of amounts due to us.
- 3.8. **Interest in Late Payments.** All amounts which you owe us and do not pay us when due bears interest at the rate of 1.5% per month, or 18% per year on the unpaid balance, or the highest contract rate of interest permitted by law. You acknowledge that this Section does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Franchised Business. Your failure to pay all amounts then due constitutes grounds for termination of this Agreement, despite the provisions of this Section.

#### **4. PERFORMANCE REQUIREMENTS.**

- 4.1. **Performance Standards.** You agree that you will at all times faithfully, honestly, and diligently perform your obligations hereunder, continuously exert your best efforts to promote and enhance the Franchised Business and not engage in any other business or activity that conflicts with your obligations to operate the Franchised Business in compliance with this Agreement.
- 4.2. **Days of Operation.** You acknowledge and agree that, as required by our Methods of Operation, the Franchised Business must operate the entire calendar year, unless otherwise approved in writing by us, and must be managed at all times by your Managing Owner or an owner or employee approved in writing by us.

#### **5. OWNERSHIP AND MANAGEMENT.**

- 5.1. **Managing Owner.** You acknowledge and agree that you and your Owners will grant to one individual (the “Managing Owner”) the authority to legally bind you in any dealings with us or our affiliates and to direct any action necessary to ensure compliance with this Agreement and any other agreements relating to the Franchised Business. The Managing Owner must personally manage and operate the Franchised Business as a primary occupation, and you may not, without our prior written consent, delegate your Managing Owner’s authority and responsibility with respect to management and operation. The Managing Owner, at all times during the Term of the Agreement, shall maintain management control of the Franchised Business or shall have like authority, ownership, managerial control, and voting power in any limited liability company, partnership, or other forms of entities, unless otherwise

agreed upon in writing by us. You will notify us thirty (30) days in advance of any change in the identity of the Managing Owner. Where such change results from the death or incapacity of the Managing Owner, you shall immediately notify us of such death or incapacity, and you will appoint a new Managing Owner within sixty (60) days after such death or incapacity. We may review and disapprove of any newly appointed Managing Owner within ten (10) days of notice. We may review and approve the authority of the Managing Owner with respect to your organizational documents. Neither you nor your Owners will, directly or indirectly, take any action to avoid or restrict the authority required for the Managing Owner.

5.2. **Business Entity Franchisee.** If you are at any time a business entity, you agree and represent that:

5.2.1. You will promptly furnish to us copies of the business entity's organizational or governing documents and any amendments thereto; the business entity will have the authority to execute, deliver and perform your obligations under this Agreement; and the business entity is duly organized or formed and validly existing in good standing under the laws of the state of its incorporation or formation. You will notify us within five (5) days whenever there is a change in your corporate status or whenever you receive service of process for any reason;

5.2.2. Your organizational documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

5.2.3. Appendix A to this Agreement will completely and accurately describe all of your Owners and their interests in you;

5.2.4. Each of your Owners, at any time during the term of this Agreement, will execute an agreement in the form that we prescribe (see Appendix C to this Agreement) undertaking to be bound jointly and severally by all provisions of this Agreement and any ancillary agreements between you and us that bind you. You and your Owners agree to execute and deliver to us such revised copies of Appendix A as may be necessary to reflect any changes in the information contained therein and to furnish such other information about your organization or information as we may request within five (5) days of the change.

## 6. **START OF BUSINESS.**

6.1. **Opening.** You agree to begin operating the Franchised Business within one hundred twenty (120) days after the Effective Date of this Agreement. If you fail to begin operating the Franchised Business within one hundred twenty (120) days after the Effective Date of this Agreement, then we may terminate the Agreement, and you will forfeit the initial franchise fee, unless otherwise we, in our sole business judgment, have agreed with you in writing to extend the time for you to open the Franchised Business.

6.2. **Training.** You must successfully complete our training program for the Franchised Business to our satisfaction prior to beginning to operate the Franchised Business.

## 7. **YOUR TERRITORY.**

7.1. **Territory.** During the term of this Agreement and for so long as you meet the Market Area Development Schedule and are not in default under this Agreement, we shall not establish or operate, or license any other person to establish or operate, another FURRY LAND business providing our authorized services and products to customer accounts located within the geographical area set forth in Appendix B to this Agreement (the “Territory”). We shall take such reasonable steps as we consider necessary to prevent any other person from establishing or operating a FURRY LAND business within the Territory upon our becoming aware of such establishment or operation. You do not have the right to enter into agreements for the provision of services at customer locations outside the Territory. Any offering, selling, or performing of service outside of your Territory is consider a material breach of this Agreement.

7.1.1. **Request for Services from New Prospective Customer Account.** In the event we receive in any medium an inquiry from a prospective customer requesting the provision of our authorized services at a location within your Territory, then we shall offer you the opportunity to provide services to the customer account. In the event, we receive in any medium an inquiry from a prospective customer requesting the provision of authorized services at a location not within the territory of any existing franchisee, and we do not elect to provide such services, then we shall offer the option to provide such services to the franchisee whose business location is the closest to the location of the physical address where services are requested to be provided. In the event you are offered the opportunity to provide any such services under this Section and elect not to do so, then we shall offer the opportunity to provide such services to the existing franchisee whose business location is then next closest to the location of the physical address where services are requested to be provided.

7.1.2. **Conducting Business Outside of the Territory.** You shall not offer or sell any services or products to a customer account location situated outside of the Territory without our prior written approval. You shall promptly advise us of all inquiries for services or products received from any prospective customer account situated outside your Territory and shall promptly provide us with copies of all such inquiries made in writing. We shall forward such inquiries to the franchisee, if any, in whose territory such prospective customer account is situated. If there is not such an existing franchisee within whose territory the prospective customer account is situated, we may, in our sole business judgment, allow you to provide services or products to such customer account for so long as the customer account is not located in the territory of another franchisee.

7.2. **Our Reservation of Rights.** We retain all rights not expressly granted hereunder, including the following:

7.2.1. outside the Territory, we have the right to establish and operate (directly or through an affiliate) and to grant to others the right to establish and operate Furry Land businesses under the Marks;

7.2.2. we have the right to establish and operate (directly or through an affiliate) and to grant to others the right to establish and operate, within and outside the Territory, any businesses of any kind the operate under any mark other than the Marks;

7.2.3 we have the right to host one or more websites on the Internet that advertise Furry Land businesses and the services and products they offer, and that allows potential

clients to contact Furry Land businesses throughout the world, even though a website is accessible to or viewable by persons in the Territory;

- 7.2.4. we have the right to advertise and promote the Furry Land services and products through broadcast, print, and electronic media that are broadcast, delivered, or otherwise transmitted into the Territory;
  - 7.2.5. we have the right to offer and sell any services and products within the Territory under any trade names, trademarks, service marks, or trade dress, including the Marks, through any alternative channels of distribution, including but not limited to, via retail and wholesale distribution, in hardware stores, club stores and other retail facilities, via mail order and e-commerce channels; and
  - 7.2.6. we have the right to acquire, be acquired by, merge, affiliate with, or engage in any transaction with other businesses (whether competitive or not), with units located anywhere or business conducted anywhere. These transactions may include arrangements involving competing businesses or outlets and dual branding or brand conversions.
- 7.3. **National Accounts.** You acknowledge that from time to time, we may enter into agreements with certain regional or national businesses (“National Accounts”) to provide services or products at specified National Account locations. We shall identify and designate any such National Accounts in our Operating Manual, and you acknowledge and agree that from time to time during the Term of the Agreement, we may add or remove National Accounts in our sole business judgment. You acknowledge and agree that we have the sole business judgment on who may provide services or products to any National Account location. You acknowledge and agree that we may, in our sole business judgment, offer you the opportunity to accept and provide services or products under the terms of any such National Account agreement (including, without limitation, any central invoicing or fixed fee terms). In the case of a National Account agreement under which the customer will pay a fixed amount for services or products at all locations listed in such agreement, we shall allocate reasonably such fixed amount among the Furry Land businesses providing such services or products.
- 7.4. **Customer Account Transfer Fee.** In the event, a customer account is identified by us as belonging to the territory of another franchisee, and you desire to provide services or products to such customer account, you may submit a written request to such other franchisee, with a copy of such written request provided to us, to purchase from the other franchisee the rights to provide services or products to the customer account. The other franchisee shall have no obligation to sell the customer account to you. In the event the other franchisee desires to sell the rights to the customer account to you, then the other franchisee shall respond to you in writing of such acceptance of your offer, and you shall pay such other franchisee a customer account transfer fee (“Customer Account Transfer Fee”) in an amount that shall be mutually agreed by both parties. The Customer Account Transfer Fee shall be due and payable from you to the other franchisee prior to the transfer of the customer account.

## **8. LOCATION.**

It is your responsibility to find a Location from which to operate the Franchised Business. You must submit to us, according to our procedures, a proposed Location for your Franchised Business for our approval.

- 8.1. **Business Location.** You must locate a site for the Franchised Business within the Territory and have the Location approved by us. We may approve the terms of any lease, sublease, or purchase contract for the Location, and you agree to deliver a copy to us for our approval before you sign it. Our approval of the lease, sublease, or purchase contract does not constitute a warranty or representation of any kind, express or implied, as to its fairness or suitability or as to your ability to comply with its terms. We do not, by virtue of approving the lease, sublease or purchase contract, assume any liability or responsibility to you or to any third parties. You further acknowledge that we have advised you to seek legal counsel to review and evaluate the lease. You must deliver a copy of the fully signed lease, sublease or purchase contract to us within fifteen (15) days after its execution.
- 8.2. **Location Approval.** We will make reasonable efforts to make a determination on your proposed Location within ten (10) days after receipt of the proposed Location and any other related supporting materials that we require. We may furnish you with our standard site selection criteria and assistance for the Franchised Business, as we may establish from time to time.
- 8.3. **Qualifying Factors.** Factors used by us in deciding whether to accept or reject a proposed site may include but is not limited to the general location and neighborhood, demographic information, traffic patterns, zoning, access, visibility, and size, condition, configuration, appearance, and other physical characteristics of the site.
- 8.4. **Independent Investigation.** Your decision to develop and operate the Franchised Business at any particular site is based solely on your own independent investigation of the suitability of the site for the Franchised Business. You acknowledge and agree that your acceptance of the proposed site is based on your own independent investigation of the suitability of the proposed site.
- 8.5. **Disclaimer of Guarantee.** Our recommendation or approval of any proposed site and any information communicated to you regarding such site does not constitute a representation or warranty of any kind, express or implied, as to the suitability or success of such Location. Our recommendation or approval of the proposed site indicates only that the proposed site satisfies the general guidelines and criteria for Locations that we have established.

## **9. BUSINESS DEVELOPMENT.**

- 9.1. **Developing the Franchised Business.** You agree, at your own expense, to do the following with respect to developing the Franchised Business:
  - 9.1.1. Secure all financing required to develop and operate the Franchised Business;
  - 9.1.2. Obtain all permits and licenses required to operate the Franchised Business;
  - 9.1.3. Purchase or lease all required Grooming Vehicles, equipment, fixtures, furnishings, and signs required for the Franchised Business;

9.1.4. Purchase an initial inventory of authorized and approved products, materials, and supplies; and,

9.1.5. Ensure that the Franchised Business will be operated in compliance with all local, state, and federal laws, ordinances, rules, and regulations.

9.2. **Area Market Development Schedule** You must obtain and operate Grooming Vehicles in accordance with the deadlines set forth in the Area Market Development Schedule (“AMD Deadline”) as set forth in Appendix B of this Agreement. You acknowledge and agree that in order to remain in good standing and maintain the Territory rights granted hereunder, you must open and operate Grooming Vehicles in accordance with the AMD Deadline set forth in the Area Market Development Schedule. Failure to meet the AMD Deadline for six consecutive months is a material default of this Agreement, and we may terminate this Agreement for failure to open and operate Grooming Vehicles in accordance with the AMD Deadlines.

9.3. **Vehicles, Equipment, Fixtures, Furnishings, and Signs.** You agree to use only those vehicles, equipment, fixtures, furnishings, and signs that we have approved for Furry Land businesses as meeting our specifications and standards for quality, design, appearance, function, and performance. You agree to place or display only such signs, emblems, lettering, logos, and display materials that we approve of from time to time. You agree to purchase or lease approved brands, types, or models of vehicles, equipment, fixtures, furnishings, and signs only from suppliers we have designated or approved, which may include us and/or our Affiliates. We and our affiliates may earn revenues from your purchases of leases of required goods and services from us or from our third-party vendors.

## 10. **TRAINING.**

10.1. **Initial Training.** Before the Franchised Business begins operation, we will provide you with our tuition free initial training on the operation and management of a Furry Land business pursuant to our initial training program. You must attend and successfully complete the initial training program to our satisfaction. We may change or modify the training as we deem necessary. If we determine that your Managing Owner is unable to complete the initial training program to our satisfaction, we have the right to terminate this Agreement. The initial training program shall be provided as identified below:

10.1.1. Owner or Employee Training. We agree to provide initial training to your Managing Owner and up to one (1) additional individual who may be either an Owner or employee who you elect to enroll in the training program.

10.1.2. Schedule, Location, and Costs. Initial training consists of five (5) working days of training. The training will be at a location that we designate. You will be responsible for all travel and living expenses that the Managing Owner and any selected individual incurs in connection with training.

10.2. **Additional Ongoing Required Training.** We may require your Managing Owner and/or previously trained and experienced employees to attend additional required training courses at such times and locations that we designate, and we may charge reasonable fees for such courses. You are responsible for all travel, living, wage, and other related expenses, which any individual of the Franchised Business incurs in connection with attendance at any additional training course we provide to you.

- 10.3. **Supplementary Training.** After the commencement of your Franchised Business operations, if you have additional employees who require training from us, we may charge you a fee for this training.
- 10.4. **Training Assistance.** We may ask you to provide training or assistance to other Furry Land franchisees. You agree to give us reasonable assistance with such training. We agree to reimburse you for your reasonable costs and expenses in providing such assistance.
- 10.5. **Required Meeting.** We may offer a national meeting and/or regional meetings or seminars at various times for additional training in marketing, advertising, equipment, technology, business management, or other topics selected by us at our discretion. Your Managing Owner and/or your designated personnel must attend the full program and must stay at the designated hotel of each national meeting if held by us. Your Managing Owner and your personnel must attend designated meetings held in your geographical area. You are responsible for all expenses incurred by your Managing Owner and/or your personnel, including, but not limited to, lodging, room, board, salaries, and incidental expenses and other expenses, when attending any voluntary or mandatory programs, seminars, meetings, and/or national meeting. We may charge a registration or other fee for the national meeting or any regional meeting. You must pay any fees that we may charge to you or any of your attendees for any mandatory or optional training programs, seminars, meetings, or conventions.

## **11. PRE-OPENING REQUIREMENTS.**

Prior to opening the Franchised Business, you must comply with the pre-opening requirements set forth in the Operating Manual and other guidelines that we prescribe. You agree not to open the Franchised Business until:

- 11.1. **Location Approval.** We approve the Location as developed in accordance with our specifications and standards.
- 11.2. **Completion of Initial Training.** Your Managing Owner and any other Owners or employees have completed initial training to our satisfaction.
- 11.3. **Copy of Lease Received.** You have given us a copy of your lease for the Location, if applicable.
- 11.4. **Initial Fees Paid.** The initial franchise fee and all other amounts then due to us have been paid.
- 11.5. **Required Documentation Received.** We have been furnished with copies of all agreements and insurance policies required by this Agreement or such other evidence of insurance coverage and payment of premiums as we request or accept.
- 11.6. **Compliance with Laws.** You have obtained all required agreements and permits, licenses, and certifications for operating the Franchised Business, and the Franchised Business is in compliance with all laws, rules, and regulations.

**12. OPERATION REQUIREMENTS.** After you have satisfied the Initial Training and pre-opening requirements set forth in the Operating Manual and have received our written approval, you may begin operation of the Franchised Business. You must maintain and operate the Franchised Business in accordance with this Agreement and the terms and standards contained in the Operating Manual.

12.1. **Operating Manual**. During the term of this Agreement, we will allow you to use one (1) copy of our Operating Manual, consisting of such materials (possibly including, but not limited to, digital media, audio media, computer software, and written materials) that we furnish to franchisees from time to time for use in operating a Furry Land business. The Operating Manual contains the mandatory and suggested specifications, standards, operating procedures, and rules that we prescribe for the operation of the Franchised Business. The Operating Manual also contains business and information relating to other obligations under this Agreement and related agreements. The Operating Manual and other specifications, standards, and operating procedures provided or communicated to you in any form (collectively, our Methods of Operation) shall be deemed a part of this Agreement.

12.1.1. **Modification**. We may modify, edit, delete, update, change and enhance the Operating Manual from time to time to reflect changes in the Methods of Operation.

12.1.2. **Safeguard**. You agree to keep any print or electronic copy of the Operating Manual current and in a secure location at the Franchised Business.

12.1.3. **Disputes**. In the event of a dispute relating to its contents, the master copy of the Operating Manual we maintain at our principal office will control.

12.1.4. **Duplication**. You may not at any time copy, duplicate, record, or otherwise, reproduce any part of the Operating Manual.

12.1.5. **Confidentiality**. You acknowledge and agree that the Operating Manual is our proprietary property and contains Confidential Information (as identified in Section 15).

12.2. **Compliance with Methods of Operation**. You agree to operate and maintain the Franchised Business in accordance with our Methods of Operation, as we periodically modify and supplement them during the term of this Agreement.

12.2.1. **Facilities**. Our Methods of Operation may regulate the design, layout, decor, appearance, and lighting of any business location utilized by the Franchised Business, including requirements for maintenance, cleaning, sanitation, remodeling, replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs, and use of interior and exterior signs, emblems, lettering and logos and the illumination thereof.

12.2.2. **Types**. Our Methods of Operation may regulate the types, models, and brands of required vehicles, equipment, fixtures, furnishings, signs, materials, and supplies.

12.2.3. **Services and Products**. Our Methods of Operation may regulate the required or authorized services and ancillary product categories.

12.2.4. **Suppliers**. Our Methods of Operation may regulate the designated or approved suppliers (which may be limited to or include us) of vehicles, equipment, fixtures, furnishings, signs, products, materials, and supplies (the use of suppliers other than us, our subsidiaries, our Affiliates, or our other approved suppliers, without our express written approval, is a material breach of the terms of this Agreement).

- 12.2.5. **Terms and Conditions**. Our Methods of Operation may regulate the terms and conditions of the sale and delivery of, including, without limitation, credit terms and letter of credit amounts, and terms and terms and methods of payment for, and security deposits for products, materials, supplies, and services including direct labor, which you obtain from us, our Affiliates or others.
- 12.2.6. **Advertising and Marketing**. Our Methods of Operation may regulate the sales, marketing, advertising, and promotional programs and materials and media used in such programs, including, without limitation, the right to enforce price policies and timing and duration of price reduction periods.
- 12.2.7. **Marks**. Our Methods of Operation may regulate the use and display of the Marks.
- 12.2.8. **Staffing**. Our Methods of Operation may regulate the staffing levels for the Franchised Business and matters relating to managing the Franchised Business; communication to us of the identities of the Franchised Business' personnel; and qualifications, training, required uniforms, dress, and appearance of employees.
- 12.2.9. **Hours of Operation**. Our Methods of Operation may regulate the days and hours of operation of the Franchised Business.
- 12.2.10. **Program Participation**. Our Methods of Operation may regulate your participation in market research and testing and service and product development programs.
- 12.2.11. **Payment Methods**. Our Methods of Operation may regulate the acceptance of credit cards, other payment systems, and check verification services.
- 12.2.12. **Records**. Our Methods of Operation may regulate the bookkeeping, accounting, data processing, and record-keeping systems and forms; methods, formats, content, and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us.
- 12.2.13. **Insurance**. Our Methods of Operation may regulate the types, amounts, terms, and conditions of insurance coverage required to be carried for the Franchised Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the Franchised Business at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims.
- 12.2.14. **Laws and Standards**. Our Methods of Operation may regulate compliance with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing, and ethical business conduct in all dealings with customers, suppliers, and us; and notifying us if any action, suit or proceeding is commenced against you or the Franchised Business.
- 12.2.15. **Other**. Our Methods of Operation may regulate other aspects of the operation and maintenance of the Franchised Business that we determine from time to time to be

useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Furry Land businesses.

12.3. **Provisions of this Agreement.** You agree that the Methods of Operation prescribed from time to time in the Operating Manual, or otherwise communicated to you in writing or other tangible forms, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all Methods of Operation as periodically modified.

12.4. **Modification of Methods of Operation.** We may periodically modify Methods of Operation, which may accommodate regional or local variations as we determine, and you acknowledge and agree any such modifications may obligate you to invest additional capital in the Franchised Business and/or incur higher operating costs.

12.5. **Sources of Vehicles, Equipment, Products, and Materials.**

12.5.1. You must purchase all designated vehicles, equipment, products, materials, goods, or items from us or our Affiliates (at then-current prices and subject to the then-current terms and conditions) or from other designated suppliers we specify.

12.5.2. All vehicles, equipment, products, materials, goods, or items used or offered for sale by the Franchised Business shall meet our then-current standards and specifications, as established in the Operating Manual or otherwise in writing.

12.6. **Vehicles.** For any vehicle owned, leased, operated, or used by the Franchised Business, including Grooming Vehicles, you acknowledge and agree that any such vehicle must be approved by us pursuant to our standards and specifications and must be maintained and operated by you pursuant to the manufacturer's current standards and specifications. You acknowledge and agree that you shall maintain any such vehicle in good and safe operating condition, repair and appearance and properly serviced and lubricated, furnish all parts and labor required to keep the vehicle in such condition, protect the vehicle from deterioration (other than normal wear and tear), maintain the vehicle in a clean manner in compliance with our specifications, operate the vehicle in a safe and reasonable manner in compliance with all laws, rules, regulations, and ordinances, and only use the vehicle in the regular course of your operation of the Franchised Business and within normal capacity. You shall not make any modification, alteration, or addition to any such vehicle without our prior written consent.

12.6.1. **Vehicle Insurance.** For any vehicle owned, leased, operated, or used by the Franchised Business, you agree to maintain the insurance types, coverages, and amounts that we may specify in full force and effect and written by an insurance company acceptable to us. We, and our successors and assigns, must be named "ADDITIONAL INSURED" as to liability insurance. All such vehicle insurance policies shall provide 30 days' advance written notice to us of cancellation, change, or non-renewal. You shall pay all premiums for such insurance and shall deliver to us evidence satisfactory to us of the insurance required hereby and the renewal thereof; provided, however, that we shall be under no duty to ascertain the existence of or to examine such insurance policy or policies, or to advise you in the event such insurance coverage shall not comply with the requirements hereof. You shall bear the entire risk of loss, theft, destruction, or damage to each such vehicle owned, leased, operated, or used by the Franchised Business.

12.6.2 **General Indemnity.** You shall, and do hereby, indemnify and save us, our agents, employees, successors, and assigns, harmless from any and all liability, obligations,

losses, damages, penalties, claims, suits, strict liability in tort, cost and expenses, including attorney's fees, arising out of the ownership, selection, location, possession, leasing, renting, operation, control, use, maintenance, repair, delivery and/or redelivery of any vehicle owned, leased, operated, or used by the Franchised Business, including, without limitation, any claim alleging latent and other defects, whether or not discoverable, and any other claim arising out of strict liability in tort, and any claim for patent, trademark or copyright infringement. The indemnities and assumptions of liabilities and obligations herein provided for shall continue in full force and effect notwithstanding the expiration or other termination of this Agreement.

#### **12.7. Customer Warranties, Customer Service Programs, and Customer Retention Programs.**

You acknowledge and agree that you must participate in any customer warranty programs which we may establish from time to time, and to the extent not limited by applicable laws, you must provide to your customers' such warranties regarding the services or products of the Franchised Business as we may reasonably require. You acknowledge and agree that you must participate in any customer service program or customer retention program which we may establish from time to time. You acknowledge and agree that your failure to comply in all respects with the requirements of any such customer service program or customer retention program, or your failure to achieve customer satisfaction results in accordance with our required customer satisfaction index score for any customer service program, as determined by us in our sole business judgment, or your failure to achieve our required customer retention rate for any customer retention program, as determined by us in our sole business judgment, shall be sufficient grounds for us in our sole business judgment either to require your mandatory attendance at any remedial training program that we specify, or for us to deem your Territory non-exclusive in respect to us being authorized to allow any other person to operate a Furry Land business within the Territory, or otherwise for us to terminate the Agreement effective immediately upon your receipt of our written notice to you.

### **13. GENERAL GUIDANCE.**

13.1. Once you commence operation of the Franchised Business, you will be required to submit to us reports, records, and other financial statements regarding the performance of the Franchised Business. Also, we may conduct on-site inspections. Based on the information that we receive and review, we may provide you with further direction and guidance by providing you with additional written materials, telephone consultations, training, or on-site consultations. General guidance as to the operation of the Franchised Business will be found primarily in the Operating Manual or given to you through other written materials or bulletins from us. Guidance may be provided to you in any of the following ways:

13.1.1. Telephone and Internet e-mail consultation during such times as are outlined in the Operating Manual;

13.1.2. Buying advisory services whereby we may provide you with lists of sources and approved suppliers for vehicles, equipment, signs, products, merchandise, accessories, services, fixtures, furnishings, etc.;

13.1.3. Wholesaling services whereby we may ourselves act as an approved or designated source for vehicles, equipment, signs, products, merchandise, accessories, services, fixtures, furnishings, etc.;

13.1.4. Ongoing marketing programs;

- 13.1.5. Newsletter services whereby we may inform you periodically about the current events in the FURRY LAND franchise program;
- 13.1.6. Meetings, whereby we may convene with you and other Furry Land franchisees for business or social purposes;
- 13.1.7. Research and development regarding Methods of Operation; and/or
- 13.1.8. At your request, we will furnish additional guidance and assistance and, in such a case, may charge the per diem fees and charges we establish from time to time. If you request, or if we require, additional or special training for your employees, all of the expenses that we incur in connection with such training, including per diem charges and travel and living expenses for our personnel, will be your responsibility.

#### 14. **MARKS.**

All provisions of this Agreement applicable to the Marks apply to any additional proprietary trademarks and service marks, and commercial symbols that we authorize you to use.

- 14.1. **Ownership of Marks.** You do not have an ownership interest in the Marks used with the Franchised Business. It is our right or license to use, license, or sublicense the Marks. Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Franchised Business pursuant to and in compliance with this Agreement and Methods of Operation, which we prescribe from time to time during its term. Your unauthorized use of the Marks is a breach of this Agreement and an infringement of our rights in and to the Marks.
- 14.2. **Use of Marks.** You agree to use the Marks as the sole identification of the Franchised Business, except that you agree to identify yourself as the independent owner thereof in the manner we prescribe.
- 14.3. **Goodwill of Marks.** This Agreement does not confer any goodwill or other interests in the Marks to you. Any goodwill established by the use of the Marks will be exclusively for our benefit. You will not represent in any manner that you have any ownership in the Marks or the right to use the Marks except as provided in this Agreement and the Operating Manual. At the termination of this Agreement, you will not receive any compensation for goodwill.
- 14.4. **Display of Marks.** You agree to display the Marks prominently in the manner we prescribe at the Franchised Business, on vehicles, supplies, or materials we designate, and in connection with forms and advertising and marketing materials.
- 14.5. **Limitations on Use of Marks.** You may not use any Marks as part of any corporate or legal business name or Internet domain name or Internet e-mail address or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to you hereunder), or in any modified form, nor may you use any Marks in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Marks may be used in any advertising concerning the transfer, sale, or other disposition of the Franchised Business or ownership interest in you. You agree to give such notices of trademark and service marks registrations, e.g., “®,” “TM,” as we specify, and to obtain any fictitious or assumed name registrations

required under applicable law. You agree to withdraw any fictitious or assumed name registrations immediately upon termination or expiration of this Franchise Agreement.

- 14.6. **Modification or Replacement of Marks.** You agree to modify or replace any Marks when notified by us. You agree to comply with our directions within a reasonable time after receiving notice. You are responsible for all expenses associated with modifying or replacing the Marks. We will not be obligated to reimburse you for any lost revenue attributable to any modified or discontinued Marks or for any expenditure you make to promote a modified or substitute Mark.
- 14.7. **Discontinuance of Marks.** You must discontinue the use of the Marks immediately upon termination or expiration of this Agreement.
- 14.8. **Infringement and Claims of Marks.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Marks or of any claim by any person of any rights in any Marks. You agree not to communicate with any person other than us, our attorneys, and your attorneys in connection with any such infringement, challenge, or claim. We have sole business judgment to take such action as we deem appropriate and the right to control exclusively any litigation, United States Patent and Trademark Office (“USPTO”) proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Marks. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO proceeding or other proceeding or otherwise to protect and maintain our interests in the Marks.
- 14.9. **Additional Restrictions on Your Use of the Marks.** You shall not attempt to register or otherwise obtain any interest in any Internet domain name or uniform resource locator (“URL”) containing any of the Marks, or any portion thereof, or any other word, name, symbol, or device which is likely to cause confusion with any of the Marks, and; You shall not develop, create, generate, own, license, lease or otherwise utilize any computer media and/or electronic media (including but not limited to the Internet, world wide web, bulletin boards, news group and/or social media) which may be used, or in any manner uses, displays or utilizes the Marks, or other commercial symbols or offers to sell or sells any of the services or products which are or may at a later date be offered for sale by Furry Land businesses. If you desire to utilize any computerized or electronic media in conjunction with the operation of your Furry Land Franchised Business, you must obtain our prior written approval of such usage, and we may in our sole and absolute business judgment approve or not approve such usage. If we grant approval, we or our Affiliates will be the owners of and/or control the approved computerized or electronic content and media.

## 15. **CONFIDENTIAL INFORMATION.**

- 15.1. **Determination of Confidential Information.** We possess and will continue to develop and acquire certain confidential information (“Confidential Information”) relating to the development and operation of Furry Land businesses. Confidential Information is proprietary to us. Confidential Information may be disclosed to you that may include, but is not limited to:

15.1.1. **Locations.** Our location selection criteria;

- 15.1.2. **Business Practices.** Our trade secrets, methods, formats, specifications, standards, systems, procedures, the Operating Manual, any other proprietary materials, and knowledge of and experience in developing and operating Furry Land businesses;
  - 15.1.3. **Marketing and Advertising.** Our marketing and advertising programs for Furry Land businesses and the sales and marketing techniques used;
  - 15.1.4. **Vehicles, Equipment, Materials, and Supplies.** Knowledge of our specifications for and suppliers of certain vehicles, equipment, fixtures, furnishings, products, materials, and supplies; and
  - 15.1.5. **Reports and Records.** Knowledge of the operating results and financial performance of Furry Land businesses other than your Franchised Business.
- 15.2. **Business Purposes Only.** You will not acquire any interest in Confidential Information other than the right to utilize Confidential Information disclosed to you in operating the Franchised Business during the term of this Agreement. Use or duplication of any Confidential Information in any other business will constitute an unfair method of competition and a violation of this Agreement. Confidential Information is disclosed to you solely on the condition that you agree that you:
- 15.2.1. **Business Only.** You will not use Confidential Information in any other business or capacity.
  - 15.2.2. **Term.** You will maintain the absolute confidentiality of Confidential Information during and after the term of this Agreement.
  - 15.2.3. **Copies.** You will not make unauthorized copies of any portion of Confidential Information disclosed to you in any format.
  - 15.2.4. **Safeguards.** You will adopt and implement all reasonable safeguard procedures, including those that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure to the Franchised Business' personnel and others.
- 15.3. **Ideas, Concepts, Techniques, or Materials.** All ideas, concepts, techniques, or materials relating to a Furry Land business, whether or not constituting protected intellectual property, and whether created by or on behalf of you or your Owners, will be promptly disclosed to us, deemed to be our sole and exclusive property and part of the Operating System and deemed to be works made for hire for us. You and your Owners agree to sign whatever assignment or other documents we may request from time to time to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques, or materials.

## **16. EXCLUSIVE RELATIONSHIP.**

- 16.1. **Exclusive Dealings.** We have granted the franchise to you in consideration of and reliance upon your agreement to deal exclusively with us and not to be involved with a Competitive Business.

16.1.1. **Interest or Involvement.** You agree that during the Term of this Agreement you, or any of your Owners (including any Owner's spouse, child, or other first-degree relatives by blood or marriage), will not have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, wherever located.

16.1.2. **Performance.** You agree that during the Term of this Agreement, you, or any of your Owners (including any Owner's spouse, child, or other first-degree relatives by blood or marriage), will not perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located.

## 17. **MARKETING.**

17.1. **Brand Development Fund.** We have established a Brand Development Fund ("Brand Development Fund") for advertising, marketing, and public relations programs and materials as we deem necessary or appropriate in our sole business judgment. The Brand Development Fund is intended to maximize recognition of the Marks and patronage of Furry Land businesses. We will endeavor to utilize the Brand Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all Furry Land businesses. You will be required to contribute to the Brand Development Fund as set forth in this Agreement.

17.1.1. **Contribution.** You agree to contribute to the Brand Development Fund one percent (1%) of Gross Revenue (the "Brand Development Fund Fee"), payable weekly in the same manner as the Royalty due hereunder.

17.1.2. **Control.** We will direct and control all programs financed by the Brand Development Fund, with sole business judgment over the creative concept materials and endorsements used therein and the geographic market and media placement and allocation thereof. We may do the marketing and advertising, or we may elect to outsource the marketing and advertising to an agency.

17.1.3. **Purpose of Brand Development Fund.** The Brand Development Fund may be used to pay the costs of preparing and producing video, audio, and written advertising materials, administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising. The Brand Development Fund can be used for any aspect we deem will benefit Franchisees. The Brand Development Fund may be used to employ advertising, promotion, and marketing agencies and to support public relations, social media, market research, and other advertising promotion and marketing activities. The Brand Development Fund will furnish you with samples of advertising, marketing formats, promotional formats, and other materials at no additional cost to you when we deem appropriate. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling, and storage charges.

17.2. **Accounting of Brand Development Fund.** The Brand Development Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses, and overhead as we may incur in activities related to the administration of the Brand Development Fund and its programs. This may include, without limitation,

conducting market research, preparing advertising promotion and marketing materials, and collecting and accounting for contributions to the Brand Development Fund.

- 17.2.1. **Expenditure of Brand Development Fund.** We may spend on behalf of the Brand Development Fund, in any fiscal year, an amount that is greater or less than the aggregate contribution of all Furry Land businesses to the Brand Development Fund in that year, and the Brand Development Fund may borrow from us or others to cover deficits or invest any surplus for future use.
  - 17.2.2. **Interest Earned.** All interest earned on monies contributed to the Brand Development Fund will be used to pay advertising costs before other assets of the Brand Development Fund are expended.
  - 17.2.3. **Reporting.** We will prepare an annual compiled statement of monies collected and costs incurred by the Brand Development Fund and furnish the statement to you upon written request. The Brand Development Fund will not be audited.
  - 17.2.4. **Operation.** We have the right to cause the Brand Development Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified herein.
- 17.3. **Proportionality.** We undertake no obligation to ensure that expenditures by the Brand Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Development Fund by Furry Land businesses operating in that geographic area. We have no obligation to ensure that any Furry Land business will benefit directly or in proportion to its Brand Development Fund Fees paid to the Brand Development Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to or maintaining, directing, or administering the Brand Development Fund.
- 17.4. **Deferrals or Reductions.** We may defer or reduce contributions of a Furry Land business franchisee and, upon thirty (30) days' prior written notice to you, to reduce or suspend your payment of Brand Development Fund Fees to and suspend operations of the Brand Development Fund for one or more periods of any length and to terminate (and if terminated to reinstate) the Brand Development Fund. If the Brand Development Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Brand Development Fund during the preceding three (3) month period.
- 17.5. **Local Business Promotion By You.**
- 17.5.1. **Initial Local Advertising Requirement.** You acknowledge that within thirty (30) days of the date you begin to operate the Franchised Business, you must spend not less than Six Thousand Dollars (\$6,000) for initially advertising and promoting the Franchise Business (the "Initial Local Advertising Requirement"), in compliance with our Methods of Operation. Additionally, within the first three months of opening the Franchised Business, you are required to spend \$7,500 on digital marketing. An additional \$1,000 per month (minimum) should be spent on business cards, brochures, internet listing, and advertising, direct mail, door hangers, clothing, car magnets or decals, and event attendance. You acknowledge and agree that as a required

expenditure by you under this Section, you must pay our approved vendor for the creation of a designated website for the Franchised Business and that for such website, we, or our Affiliate, will maintain sole ownership and administrative control. The Initial Local Advertising Requirement is remitted to us and remit the same to our vendors on your behalf as a passthrough.

- 17.5.2. **Ongoing Local Advertising Requirement.** You acknowledge and agree that in addition to the Initial Local Advertising Requirement, each month during the Term of the Agreement, commencing initially thirty (30) days after the date you begin to operate the Franchised Business, you must spend not less than Three Thousand Dollars (\$3,000) per month for the following eleven (11) months of operations, then Two Thousand Dollars (\$2,000) per month thereafter, on local advertising and promotion of your Franchised Business (the “Ongoing Local Advertising Requirement”). As part of your Ongoing Local Advertising Requirement, you must use Internet advertising platforms that we designate, and that will have a variable monthly expense calculated on a “pay-per-click” basis. You acknowledge and agree that we will be billed on your behalf by third-party providers of required pay-per-click advertising services and that you must authorize us to use your credit card to pay any such third-party provider directly on your behalf or otherwise authorize us to initiate electronic funds transfer or wire transfer from your Designated Bank Account of any amounts due to any such third-party provider of pay-per-click advertising services. Any amounts that we pay third-party providers of pay-per-click advertising on your behalf will be calculated as part of your required Ongoing Local Advertising Requirement. The Ongoing Local Advertising Requirement is remitted to us and remit the same to our vendors on your behalf as a passthrough.
- 17.6. **Advertising Approval.** You may not use any advertising or promotional materials unless we have approved it. Samples of all advertising, promotional, and marketing materials, which we have not prepared or previously approved, must be submitted to us for approval before you use them. We own the copyrights to anything so submitted, whether approved by us or not. If you do not receive written approval within fifteen (15) days after our receipt of such materials, we will be deemed to have NOT given the required approval.
- 17.7. **Truthful Advertising, Marketing, and Promotion.** You agree that any advertising, promotion, and marketing conducted will be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe.
- 17.8. **Participation in Internet Website or Other Communications.** You must have Internet access and an e-mail address. You must, at your own expense, participate in the Furry Land website on the Internet or other online or electronic communications we may specify. You may not separately register any domain name or operate any website containing any of the Marks without our prior written approval. We determine the content and use of the Furry Land website and have the right to establish the rules under which franchisees may or must participate in the website or separately use the Internet or other online or electronic communications. We retain all rights relating to the Furry Land website and may alter or terminate the website. Your general conduct on the website or other online or electronic communications and specifically your use of the Marks or any advertising on the website or other online or electronic communications (including the domain name and any other Marks we may develop as a result of participation in the website or other online or electronic communications) is subject to the provisions of this Agreement. You acknowledge that certain information obtained through your participation in the Furry Land website may be

considered Confidential Information, including access codes and identification codes. Your right to participate in the Furry Land website or other online or electronic systems we may develop or otherwise to use the Marks or System on the Internet or other online or electronic communications terminates when this Agreement expires or terminates.

17.9. **Electronic Media**. You acknowledge the significance of Electronic Media to the Operating System and the necessity for our control over Electronic Media. We are the absolute owner of the Electronic Media, and nothing contained in this Agreement grants to you any ownership interest in or to the Electronic Media. You shall not utilize, access, or open accounts regarding or related to Electronic Media unless expressly approved by us in writing, which approval we may withhold, or limit as determined by us in our sole business judgment. If we grant any such approval, it shall be limited to the marketing and promotion of the Franchised Business in accordance with our Methods of Operation. Upon expiration or termination of this Agreement for any reason, any prior authorization by us as to your right to utilize the Electronic Media and/or otherwise as to any other rights in or to the Electronic Media shall be automatically terminated and, at our election, the right to any and all accounts and/or sites (if any) associated with Electronic Media utilized by you shall be transferred to us. Under no circumstance shall you utilize the Electronic Media for purposes of or with the effect of libeling or disparaging another, nor shall you violate any copyrights, and as to any such actions as between you and any third party, you are exclusively responsible for disparagement, libel and/or copyright infringement if you published and/or caused such content to be published. You agree that Electronic Media if permitted by us, must be approved by us prior to publication or use in any form. Electronic Media that is approved by us or that otherwise is acceptable to us as meeting our standards shall be owned by us. Any and all interest and right in or to the Electronic Media shall, at all times, be and is our exclusive property both during the Term of this Agreement and upon the expiration or termination of this Agreement. You acknowledge and agree that the Furry Land website and all improvements and modifications made to the Furry Land website and Electronic Media is and shall be our exclusive property. During the Term of this Agreement and subject to your compliance with the terms and conditions of this Agreement, the Furry Land website shall include information related to the Franchised Business as shall be determined and designated by us in our business judgment.

17.10. **Restrictions on Use of Social Media**. You acknowledge and agree that without our prior written consent, you may not use, reference, or otherwise promote the Marks or System in connection with any current or future form of social media networks or platforms, including, without limitation, Facebook, Instagram, Twitter, LinkedIn, and so on, except in accordance with the related standards and restrictions we specify from time to time in the Methods of Operation. You acknowledge and agree that under our Methods of Operation, we may require you to utilize specified social media networks or platforms to promote client outcomes. You acknowledge and agree that we may restrict the Franchised Business, or any individual employed by the Franchised Business, from utilizing social media networks or platforms to promote any individual client outcome without providing additionally in any such social media posting any designated reference or attribution to the Marks, or to the System, that we may specify to you.

## **18. RECORDS, REPORTS, AND FINANCIAL STATEMENTS.**

18.1. **Bookkeeping**. You agree to establish and maintain at your own expense a bookkeeping, accounting, and record-keeping system conforming to the requirements and formats we prescribe. You agree to produce records, reports, and financial statements upon our request that adequately represent your financial position and that of the Guarantors. We may require

you to use approved computer hardware and software in order to maintain the Franchised Business' records and reports. Records and reports must be furnished to us in the form and frequency as specified in this Agreement and the Operating Manual. You acknowledge and agree that we may require you to provide us with any of the following information, without limitation, as specified:

- 18.1.1. **Monthly Financial Statements**. You agree to provide us, by the fifth (5<sup>th</sup>) day after the end of each calendar month, a profit and loss statement for the Franchised Business for the preceding calendar month and a year-to-date balance sheet.
  - 18.1.2. **Annual Financial Statements**. You agree to provide us, within sixty (60) days after the end of the Franchised Business' fiscal year, reviewed annual profit and loss and source and use of funds statements and a reviewed balance sheet for the Franchised Business as of the end of such fiscal year signed by you or your principal operating officer or operating partner.
  - 18.1.3. **Tax Returns**. You agree to provide us, within ten (10) days after our request, exact copies of federal and state income and other tax returns and such other forms, records, books, and other related information.
  - 18.1.4. **Credit Reports**. You agree to allow us to obtain credits reports as deemed necessary during the period of this Agreement.
  - 18.1.5. **Maintenance of Records**. You are required to maintain reports, records, and financial statements as prescribed in the Operating Manual for your Franchised Business.
- 18.2. **Verification**. You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you or the location of the Franchised Business. Moreover, we have the right, as often as we deem appropriate, including on a daily basis, to access the computer systems that you are required to maintain in connection with the operation of the Franchised Business and to retrieve all information relating to the Franchised Business' operations.

## **19. INSPECTIONS AND AUDITS.**

- 19.1. **Right to Audit**. Our designated agents and we have the right to, at any time during your regular business hours and without prior notice to you, to inspect and/or audit, or cause to be inspected and/or audited, all records relating to the Franchised Business and operation practices of the Franchised Business in order to verify that you are complying with this Agreement, collateral agreements, and our Methods of Operation and that you are maintaining the uniformity and quality of the services and products associated with the Marks. We have the right to observe, photograph, and videotape the operations of the Franchised Business for such consecutive or intermittent periods, as we deem necessary. We have the right to interview personnel and customers of the Franchised Business. We have the right to inspect and copy any books, records, and documents relating to your operation of the Franchised Business. You agree to cooperate with any such inspection.
- 19.2. **Audit Expense**. In the event such inspection and/or audit is made necessary by your failure to furnish reports, supporting records, or other information as herein required, or to furnish

such items on a timely basis, you agree to reimburse us for the reasonable cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees.

19.3. **Cure**. In the event an inspection or audit reveals that any payments have been understated in any report to us, then you must immediately pay to us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the highest contract rate of interest permitted by law. If an inspection or audit discloses an understatement in any report of two (2%) percent or more, you shall, in addition to repayment of monies owed with interest, reimburse us for any and all costs and expenses connected with the inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

19.4. **Video Access and Inspection**. You acknowledge and agree that at all times during the Term of the Agreement, you must provide us with any such video or camera access to the operation of your FURRY LAND Franchised Business that we specify using any designated video camera or other electronic systems we may require. You are responsible solely for all expenses incurred in obtaining and maintaining in compliance with our standards and specifications any designated video, camera, or other electronic systems that we may require and specify to you during the Term of the Agreement.

## 20. **TRANSFER AND ASSIGNMENT.**

20.1. **Assignment by Us**. This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests herein.

20.2. **Assignment by You**. This Agreement and the franchise are granted personally to you. You may only assign or transfer any interest or ownership that you may have in the Franchised Business with our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void. Our approval is conditioned on the prospective transferee agreeing to sign a franchise agreement with us and meeting our qualifying conditions and requirements. We will not unreasonably withhold the approval of a prospective franchisee.

20.3. **Assignments**. An assignment, transfer, sale, gift, or other disposition includes the following events:

20.3.1. transfer of ownership of capital stock, partnership interest, or other equity interest in you;

20.3.2. merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;

20.3.3. any issuance or sale of your stock or any security convertible to your stock to any person or entity other than an existing owner;

20.3.4. transfer of an interest in you, this Agreement or the Franchised Business in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;

20.3.5. transfer of an interest in you, this Agreement or the Franchised Business, in the event of your death or the death of one of your Owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or

20.3.6. pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the Franchised Business or your transfer, surrender, or loss of possession, control, or management of the Franchised Business.

20.4. **Conditions for Approval of Transfer**. If you and all owners are in full compliance with this Agreement, we will approve a transfer that meets all of our application requirements and otherwise meets our applicable standards for Furry Land franchises. A transfer of ownership, possession, or control of the Franchised Business may be made only in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or a controlling interest in you or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

20.4.1. Abilities. The transferee and its direct and indirect owners have the moral character, skill, aptitude, attitude, experience, references, credentials, acumen, and financial capacity to operate the Franchised Business.

20.4.2. Current Accounts. You have paid all Royalties, Brand Development Fund Fees amounts owed for purchases from us, and all other amounts owed to third-party creditors or to us and have submitted all required reports and statements.

20.4.3. Training. The transferee's Managing Owner has agreed to complete training to our satisfaction and does complete training to our satisfaction prior to closing.

20.4.4. Franchise Agreement. The transferee has agreed to be bound by all of the terms and conditions of this Agreement for the remainder of its Term or, at our option, must execute our then-current standard form of the franchise agreement and related documents used in the state in which your Franchised Business is located (which may provide for different royalties, advertising contributions and expenditures, duration and other rights and obligations than those provided in this Agreement).

20.4.5. Transfer Fee. You pay us a transfer fee in the amount of \$10,000 per Market Area plus any related Broker Fees, and our reasonable legal fees and administrative costs incurred and our reasonable out-of-pocket expenses, including, without limitation, travel, meals, lodging, and other investigative expenses involved in meeting with or qualifying the transferee. If the proposed transfer is among your Owners, the transfer fee will be waived, although you are required to reimburse us for any reasonable legal and administrative costs we incur in connection with the transfer.

20.4.6. General Release. You (and your transferring owners) have executed a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, and agents.

20.4.7. Approval. We have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Franchised Business.

20.4.8. Priority. If you or your Owners finance any part of the sale price of the transferred interest, you and/or your Owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your Owners have reserved in the Franchised Business are subordinate to the transferee's obligation to pay Royalties, Brand Development Fund contributions and other amounts due to us and otherwise to comply with this Agreement.

20.4.9. Collateral Agreement. You and your transferring owners have executed an agreement in favor of us agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in this Agreement pertaining to the Marks (Section 14), Confidential Information (Section 15), and a Covenant not to Compete (Section 23.4).

20.4.10. Representation. You and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other Furry Land businesses you own and operate) identify or represent yourself or themselves or any business as a current or former Furry Land business, or as one of our licensees or franchisees, use any Marks, any colorable imitation thereof or other indicia of a Furry Land business in any manner or for any purpose or utilize for any purpose any trade name, trademark or service mark or other commercial symbols that suggests or indicates a connection or association with us.

20.5. **Transfer to a Wholly Owned Corporation**. If you are in full compliance with this Agreement, you may transfer this Agreement to a wholly-owned corporation that conducts only the Furry Land Franchised Business. You agree to maintain management control and own and control one hundred (100%) percent of the equity and voting power of all issued and outstanding capital stock. All assets and operations of the Franchised Business are to be owned and controlled by a single corporation. Transfers of shares in such a corporation will be subject to the provisions of this Agreement. You agree to remain personally liable under this Agreement as if the transfer to such a corporation had not occurred.

20.6. **Operation Upon the Death or Disability of the Managing Owner**. If upon the death or permanent disability of the Managing Owner, the Franchised Business is not being managed by a manager trained by us, you or such Managing Owner's executor, administrator, conservator, guardian, or other personal representatives must within a reasonable time, not to exceed sixty (60) days from the date of death or permanent disability of the Managing Owner, appoint a manager to operate the Franchised Business, subject to our written approval. Such a manager must successfully complete our required initial training at your expense within thirty (30) days of being appointed to operate the Franchised Business.

20.7. **Effect of Consent to Transfer.** Our consent to a transfer of this Agreement and the Franchised Business or any interest in you does not constitute a representation on our behalf as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the Franchised Business or transferee or a waiver of any claims we may have against you (or your Owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

20.8. **Bona Fide Offers.** If you (or any of your Owners) at any time determine to sell, assign or transfer for consideration interest in this Agreement and the Franchised Business or ownership interest in you, you agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of five (5%) percent or more of the offering price) and a completed franchise application from a fully disclosed offeror (including lists of the owners of record and beneficial owners of any corporate or limited liability company, or all general and limited partners of any partnership, or, in the case of a publicly held corporation or limited partnership, copies of the most current annual and quarterly reports and Form 10K) and immediately submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale. To be a valid bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and the Franchised Business and may not include an offer to purchase any of your (or your Owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your Owners) under a separate, contemporaneous offer, such separate, the contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your Owners) for the interest in you or in this Agreement and the Franchised Business must reflect the bona fide price offered therefor and not reflect any value for any other property or rights.

20.9. **Our Right of First Refusal.** We have the right, exercisable by written notice delivered to you or your selling owners within thirty (30) days from the date of the delivery to us of both an exact copy of such bona fide offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such bona fide offer, provided that:

20.9.1. we may substitute cash for any form of payment or non-cash consideration proposed in such offer;

20.9.2. our credit will be deemed equal to the credit of any proposed purchaser;

20.9.3. we will have not less than sixty (60) days after giving notice of our election to purchase to prepare for closing; and

20.9.4. we are entitled to receive, and you and your Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations, and warranties as to:

20.9.4.1. ownership and condition of and title to stock or other forms of ownership interest and/or assets;

20.9.4.2. liens and encumbrances relating to the stock or other ownership interest and/or assets; and

20.9.4.3. validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

20.10. **Exercise.** If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of twenty-four (24) months commencing on the date of the closing, you and they will be bound by the non-competition covenant contained in Section 23.4. You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of Section 23 of this Agreement.

20.11. **Non-Exercise.** If we do not exercise our right of first refusal, you or your Owners may complete the sale to such purchaser pursuant to and on the exact terms of such bona fide offer, subject to our approval of the transfer as provided in Section 20.4. If the sale is not completed within one hundred twenty (120) days after delivery of such bona fide offer to us, or if there is a material change in terms of the sale (which you agree promptly to communicate to us), the sale will be treated as a new sale subject to our right of first refusal as provided in Section 20.9.

## **21. EXPIRATION OF THIS AGREEMENT.**

21.1. **Expiration and Renewal.** Upon the expiration of the term of this Agreement, you may renew the franchise for the Franchised Business if you and each of your Owners have substantially complied with this Agreement during its term. You will have the right to renew your franchise, under the terms and conditions of the Franchise Agreement we are using at that time, provided that:

21.1.1. **Compliance with Standards.** You agree to add or replace vehicles, equipment, and signs and otherwise modify the Franchised Business as we require to bring it into compliance with specifications and standards then applicable for Furry Land businesses, or

21.1.2. **Compliance with Standards – Alternate Location.** If you are unable to maintain possession of the Location, or if in our judgment the Franchised Business should be relocated, you must secure substitute premises we approve, develop such premises in compliance with specifications and standards then applicable for Furry Land businesses and continue to operate the Franchised Business at the original Location until operations are transferred to the substitute premises.

21.2. **Renewal Fee.** If you are eligible and elect to renew your franchise, the renewal franchise fee is Ten Thousand Dollars (\$10,000) per Market Area.

21.3. **Notice.** You agree to give us written notice of your election to renew your franchise during the last year of the term of this Agreement but not less than ten (10) months prior to the date of expiration of this Agreement. We agree to give you written notice (“Our Notice”), not more than ninety (90) days after we receive your notice of our decision.

21.3.1. **Grant.** Our Notice may grant to you a ten (10) year renewal franchise;

21.3.2. **Conditional Grant.** Our Notice may be a conditional grant to you of a renewal of the franchise on the condition that deficiencies of the Franchised Business, or in your operation of the Franchised Business, are corrected within a specified time frame; or,

21.3.3. **No Grant.** If we elect not to grant a renewal franchise, Our Notice will describe the reasons for our decision.

21.4. **Agreements / Releases.** If you satisfy all of the other conditions to the grant of a renewal franchise, you and your Owners agree to execute the form of the franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of renewal franchises for FURRY LAND businesses. You and your Owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors, and assigns. Failure by you or your Owners to sign these agreements and releases and deliver them to us for acceptance and execution within sixty (60) days after their delivery to you will be deemed an election not to acquire a renewal franchise.

## **22. TERMINATION OF AGREEMENT.**

22.1. **BY YOU.** You and your Owners may not terminate this Agreement except by operation of law. Your termination of this Agreement for any other reason or without availing yourself of legal redress will be deemed a termination without cause.

22.2. **BY US.** We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:

22.2.1. your Managing Owner fails to successfully complete initial training to our satisfaction;

22.2.2. you fail to begin operating the Franchised Business within one hundred twenty (120) calendar days after the Effective Date of this Agreement;

22.2.3. you abandon or fail actively to operate the Franchised Business for more than thirty (30) consecutive days unless the Franchised Business has been closed for a purpose we have approved;

22.2.4. you surrender or transfer control of the operation of the Franchised Business without our prior written consent;

22.2.5. you (or any of your Owners) have made any material misrepresentation or omission in connection with your purchase of the franchise;

22.2.6. you (or any of your Owners) are or have been convicted by a trial court of, or plead or have pleaded guilty or no contest to, a felony or any crime involving moral turpitude;

22.2.7. you (or any of your Owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the Franchised Business or another Furry Land business or the goodwill associated with the Marks;

- 22.2.8. you (or any of your Owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the Franchised Business;
- 22.2.9. in the event of the death or permanent disability of the Managing Owner, a manager is not appointed within sixty (60) days after the death or permanent disability of your Managing Owner, or any such manager fails to complete our training within thirty (30) days after being appointed;
- 22.2.10. you (or any of your Owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Operating Manual in violation of this Agreement;
- 22.2.11. you violate any health, safety, sanitation or other applicable law, ordinance or regulation and do not immediately begin to cure the noncompliance or violation, and correct such noncompliance or violation within twenty-four (24) hours after written notice thereof is delivered to you;
- 22.2.12. you fail to make payments of any amounts due to us and do not correct such failure within seven (7) days after written notice of such failure is delivered to you;
- 22.2.13. you fail to pay when due to any federal or state income, service, sales, employment-related or other taxes due on the operations of the Franchised Business, unless you are, in good faith, legally contesting your liability for such taxes;
- 22.2.14. you (or any of your Owners) fail to comply with any other provision of this Agreement or Methods of Operation and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you;
- 22.2.15 You fails to meet or exceed the AMD Deadline for six consecutive months;
- 22.2.16. on three (3) or more separate occasions within any period of twelve (12) consecutive months you (or any of your Owners) fail: to submit when due reports or other data, information, or supporting records; to pay when due any amounts due to us; or to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you;
- 22.2.17. you fail to comply in all respects with the requirements of any customer service program or customer retention program, or you fail to achieve customer satisfaction index results we require for any customer service program, or you fail to achieve customer retention rate results we require for any customer retention program.

**22.3 Automatic Termination.** This Agreement will automatically terminate in the event you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the Franchised Business or any of its assets is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you or the Franchised Business is not vacated within thirty (30) days following the entry of such order.

## **23. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.**

- 23.1. **Payment of Amounts Owed to Us and Assignment of Customer Accounts.** Any money which you owe us as of the termination or expiration date of this Agreement shall be paid to us by you within fifteen (15) days of the effective date of the termination or expiration. You agree that all customer accounts are ours and shall be assigned immediately to us upon termination or expiration of this Agreement, and you agree to execute any and all documents and do such acts as we may request to carry out such assignment of your customer accounts in our sole business judgment.
- 23.2. **Marks.** Upon the termination, for any reason, or expiration of this Agreement:
- 23.2.1. you may not directly or indirectly at any time or in any manner (except with respect to other Furry Land businesses you own and operate) identify yourself or any business as a current or former Furry Land business, or as one of our licensees or franchisees, use any Marks, any colorable imitation thereof or other indicia of a Furry Land business in any manner or for any purpose or utilize for any purpose any trade name, trademark or service mark or other commercial symbols that indicates or suggests a connection or association with us;
  - 23.2.2. you agree to take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any Marks;
  - 23.2.3. if we do not exercise our option to purchase the Franchised Business pursuant to Section 23.6, you agree to deliver to us within thirty (30) days after the Notification Date (as defined in Section 23.6.1.) all signs, sign-faces, sign-cabinets, marketing materials, forms, packaging and other materials containing any Marks or otherwise identifying or relating to a Furry Land business and allow us, without liability to you or third parties, to remove all such items from the Franchised Business;
  - 23.2.4. if we do not exercise our option to purchase the Franchised Business pursuant to Section 23.6, you agree that, after the Notification Date, you will promptly and at your own expense make such alterations as we may specify to distinguish the Franchised Business clearly from its former appearance and from other Furry Land businesses so as to prevent confusion therewith by the public; and
  - 23.2.5. you agree to furnish us, within thirty (30) days after the Notification Date, with evidence satisfactory to us of your compliance with the foregoing obligations.
- 23.3. **Confidential Information.** You agree that, upon termination, for any reason, or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return us all copies of the Operating Manual and any other confidential materials, including, without limitation, computer software and any mechanisms (electronic key) used to access the software, that we have allowed you to use.
- 23.4. **Covenant Not to Compete.** Upon the termination or expiration of this Agreement in accordance with its terms and conditions, including the transfer or assignment of this Agreement or any interest in the Franchised Business, you agree that for a period of twenty-four (24) months commencing on the effective date of termination or expiration neither you nor any of your Owners will have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, an employee in a management or sales capacity, an employee of any kind if the Competitive Business is owned by a family member, consultant, representative or agent, or in any other capacity, in any Competitive Business operating or providing services in the Territory, or operating or providing services in an area

within one hundred (100) miles of the principal business location of any other Furry Land business operating upon the effective date of termination or expiration date of the Agreement.

23.5. **Commencement by Order.** If it becomes necessary to enforce the Covenant Not to Compete by court order, we will seek to enjoin competition for two (2) years from the date of issuance of the order. You and your Owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

23.6. **Our Rights to Purchase the Franchised Business.**

23.6.1. **Exercise of Option.** Upon termination or expiration of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within sixty (60) days from the date of such termination or expiration, to purchase the Franchised Business from you. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the “Notification Date.”) We have the unrestricted right to assign this option to purchase the Franchised Business. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; the validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

23.6.2. **Purchase Price.** The purchase price for the Franchised Business will be its fair market value, determined in a manner consistent with reasonable depreciation of the Franchised Business’ vehicles, equipment, signs, inventory, materials, and supplies, provided that the Franchised Business will be valued as an independent business and its value will not include any value for the Franchise or any rights granted by this Agreement; the Marks; or participation in the network of Furry Land businesses.

23.6.3. **Exclusions.** We may exclude cash or its equivalent and any vehicles, equipment, signs, inventory, materials, and supplies that are not reasonably necessary (in function or quality) to the Franchised Business’ operation or that we have not approved as meeting standards for Furry Land businesses from the assets purchased, and the purchase price will reflect these exclusions.

23.6.4. **Appraisal.** If you and we are unable to agree on the Franchised Business’ fair market value, its fair market value will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal. We will appoint one appraiser, you will appoint one appraiser, and the two party-appointed appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within fifteen (15) days after the date we determine that we are unable to agree on the Franchised Business’ fair market value, and the two appraisers so chosen are obligated to appoint the third appraiser within fifteen (15) days after the date on which the last of the two party-appointed appraisers was appointed. You and we will bear the cost of our own appraisers and share equally the reasonable fees and expenses of the third appraiser chosen by the two party-appointed appraisers. You and we will take reasonable actions to cause the appraisers to complete their appraisal within thirty (30) days after the third appraiser’s appointment.

23.6.5. **Closing.** The purchase price will be paid at the closing of the purchase, which will take place no later than ninety (90) days after the determination of the purchase price. We have the right to set off against the purchase price and thereby reduce the purchase price by any and all amounts you or your Owners owe to us.

23.6.6. **Instruments.** At the closing, you agree to deliver instruments transferring:

23.6.6.1. good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; and

23.6.6.2. all licenses and permits of the Franchised Business which may be assigned or transferred.

23.6.7. **Escrow.** If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will, at our election, be accomplished through an escrow arrangement with an independent escrow agent selected by us.

23.6.8. **Releases.** You and your Owners agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors, and assigns.

23.7. **Continuing Obligations.** All of our and your (and your Owners' and Affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

## **24. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION.**

24.1. **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Business personnel, and others as the owner of the Franchised Business under a franchise we have granted and to place such notices of independent ownership on such forms, checks, business cards, stationery and advertising and other materials as we may require from time to time.

24.2. **No Liability For Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. You nor we will make any express or implied agreements, warranties, guarantees, or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than Franchisor and Franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages of any nature whatsoever to any person or property directly or indirectly arising out of the Franchised Business' operation or the business you conduct pursuant to this Agreement.

- 24.3. **Taxes.** We will have no liability for any sales, use, service, occupation, excise, employment-related, gross receipts, income, property, or other taxes, whether levied upon you or the Franchised Business, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your responsibility.
- 24.4. **Indemnification.** You, and each of the Guarantors identified in Appendix C, agree that you shall, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, us, our successor, assigns, affiliates and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them (the “Indemnified Parties”) from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or inquiry (formal or informal), or any settlement thereof, which arises out of or is based upon any of the following: the infringement, alleged infringement or any other violation by you, your Guarantors or principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties; the violation, breach, or asserted violation or breach by you, your Guarantors or principals of any federal, state, or local law, regulation, ruling or industry standard; libel, slander, or any other form of defamation by you or your Guarantors or principals; the violation or breach by you or by your Guarantors or principals of any warranty, representation, agreement, or obligation of this Agreement or in any other agreement between you and us or our Affiliates; acts, errors, omissions of you, any of your Affiliates, any of your principals, officers, directors, shareholders, agents, representatives, independent contractors, and employees of you and your Affiliates in connection with the establishment and operation of the Franchised Business, including, but not limited to, any acts, errors, or omissions of any of the foregoing in the operation of any motor vehicle or in the establishment or implementation of security for the Franchised Business. For purposes of this indemnification, “claims” includes all obligations, damages (actual, consequential, or otherwise), and costs incurred in defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants’, arbitrators’, attorneys’ and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us at your expense. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.
- 24.5. **Mitigation Not Required.** Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover a claim against you fully. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts another Indemnified Party or we may recover from you.

## **25. ENFORCEMENT AND DISPUTE RESOLUTION.**

- 25.1. **Severability and Substitution of Valid Provisions.** Except as expressly provided to the contrary herein, each provision of this Agreement, and any portion thereof, will be considered severable, and if, for any reason, any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which will continue to be given full force and effect and bind the parties hereto,

although any portion held to be invalid will be deemed not to be a part of this Agreement from the date the time for appeal expires if you are a party thereto, otherwise upon your receipt from us of a notice of non-enforcement thereof.

- 25.2. **Lesser Covenant Enforceable.** If any covenant herein is unenforceable because it is too broad but would be enforceable by reducing it in scope, time, or another manner, you and we agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of such covenant.
- 25.3. **Greater Notice.** If any applicable and binding law or rule of any jurisdiction requires a greater prior notice than is required herein, this Agreement is deemed modified to comply with the applicable law.
- 25.4. **Waiver of Obligations.** You and we may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver we grant will be without prejudice to any other rights we may have, will be subject to our continuing review, and maybe revoked, in our sole business judgment, at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice.
- 25.5. **Non-Waiver.** You and we will not be deemed to have waived or impaired any right, power, or option reserved by this Agreement.
- 25.6. **Force Majeure.** You nor we will be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations is not our or your fault and results from:
- 25.6.1. unforeseeable transportation shortages, inadequate supply of equipment, products, merchandise, supplies, labor, material, or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof;
  - 25.6.2. acts of nature;
  - 25.6.3. fires, strikes, embargoes, war or riot; or
  - 25.6.4. any other similar event or cause.
- 25.7. **Extend Performance.** Any delay resulting from any force majeure causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed.
- 25.8. **Discontinued Programs/Promotions.** We are not liable to you for any loss or damage or deemed to be in breach of this Agreement if we discontinue any programs or promotions, and they are no longer a part of our Methods of Operation or if we cannot deliver, or cause to be delivered, or if our affiliates or designated sources or approved suppliers cannot deliver, all of your orders for products, merchandise, equipment, supplies, etc., where such things are out-of-stock or discontinued.

- 25.9. **Costs and Attorney's Fees.** If we incur expenses in connection with your failure to pay when due amounts owed to us, to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees.
- 25.10. **You May Not Withhold Payments Due to Us.** You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations hereunder.
- 25.11. **Rights of Parties are Cumulative.** Our and your rights hereunder are cumulative, and no exercise or enforcement by us or you of any right or remedy hereunder will preclude our or your exercise or enforcement of any other right or remedy hereunder which you or we are entitled by law to enforce.
- 25.12. **Internal Dispute Resolution.** You must first bring any claim or dispute between you and us to our management, after providing notice as set forth in Article 26.1 below. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- 25.13. **Mediation.** At our option, all claims or disputes between you and us or our affiliates arising out, or in any way relating to, this Agreement or any other agreement by and between you and us or our affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in 25.12 above, must be submitted first to mediation, in Wilmington, Delaware under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether we or our affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against us or our affiliates with respect to any such claim or dispute in any court unless we fail to exercise our option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. Our rights to mediation, as set forth herein, may be specifically enforced by us. Each party shall bear its own cost of mediation and we and you shall share the mediator's costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.

25.13.1. The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating);

a. Any federally protected intellectual property rights in the Marks, the System, or in any Confidential Information;

b. Any claims pertaining to or arising out of any warranty issue;

- c. Any of the restrictive covenants contained in this Agreement;
- d. Any of your payment obligations that are more than forty-five (45) days past due; or
- e. Any claims arising out of or related to fraud or misrepresentation by you, or your insolvency.

25.14. **Selection of Venue.** Nothing contained in this Agreement shall prevent us from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect our interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in New Castle County, Delaware and the jurisdiction and venue of the United States District Court for the District of Delaware. Franchisee acknowledges that this Agreement has been entered into in the State of Delaware, and, as such, you hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Delaware as set forth in this Section. The parties agree that all proceedings will be conducted on an individual, not a class-wide basis, and that any proceeding between us or our affiliates or employees may not be consolidated with any other proceeding between us and any other person or entity.

25.15. **Injunctive Relief.** Nothing contained in this Agreement will prevent us from applying to and obtaining from any court having jurisdiction a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect our interests, without bond, in accordance with the rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waive all claims for damages you incurred as a result of the wrongful issuance.

25.16. **Costs and Attorney's Fees.** If you are in breach of any monetary or non-monetary material obligation under this Agreement or any related agreement between you and us and/or our affiliates, and we engage an attorney to enforce our rights (whether or not formal judicial proceedings are initiated), you must pay all of our reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of this Agreement, and your claim in such action is denied or the action is dismissed, we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

25.17. **Survival; Tolling.** The provisions of this Section 25 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. All applicable statutes of limitations and defenses based on the passage of time are tolled while the dispute resolution procedures in this Section 25 are pending. The parties will take such action, if any, required to effectuate tolling. Each party must continue to perform its obligations under this Agreement pending final resolution of any dispute pursuant to this Section unless to do so would be impossible or impracticable under the circumstances.

25.18. **Governing Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 *et seq.*) or other federal law, this Agreement, the franchise and all claims arising from the relationship between you and us will be governed by the laws of Delaware, without regard to its conflict of laws principles, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this Section.

- 25.19. **Waiver of Punitive Damages and Jury Trial.** Except with respect to your obligation to indemnify us pursuant to Section 24 hereof and claims we bring against you for your unauthorized use of the Marks or unauthorized use or disclosure of any Confidential Information, you and your respective owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against us or our affiliates and agree that, in the event of a dispute between us, you will be limited to equitable relief and to the recovery of any actual damages you sustains. We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either party.
- 25.20. **Binding Effect.** This agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns, and successors in interest and may not be modified except by a written agreement signed by you and us.
- 25.21. **Limitations of Claims.** Except for claims arising from your nonpayment or underpayment of amounts you owe us pursuant to this Agreement or claims related to your unauthorized use of the Marks, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless you commence a judicial proceeding within one (1) year from the date on which you knew or should have known of the facts giving rise to such claims.
- 25.22. **Construction.** The preambles and exhibits are a part of this Agreement which, together with the Operating Manual and our other written policies, constitute our and your entire agreement except as provided below, and there are no other oral or written understandings or agreements between you and us relating to the subject matter of this Agreement, except that you acknowledge that we justifiably have relied on your representations made prior to the execution of this Agreement. The parties have had a reasonable opportunity to review this Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof shall arise in favor of any party by virtue of the authorship of any of the provisions of this Agreement. Nothing in the Agreement or in any related agreement is intended to disclaim our representations made in the Franchise Disclosure Document.
- 25.21. **Withhold Approval.** Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval.
- 25.22. **Section Headings.** The headings of the Sections are for convenience only and do not define, limit or construe the contents of the Sections.
- 25.23. **Joint and Several Owner's Liability.** If two or more persons are at any time the owner of the Franchised Business, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.
- 25.24. **Multiple Copies.** This Agreement may be executed in multiple copies, each of which will be deemed an original.
26. **NOTICES AND PAYMENTS.**

26.1. **Notices.** All written notices and reports permitted or required to be delivered by the provisions of this Agreement, or the Operating Manual will be deemed so delivered:

26.1.1. at the time delivered by hand;

26.1.2. one (1) business day after transmission by telecopy, facsimile, or other electronic systems, provided there is evidence of delivery;

26.1.3. one (1) business day after being placed in the hands of a commercial courier service for next business day delivery, provided there is evidence of delivery; or

26.1.4. five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior thereto) will be deemed delinquent.

26.2. **Electronic Payments.** All electronic payments required to be delivered by the provisions of this Agreement or the Operating Manual will be deemed so delivered by EFT or bank-wire transfer upon telephone or electronic confirmation with the receiving bank.

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this Agreement on the date stated on the first page hereof.

Furry Cuts! Petmobile International, LLC

By: \_\_\_\_\_

Name: Gregory A. Longe

Title: Chief Executive Officer

Dated:

**EACH OF THE UNDERSIGNED PARTIES WARRANTS AND REPRESENTS THAT HE/SHE HAS NOT RELIED UPON ANY GUARANTEES CONCERNING REVENUE, PROFIT, OR THE SUCCESS OF THIS FRANCHISE IN SO SIGNING.**

[FRANCHISE OWNER]

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated:

As Individuals:

\_\_\_\_\_

Dated:

\_\_\_\_\_

Dated:

\_\_\_\_\_

Dated:

**APPENDIX A**

TO THE FRANCHISE AGREEMENT  
BETWEEN Furry Cuts! Petmobile International, LLC  
AND

\_\_\_\_\_  
DATED \_\_\_\_\_, 20\_\_

**FRANCHISE OWNERSHIP AND MANAGEMENT.**

- 1. MANAGING OWNER.** The name, home address, phone numbers, and social security number of the Managing Owner is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- 2. FORM OF OWNER.**

2.1. **Business Entity.** What is the form of your business entity? \_\_\_\_\_

Date of Formation of Entity (Date of Incorporation, if applicable): \_\_\_\_\_

Federal Identification Number of Entity: \_\_\_\_\_

The following is a list of your directors, if applicable, and officers as of the effective date of Appendix A shown above:

**Name of Each Director/Officer/Partner**

**Position(s) Held**

_____	_____
_____	_____
_____	_____

- 3. OWNERS.** The following list includes the full name and mailing address of each person who is one of your Owners (as defined in the Franchise Agreement) and fully describes the nature of each Owner's interest.

**Owner's Name and Address**

**Description of Interest**  
(Must total 100%)

**APPENDIX A**

TO THE FRANCHISE AGREEMENT  
BETWEEN Furry Cuts! Petmobile International, LLC  
AND  
\_\_\_\_\_

(continued)

**IN WITNESS WHEREOF, the parties hereto have executed this Appendix A to the Franchise Agreement on the date(s) set forth below.**

Furry Cuts! Petmobile International, LLC

By: \_\_\_\_\_

Name Printed: Gregory A. Longe \_\_\_\_\_

Title: Chief Executive Officer

[FRANCHISE OWNER]

By: \_\_\_\_\_

Name Printed: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

*As Individuals:*

\_\_\_\_\_

Name Printed:

Dated:

\_\_\_\_\_

Name Printed:

Dated:

\_\_\_\_\_

Name Printed:

Dated:

**APPENDIX B**

TO THE FRANCHISE AGREEMENT  
BETWEEN Furry Cuts! Petmobile International, LLC  
AND

\_\_\_\_\_  
DATED \_\_\_\_\_, 20\_\_

**LOCATION AND TERRITORY.**

**1. LOCATION.**

The approved business location (“Location”) of the Franchised Business is:

\_\_\_\_\_

If no location is approved at the time this Agreement is executed, this Appendix B will be updated when a location has been designated by you and duly approved by us.

**2. TERRITORY DEFINITION.** The Territory referred to in the Franchise Agreement shall be as follows:

\_\_\_\_\_

\_\_\_\_\_

**3. TERRITORY AS OF TODAY.** If the Territory is identified by counties or other political subdivisions, the Territory will be fixed by the political boundaries as they exist today. Any later changes to political boundaries shall not change the boundaries of the Territory.

**4. MARKET AREA DEVELOPMENT SCHEDULE.** Franchisee agrees to establish and operate a total of \_\_\_\_\_ Furry Land Grooming Vans in accordance with the timetable set forth below.

The Cumulative Minimum Number of FURRY LAND Grooming Vans required in Compliance by Each Opening Deadline	Deadline from the Effective Date

The Cumulative Minimum Number of Furry Land Franchised Businesses vans required in Compliance by Each Opening Deadline	Deadline from the Effective Date

Furry Cuts! Petmobile International, LLC

By: \_\_\_\_\_

Name Printed: Gregory A. Longe  
 Title: Chief Executive Officer

[FRANCHISE OWNER]

By: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Dated: \_\_\_\_\_

As Individuals:

\_\_\_\_\_

Dated:

\_\_\_\_\_

Dated:

**APPENDIX C**

TO THE FRANCHISE AGREEMENT  
BETWEEN Furry Cuts! Petmobile International, LLC

---

AND

---

DATED \_\_\_\_\_, 20\_\_

**GUARANTY AND ASSUMPTION OF OBLIGATIONS.**

**1. GUARANTORS.** THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (the “Guaranty”) is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by

**2. GUARANTEES.** In consideration of, and as an inducement to, the execution of the Franchise Agreement (the “Agreement”) dated \_\_\_\_\_ today between \_\_\_\_\_ (“Franchisee”) and Furry Cuts! Petmobile International, LLC (“us” “we” or “our”), each of the undersigned guarantors (the “Guarantor”) hereby personally and unconditionally:

2.1. guarantees to us and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that

will punctually pay, perform and satisfy each and every obligation, undertaking, agreement, and covenant of Franchisee set forth in the Agreement; and

2.2. agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or from engaging or refrain from engaging in specific activities; and

2.3. agrees to pay reasonable attorney’s fees and all costs incurred by us in collecting, or attempting to collect any sums owed by Franchisee under the Agreement, or otherwise enforcing, or attempting to enforce, any provision of the Agreement, or owed by the Guarantor as a result of, or in connection with this Guaranty. Each Guarantor’s liabilities and obligations hereunder are primary and direct and are independent of Franchisee’s obligations, and separate actions may be brought and prosecuted against the Guarantor. This is a Guaranty of payment and performance and not of collection.

**3. CONSENT AND AGREEMENT.** Each Guarantor consents and agrees that:

3.1. his direct and immediate liability under this Guaranty will be joint and several;

- 3.2. he will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses, for any reason, punctually to do so;
- 3.3. such liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; and
- 3.4. such liability will not be diminished, relieved, or otherwise affected by an extension of time, credit, or other indulgences which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement and thereafter.
- 3.5. This Guaranty shall be binding on each Guarantor and his respective successors and assigns and shall inure to our benefit and the benefit of our successors and assigns. The Guarantor may not assign his obligations hereunder without our prior written consent.

The obligations of Franchisee and Guarantor, as described herein and in the Agreement, shall not be considered fully paid, performed, and discharged unless and until all payments by Franchisee to us are no longer subject to any right on the part of any person to set aside such payments or to seek to recoup the number of such payments. The foregoing shall include, by way of example and not by way of limitation, all rights to recover preferences voidable under Title 11 of the United States Code. If any such payments by Franchisee to us are set aside in whole or in part after being made or are settled without litigation, to the extent of such settlement, all of which is in our business judgment, the Guarantor shall be liable, jointly and severally for the full amount of our costs, interest, attorney's fees and any and all expenses which we pay or incur in connection therewith.

25. **WAIVERS.** Each Guarantor waives all rights to payments and claims for reimbursement or subrogation which any of the Guarantors may have against Franchisee arising as a result of the Guarantor's execution of and performance under this Guaranty.

**IN WITNESS WHEREOF**, each of the undersigned Guarantors has affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

Date

\_\_\_\_\_

Date

\_\_\_\_\_

\_\_\_\_\_

**APPENDIX D**

TO THE FRANCHISE AGREEMENT  
BETWEEN Furry Cuts! Petmobile International, LLC

---

AND

\_\_\_\_\_  
DATED \_\_\_\_\_, 20\_\_

**COMMUNICATIONS ASSIGNMENT.**

The undersigned Franchisee hereby nominates Furry Cuts! Petmobile International, LLC as Attorney-In-Fact to transfer all of Franchisee's rights, title, and interest in all telephone numbers, facsimile numbers, e-mail addresses, and Electronic Media to Furry Cuts! Petmobile International, LLC

This nomination is only effective where Franchisee is in default of the Franchise Agreement to which this Communications Assignment is attached, and the Franchisee has failed to cure such defaults under the terms of the Franchise Agreement or where the Term of the Franchise Agreement to which this Communication Assignment is attached has expired.

Franchisee:

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated:

As Individuals:

\_\_\_\_\_

Date:

\_\_\_\_\_

Date:

\_\_\_\_\_

Date:

**APPENDIX E**

TO THE FRANCHISE AGREEMENT  
BETWEEN Furry Cuts! Petmobile International, LLC

---

AND

\_\_\_\_\_  
DATED \_\_\_\_\_, 20\_\_\_\_

**ELECTRONIC FUNDS TRANSFER AUTHORIZATION.**

The undersigned depositor (“DEPOSITOR”) hereby: 1.) authorizes Furry Cuts! Petmobile International, LLC (“FURRY LAND”) to initiate debit entries and/or credit correction entries to the DEPOSITOR’s checking and/or savings account indicated below and 2.) authorizes the depository designated below (“DEPOSITORY”) to debit such accounts pursuant to FURRY LAND’s instructions.

\_\_\_\_\_  
DEPOSITORY

\_\_\_\_\_  
Branch

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip Code

\_\_\_\_\_  
Bank Transit/ABA Number

\_\_\_\_\_  
Account Number

This authority shall remain in full force and effect until DEPOSITORY has received joint written notification from FURRY LAND and DEPOSITOR of the DEPOSITOR’s termination of such authority in such time and in such manner as to afford DEPOSITORY a reasonable opportunity to act on it. Notwithstanding the foregoing, DEPOSITORY shall provide FURRY LAND and DEPOSITOR with thirty (30) days prior written notice of the termination of this authority. These rights are in addition to any rights DEPOSITOR may have under federal and state banking laws.

\_\_\_\_\_  
DEPOSITOR (Print Name)

\_\_\_\_\_  
DEPOSITORY (Print Name)

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**FURRY LAND®**

**California franchisees should not complete this statement. If any California franchisee completes this statement, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such statement.**

**EXHIBIT B  
FRANCHISEE DISCLOSURE QUESTIONNAIRE  
ADDENDUM TO  
FURRY LAND FRANCHISE AGREEMENT  
BETWEEN Furry Cuts! Petmobile International, LLC  
AND**

As you are aware, you are preparing to enter into a Franchise Agreement with Furry Cuts! Petmobile International, LLC (**Franchisor**) for the operation of a Furry Land franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading.

Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed our Franchise Agreement and each exhibit and schedule attached to it?

YES \_\_\_\_\_ NO \_\_\_\_\_

2. Have you received and personally reviewed the Disclosure Document we provided to you?

YES \_\_\_\_\_ NO \_\_\_\_\_

3. Have you discussed the benefits and risks of operating a Franchised Business with an attorney, accountant or other professional advisor?

YES \_\_\_\_\_ NO \_\_\_\_\_

4. Can you confirm that no employee or other person speaking on our behalf has made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business operated by us or our franchisees?

YES \_\_\_\_\_ NO \_\_\_\_\_

5. Can you confirm that no employee or other person speaking on our behalf made any statement or promise concerning the Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

YES \_\_\_\_\_ NO \_\_\_\_\_

6. Can you confirm that no employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business?

YES \_\_\_\_\_ NO \_\_\_\_\_

7. Can you confirm that no employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchised Business will generate?

YES \_\_\_\_\_ NO \_\_\_\_\_

8. Can you confirm that no employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

YES \_\_\_\_\_ NO \_\_\_\_\_

9. Can you confirm that no employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

YES \_\_\_\_\_ NO \_\_\_\_\_

10. Can you confirm that no employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Disclosure Document?

YES \_\_\_\_\_ NO \_\_\_\_\_

11. If you have answered "No" to any questions, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

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If you have answered "Yes" to all questions, please leave the lines blank.

You understand that your answers are important to us, and we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the

right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**FRANCHISEE**

\_\_\_\_\_  
**SIGNATURE**

\_\_\_\_\_  
**PRINT NAME**

\_\_\_\_\_  
**DATE**

**FURRY LAND®**

EXHIBIT B

TO THE FRANCHISE DISCLOSURE DOCUMENT  
FINANCIAL STATEMENTS

# **Furry Cuts! Petmobile International, LLC**

**(A Delaware Limited Liability Company)**

**Financial Statements with Report of Independent Auditors  
December 31, 2024 and December 31, 2023**

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Report of Independent Auditors

To the Members' of  
Furry Cuts! Petmobile International, LLC

*Opinion*

We have audited the accompanying financial statements of Furry Cuts! Petmobile International, LLC, a Delaware Limited Liability Company, which comprise the balance sheet as of December 31, 2024, and 2023, and the related statements of operations, changes in members' equity and cashflow for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and 2023, and the results of its operations and its cashflows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after April 22, 2025.

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*DA Advisory Group PLLC*

Troy, MI  
April 22, 2025

Furry Cuts! Petmobile International, LLC  
Balance Sheets  
As of December 31, 2024 and 2023

	2024	2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,094	\$ 2,999
Accounts receivable	237,158	285,670
Prepaid expenses	10,588	13,069
Current portion of prepaid broker commission	1,023,150	898,600
Total current assets	1,271,990	1,200,338
Fixed assets:		
Vehicles	-	98,905
Accumulated depreciation	-	(16,484)
Total fixed assets	-	82,421
Noncurrent assets:		
Due from related parties	1,571,014	657,828
Long-term prepaid broker commission	7,346,484	7,171,950
Reacquired franchise territory, net	448,762	-
Security deposits	-	9,874
Total other assets	9,366,260	7,839,652
Total noncurrent assets	9,366,260	7,922,073
Total assets	\$ 10,638,250	\$ 9,122,411
<b>LIABILITIES AND MEMBERS' DEFICIT</b>		
Current liabilities:		
Accounts payable	\$ 150,939	\$ 152,062
Accrued liabilities	48,046	58,894
Current portion of notes payable	315,000	498,405
Current portion of deferred revenue	1,314,700	1,122,000
Total current liabilities	1,828,685	1,831,361
Noncurrent liabilities:		
Long-term notes payable	391,343	429,271
Long-term deferred revenue	9,475,492	8,951,750
Total noncurrent liabilities	9,866,835	9,381,021
Total liabilities	11,695,520	11,212,382
Members' deficit		
Total members' deficit	(1,057,270)	(2,089,972)
Total liabilities and members' deficit	\$ 10,638,250	\$ 9,122,411

see accompanying notes

Furry Cuts! Petmobile International, LLC  
Statements of Operations  
For the years ended December 31, 2024 and 2023

	2024	2023
Operating revenues:		
Franchise related revenue		
Franchise income	\$ 1,277,850	\$ 953,775
Royalty	1,248,938	570,954
Call center income	1,076,921	833,379
Managed service fee	396,186	-
Marketing fee income	255,154	1,380,463
Other revenue	353,244	268,138
Total franchise related revenue	4,608,293	4,006,709
Payroll related costs	1,457,632	1,426,044
Broker commissions	1,006,958	761,650
Advertising and promotion	122,692	770,583
Call center expenses	80,587	712,611
Administrative expenses	1,407,551	591,629
Total operating expenses	4,075,420	4,262,517
Operating income (loss)	532,873	(255,808)
Other income (expense)		
Other expenses - adjustment of prior period	(40,253)	-
Gain on sale of asset	-	22,950
Interest expense	(3,393)	(41,633)
Gain (loss) on reacquisition	90,078	(707,372)
Gain on debt extinguishment	453,397	-
Net other income	499,829	(726,055)
Net income (loss)	\$ 1,032,702	\$ (981,863)

see accompanying notes

Furry Cuts! Petmobile International, LLC  
Statements of Members' Equity  
For the years ended December 31, 2024 and 2023

	<u>Total Equity</u>
BALANCE, DECEMBER 31, 2022	\$ (1,084,160)
Member contributions	-
Member distributions	-
Net loss	<u>(981,863)</u>
BALANCE, DECEMBER 31, 2023	<u>\$ (2,089,972)</u>
Member contributions	-
Member distributions	-
Net income	<u>1,032,702</u>
BALANCE, DECEMBER 31, 2024	<u>\$ (1,057,270)</u>

see accompanying notes

Furry Cuts! Petmobile International, LLC  
Statements of Cash Flows  
For the years ended December 31, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 1,032,702	\$ (981,863)
Adjustments for non cash expenses:		
Depreciation and amortization	4,410	36,786
Gain on sale of asset	-	(22,950)
Non cash expenses	40,253	-
Gain on debt extinguishment	(453,397)	-
Broker commissions	(299,084)	(3,746,684)
Deferred franchise fee revenue	716,442	3,984,867
Change in:		
Accounts receivable	48,512	(264,591)
Prepaid expenses	2,481	(13,069)
Accrued liabilities	(10,848)	58,894
Accounts payable	(1,123)	124,288
Net cash provided by (used in) operating activities	1,080,348	(824,322)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of fixed assets	-	(86,378)
Net cash used in investing activities	-	(86,378)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Notes payables	(221,333)	821,524
Loans to related parties	(860,920)	-
Net cash provided by (used in) financing activities	(1,082,253)	821,524
Net change in cash and cash equivalents	(1,905)	(89,176)
Cash and cash equivalents at beginning of year	2,999	92,175
Cash and cash equivalents at end of year	1,094	2,999
Total cash and cash equivalents	\$ 1,094	\$ 2,999

see accompanying notes

Furry Cuts! Petmobile International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Furry Cuts! Petmobile International, LLC (the “Company”) is organized as a Delaware limited liability company and began operating effective January 5, 2022. The Company owns and operates a business which develops, markets, services and sells services in connection with pet grooming; and shall offer and grant to franchisees and others to offer the services and to use the proprietary property of the Company in connection with the services. The Company does not operate any outlets.

Accounting Method

The accompanying financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as outlined by the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification.

Cash and Cash Equivalents

The company considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents. Total cash equivalents as of December 31, 2024, and December 31, 2023, were \$1,094 and \$2,999, respectively.

Concentration of credit risk

The Company’s principal financial instruments subject to potential concentration of credit risk are cash and cash equivalents. The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Company, from time to time, may have amounts on deposit in excess of the insured limits. As of December 31, 2024, and December 31, 2023, the Company’s has no uninsured cash balances.

Revenue Recognition

The Company applies Accounting Standards Codification ("ASC") Topic 606, Revenue from Contract with Customers ("Topic 606"). The Company derives its revenues majorly from franchise fees, royalty fees, marketing fund fees, and product income.

*Franchise fees and royalties*

Contract consideration from franchisees primarily consists of initial franchise fees and sales-based royalties. The initial franchise fees are nonrefundable and collected when the underlying franchise agreement is signed by the franchisee. Sales-based royalties are payable bi-weekly. Renewal and transfer fees are payable when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligations under the franchise agreement includes the granting of certain rights to access the Company's intellectual property, in addition a variety of activities relating to the opening of a franchise unit. Those activities would include site selection, training and other such activities commonly referred to collectively as "pre-opening activities".

Furry Cuts! Petmobile International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company applies FASB ASU No. 2021-02, Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) ("ASU 2021-02"). All pre-opening activities are determined to be highly interrelated to the use of the Company's intellectual property and difficult to differentiate with other future obligations. Therefore, these activities are accounted for as a single performance obligation which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. Royalties are earned based on a percentage of franchisee's gross revenues. Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

*Sales and Market Fee (Call Center Fee)*

Pursuant to various franchise agreements, franchisees are required to pay the Company, a sales and market fee of a certain amount per month for access to and use of certain technology, including the Sales & Marketing Center, support from the franchisor, and access to the local marketing library. These amounts are recognized in the current year.

*Other revenues*

The Company will recognize revenue from other fees and services provided to the franchisees as single performance obligation, when the services are rendered.

The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises which are amortized over the term of the franchise agreements.

Income Taxes

The Company, with the consent of its members, has elected to be a limited liability company for federal and state income tax purposes. Accordingly, in lieu of corporate income taxes, the members of a limited liability company are taxed on their proportionate share of the Company's taxable income or loss. Therefore, no provision or liability for federal or state income taxes has been provided for in these financial statements.

Management has evaluated the effect of the guidance provided in FASB ASC 740 on Accounting for Uncertainty in Income Taxes. Management has evaluated all tax positions that could have a significant effect on the financial statements and determined the Company had no uncertain income tax positions on December 31, 2024, and 2023.

Advertising Costs

Advertising and marketing expenses are expensed in the period during which costs are incurred. Advertising and marketing expenses totaled \$122,692 and \$770,583, respectively for the years ended December 31, 2024, and 2023.

Furry Cuts! Petmobile International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable represents royalties and other receivables from franchise locations not owned by the Company or related parties. Accounts receivable was \$237,158 and \$285,670 on December 31, 2024, and 2023, respectively. The Company evaluates the need for an allowance for losses on accounts receivable based on an analysis of historical bad debt experience, current receivable aging, and expected future write-offs, as well as an assessment of specific identifiable accounts considered at risk or uncollectable. Based on management analysis, there is no allowance for uncollectable accounts in the accompanying financial statements at December 31, 2024, and 2023. The expense associated with the allowance for doubtful accounts is recognized as general and administrative expense. Bad debt expense was \$38,034 and \$0 for the years ended December 31, 2024, and 2023, respectively.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, generally three to five years. Depreciation expense for the year ending December 31, 2024, and 2023 was \$3,297 and \$36,786 respectively. When depreciable assets are sold, retired, or disposed of, the related cost and accumulated depreciation is removed from the accounts, and any resulting gain or loss is included in other income or loss in the period incurred. Major additions and betterments are capitalized. Repairs, maintenance, and minor replacements that do not materially improve or extend the lives of the respective assets are charged to operating expenses as incurred.

Intangible Assets

The Company has recorded reacquired franchise rights as identifiable assets in accordance with ASC 805 (Business combinations). When the Company reacquires rights previously granted to franchisees through a business combination, these rights are recognized separately from goodwill at their acquisition date fair value, determined by using the initial franchise fee received. The Company will evaluate reacquired franchise rights for impairment annually, or more frequently if events or changes in circumstance indicate that the carrying value may not be recoverable, in accordance with ASC 350 (Intangibles – Goodwill and Other). These rights are amortized on a straight-line basis over the remaining term of original franchise agreement. During the years ended December 31, 2024, and 2023, total intangible assets were \$425,000 and \$0 respectively and total amortization expenses were \$13,738 and \$0 respectively.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires Company management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from such estimates and such differences could be material.

Leases

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Furry Cuts! Petmobile International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At the commencement or upon the modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on its relative stand-alone prices. However, for the leases of property the Company has elected to account for the leases and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost plus any initial direct costs incurred for making the asset ready for use.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The company has elected not to recognize right to use assets and lease liabilities for leases of low value assets and short-term leases (term of 12 months or less). The company recognizes the lease payments associated with these leases as an expense on straight line basis over the lease term.

The company has no leases that require recognition under this standard.

NOTE 2 – DEFERRED FRANCHISE COSTS

Deferred franchise costs comprise of unamortized commissions paid by the company on the sales of franchises. Under FASB ASC 606 and FASB ASC 340-40, the incremental costs of obtaining a contract with a customer are recognized as an asset if the entity expects to recover those costs.

Furry Cuts! Petmobile International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 2 – DEFERRED FRANCHISE COSTS (CONTINUED)

Beginning and ending balances for prepaid broker commission is reported as follows for the years ended December 31, 2024 and 2023, respectively.

	<u>2024</u>	<u>2023</u>
Prepaid broker commissions - beginning	\$ 8,070,550	\$ 3,737,200
Broker commission paid during year	1,624,000	5,095,000
Performance obligations satisfied	(1,006,958)	(761,650)
Reacquisitions adjustment	<u>(317,958)</u>	<u>-</u>
Prepaid broker commission - ending	<u>\$ 8,369,634</u>	<u>\$ 8,070,550</u>

The company expects to recognize prepaid commissions as expenses over the remaining term of the associated franchise agreements as follows:

Year ending December 31, 2024:

2025	\$ 1,023,150
2026	1,023,150
2027	1,023,150
2028	1,023,150
2029	1,023,150
Thereafter	<u>3,253,884</u>
Total	<u>\$ 8,369,634</u>

Year ending December 31, 2023:

2024	\$ 898,600
2025	898,600
2026	898,600
2027	898,600
2028	898,600
Thereafter	<u>3,577,550</u>
Total	<u>\$ 8,070,550</u>

NOTE 3 – DEFERRED REVENUE

Deferred revenue comprises of unamortized upfront fees received from franchisees. The company records these liabilities when cash payments are received or due in advance of the company's performance.

Beginning and ending balance for contract liabilities is reported as follow for the years ended December 31, 2024, and 2023, respectively:

Furry Cuts! Petmobile International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 3 – DEFERRED REVENUE (CONTINUED)

	<u>2024</u>	<u>2023</u>
Deferred revenue - beginning	\$ 10,073,750	\$ 4,704,525
Franchise fees	2,352,000	6,323,000
Franchise fees recognized	(1,277,850)	(953,775)
Reacquisition adjustment	<u>(357,708)</u>	<u>-</u>
Deferred revenues - ending	<u>\$ 10,790,192</u>	<u>\$ 10,073,750</u>

The company expects to recognize revenue from contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

Year ending December 31, 2024:

2025	\$ 1,314,700
2026	1,314,700
2027	1,314,700
2028	1,314,700
2029	1,314,700
Thereafter	<u>4,216,692</u>
Total	<u>\$ 10,790,192</u>

Year ending December 31, 2023:

2024	\$ 1,122,000
2025	1,122,000
2026	1,122,000
2027	1,122,000
2028	1,122,000
Thereafter	<u>4,463,750</u>
Total	<u>\$ 10,073,750</u>

NOTE 4 – RELATED PARTY TRANSACTIONS

There are multiple-related party transfers that take place between the parties that own the company as a part of their operations. As of December 31, 2024, and 2023, total ending net amount owed from other entities to the company was \$1,571,014 and \$657,828. Also, the entire payroll is paid by the parent entity and then flows through the Company. During the years ended December 31, 2024, and 2023, the total payroll expenses were \$1,457,632 and \$1,426,044 respectively. Also, during the year ended December 31, 2024, the Company incurred expenses totaling \$282,758 which were paid initially by affiliate entity and shown as intercompany adjustments in the income statement. They were later reimbursed to their respective entities.

Furry Cuts! Petmobile International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 5 – NOTES PAYABLE

Below is the summary of notes payable for the years ended December 31, 2024, and 2023:

	<u>2024</u>	<u>2023</u>
Note Payable to a third party dated October 7, 2024, with an original principal amount of \$420,000, bearing no interest and maturing in March 2026.	\$ 345,000	\$ -
Note Payable to a third party dated September 10, 2024 with an original principal amount of \$315,450, bearing no interest and maturing in August 2027.	309,672	-
Note Payable to a third party dated September 13, 2023 with an original principal amount of \$315,450, bearing no interest and maturing in September 2026.	51,671	356,483
Note Payable to a third party dated July 1, 2023 with an original principal amount of \$587,500, bearing interest rate at 10 percent per annum and maturing in March 2024.	-	498,405
Note Payable to a third party dated September 25, 2023 with an original principal amount of \$76,000 bearing interest rate of 8 percent per annum and maturing in November 2026.	-	72,788
	<hr/>	<hr/>
Total notes payable	706,343	927,676
Less : current portion	(315,000)	(498,405)
	<hr/>	<hr/>
Notes payable, net of current portion	<u>\$ 391,343</u>	<u>\$ 429,271</u>

During the year ending December 31, 2024, the Company extinguished 2 notes payables resulting in a gain of \$453,397. There were no extinguishments during 2023.

Furry Cuts! Petmobile International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 6 – REACQUISITION OF FRANCHISEE LOCATIONS

In 2024, the Company reacquired one franchise location. These reacquisitions resulted in the write off of deferred franchise revenue and costs. The store acquired was operational and resulted in a value addition for the Company due to which the agreements were recognized as an intangible asset. The value of intangible assets is determined based on the original franchise fee received at the time of initial agreement. The total value of intangible assets was \$462,500.

In 2023, the Company reacquired three franchise locations. These locations had no continuing value due to which no intangible asset was recognized and only resulted in the write off of previously deferred franchise revenue and costs.

Due to these reacquisitions, the Company also incurred losses and gains. During the year ended December 31, 2024, total recognized gains were \$0. Also, during the year ended December 31, 2023, total recognized losses were \$707,372.

NOTE 7 – OTHER INTANGIBLES ASSETS

Below is the summary of other intangibles related to reacquired franchisees as of December 31, 2024:

	<u>Other intangibles</u>
Balance at December 31, 2023:	\$ -
Additions during 2024	462,500
Less: Accumulated amortization	<u>(13,738)</u>
Balance at December 31, 2024	<u>\$ 448,762</u>

Amortization expense was \$13,738 for the year ended December 31, 2024. Estimated future amortization expense of goodwill and other intangibles as of December 31, 2024, is as follows:

Years ending December 31:	<u>Other intangibles</u>
2025	\$ 54,950
2026	54,950
2027	54,950
2028	54,950
2029	54,950
Thereafter	<u>174,012</u>
Total future amortization expense	<u>\$ 448,762</u>

NOTE 8 – COMMITMENTS

The company has commitments to its franchisees as detailed in their franchise agreements.

Furry Cuts! Petmobile International, LLC  
Notes to the Financial Statements  
For the Years Ended December 31, 2024, and December 31, 2023

NOTE 9 – SUBSEQUENT EVENTS

The Company evaluated subsequent events through April 22, 2025, when these financial statements were available to be issued and determined there are no subsequent events that require.

**FURRY CUTS! PETMOBILE INTERNATIONAL, LLC  
LIVONIA, MICHIGAN**

**FINANCIAL STATEMENTS  
FOR THE PERIOD  
JANUARY 5, 2022 (Date of Inception)  
THROUGH DECEMBER 31, 2022**

# FURRY CUTS! PETMOBILE INTERNATIONAL, LLC

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Rochester

1214 N. Main Street  
Rochester, MI 48307  
248.601.9500 ~ 248.601.9501  
fax  
www.mkgpc.com

Mattina, Kent & Gibbons, P.C.



Certified Public Accountants

Lapeer

951 S. Main Street, Suite 3  
Lapeer, MI 48446  
810.664.4470 ~ 810.664.3601  
fax  
www.mkgpc.com

INDEPENDENT AUDITOR'S REPORT

To the Members of  
Furry Cuts! Petmobile International, LLC  
19500 Victor Parkway, Suite 400  
Livonia, MI 48152

**Opinion**

We have audited the accompanying financial statements of Furry Cuts! Petmobile International, LLC (a Delaware Limited Liability Company), which comprise the balance sheet as of December 31, 2022, and the related statements of income (loss) and changes in members' equity, and cash flows for the period January 5, 2022 (date of inception) through December 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements presents fairly, in all material respects the financial position of Furry Cuts! Petmobile International, LLC as of December 31, 2022, and the results of its operations and its cash flows for the period January 5, 2022 (date of inception) through December 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Furry Cuts! Petmobile International, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Furry Cuts! Petmobile International, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Furry Cuts! Petmobile International, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Furry Cuts! Petmobile International, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of franchising-related and administrative expenses on page 12 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Mattina, Kent & Gibbons, P.C.*

**Mattina, Kent & Gibbons, P.C.**

Certified Public Accountants

Lapeer, Michigan

June 27, 2023

## **FINANCIAL STATEMENTS**

**FURRY CUTS! PETMOBILE INTERNATIONAL, LLC**  
**BALANCE SHEET**  
**DECEMBER 31, 2022**

ASSETS

CURRENT ASSETS

Cash	\$ 92,175
Accounts Receivable - Trade	21,079
Prepaid Broker Commissions, Current	<u>457,100</u>

TOTAL CURRENT ASSETS 570,354

PROPERTY, PLANT AND EQUIPMENT

Computer Equipment	11,759
Furniture and Fixtures	<u>768</u>
	12,527
Less: Accumulated Depreciation	<u>(615)</u>

TOTAL PROPERTY, PLANT AND EQUIPMENT 11,912

OTHER ASSETS

Receivables - Related Parties	68,344
Prepaid Broker Commissions, Non-current	<u>3,866,766</u>

TOTAL OTHER ASSETS 3,935,110

TOTAL ASSETS \$ 4,517,376

See Accompanying Notes and Independent Auditor's Report.

**FURRY CUTS! PETMOBILE INTERNATIONAL, LLC**  
**BALANCE SHEET**  
**DECEMBER 31, 2022**

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES	
Accounts Payable - Trade	\$ 27,774
Contract Liabilities, Current	578,200
	<hr/>
TOTAL CURRENT LIABILITIES	605,974
LONG-TERM LIABILITIES	
Contract Liabilities, Net of Current Portion	4,889,408
Member's Loan Payable	2,000
	<hr/>
TOTAL LONG-TERM LIABILITIES	4,891,408
OTHER LIABILITIES	
Payables - Related Parties	104,153
	<hr/>
TOTAL OTHER LIABILITIES	104,153
TOTAL LIABILITIES	5,601,535
MEMBERS' EQUITY/(DEFICIT)	<hr/> (1,084,159)
TOTAL LIABILITIES AND MEMBERS' EQUITY	<hr/> <hr/> \$ 4,517,376

See Accompanying Notes and Independent Auditor's Report.

**FURRY CUTS! PETMOBILE INTERNATIONAL, LLC**  
**STATEMENTS OF INCOME (LOSS) AND CHANGES IN MEMBERS' EQUITY**  
**FOR THE PERIOD FROM JANUARY 5, 2022 (Date of Inception) THROUGH DECEMBER 31, 2022**

**INCOME/(LOSS) FROM  
FRANCHISING OPERATIONS**

Franchise Related Revenue	
Royalties	\$ 39,280
Call Center Fees	92,500
Marketing Fees	138,133
Franchise Fees	314,392
Total Franchise Related Revenues	584,305
Less: Franchising-Related Expenses	1,022,466

**NET INCOME/(LOSS) FROM OPERATIONS  
AND FRANCHISING ACTIVITIES  
BEFORE ADMINISTRATIVE EXPENSES**

(438,161)

Administrative Expenses	647,104
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**NET ORDINARY INCOME/(LOSS)** (1,085,265)

**OTHER INCOME/(EXPENSES)**

Miscellaneous Income	1,106
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**NET OTHER INCOME/(EXPENSES)** 1,106

**NET INCOME/(LOSS)** (1,084,159)

**MEMBERS' EQUITY/(DEFICIT) - BEGINNING** -

**MEMBERS' EQUITY/(DEFICIT) - ENDING** \$ (1,084,159)

See Accompanying Notes and Independent Auditor's Report.

**FURRY CUTS! PETMOBILE INTERNATIONAL, LLC**

**STATEMENT OF CASH FLOWS**

**FOR THE PERIOD FROM JANUARY 5, 2022 (Date of Inception) THROUGH DECEMBER 31, 2022**

<b>NET INCOME/(LOSS)</b>	\$ (1,084,159)
Adjustments for items not affecting cash flows:	
Depreciation Expense	615
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
(Increase)/Decrease in:	
Accounts Receivable - Trade	(21,079)
Prepaid Broker Commissions	(4,323,866)
Receivables - Related Parties	(68,344)
Increase/(Decrease) in:	
Accounts and Credit Cards Payable	27,774
Contract Liabilities	5,467,608
Payables - Related Parties	<u>104,153</u>
<b>NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	102,702
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Property, Plant and Equipment	<u>(12,527)</u>
<b>NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES</b>	(12,527)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from Long-term Notes Payable - Members	50,000
(Payments) to Long-term Notes Payable - Members	<u>(48,000)</u>
<b>NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES</b>	<u>2,000</u>
<b>NET CHANGE IN CASH AND EQUIVALENTS</b>	92,175
<b>CASH AT BEGINNING OF PERIOD</b>	<u>-</u>
<b>CASH AT END OF PERIOD</b>	<u><u>\$ 92,175</u></u>

See Accompanying Notes and Independent Auditor's Report.

## **NOTES TO FINANCIAL STATEMENT**

**FURRY CUTS! PETMOBILE INTERNATIONAL LLC**  
**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business and Method of Accounting

Furry Cuts! Petmobile International, LLC (the Company) is organized as a Delaware limited liability company and began operating effective January 5, 2022. The Company owns and operates a business which develops, markets, services and sell services in connection with pet grooming; and shall offer and grant to franchisees and others to offer the services and to use the proprietary property of the Company in connection with the services. The Company does not operate any outlets. The Company has 16 open and 17 unopened franchised locations within the United States of America as of December 31, 2022.

Accounting Method

The accompanying financial statement has been prepared on the accrual method of accounting.

Cash and Equivalents

The Company considers all highly liquid investments purchased with original maturities of ninety days or less to be cash equivalents. The Company maintains its cash in bank deposit accounts which, from time to time throughout the year, may exceed amounts insured by the Federal Deposit Insurance Corporation.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606) (codified as ASC 606), which, along with subsequent amendments issued after May 2014, replaced substantially all the relevant U.S. GAAP revenue recognition guidance. ASC 606, as amended, is based on the principle that revenue is recognized to depict the contractual transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services utilizing a new five-step revenue recognition model, the steps include (i) identify the contract(s) with a customer; (ii) identify the performance obligations (promise to provide a distinct good or service, or a series of distinct goods or services ) in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfied a performance obligation.

The company has determined the following in respect to the above five step model.

The company has determined that the franchise agreements entered by the company with the franchisees meet the definition of a contract as defined under Topic 606, and hence ASC 606 needs to be incorporated in the financial statement.

Included within the franchise agreement are the following bundle of promises that the company accounted for as a single distinct performance obligation under the License to the Franchisor’s Intellectual Property.

- Franchise license
- Advertising and marketing services
- Use of centralized concierge center
- Ongoing operational support

**FURRY CUTS! PETMOBILE INTERNATIONAL LLC**  
**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The transaction price includes the initial franchise fee (as defined in the franchise agreement), weekly/monthly royalty (as defined in the franchise agreement) of the franchisee's sales for the term of the agreement, and weekly/monthly franchise operations fee (as defined in the franchise agreement) of the franchisee's sales for the term of the agreement. The Company determined that the franchise license is the predominant item in the arrangement. Therefore, the guidance for a sales-based or usage-based royalty in FASB ASC 606-10-55-65 applies. The weekly/monthly royalty and weekly/monthly franchise operations fees (variable consideration) are not estimated and are not included in the transaction price at contract inception until sales occur. The weekly/monthly fees will be allocated to appropriate performance obligations as the sales occur.

The transaction price is allocated to the performance obligation (License to Franchisor's IP) as follows:

- Initial Franchise Fee – The Company determines that the initial franchise fee (as defined in the franchise agreement) relates to the pre-opening services and the franchise license, which are bundled together in one performance obligation
- Sales-Based Fees: Royalty and Franchise Operations – The Company concludes that the sales-based fees should be allocated entirely to the franchise license because the variable consideration relates entirely to the Company's promise to grant the franchise license. The sales-based fees are allocated to the franchise license bundle performance obligation as the sales occur.

The franchise license provides the franchisee customer with a right to access the franchisor's IP. The Company should account for a promise to provide a customer with a right to access the Company's IP as a performance obligation satisfied over time because the customer simultaneously will receive and consume the benefit from the Company's performance of providing access to its IP as the performance occurs. The franchisor recognizes the fixed consideration (initial franchise fee) allocable to the franchise license bundle performance obligation over the period of time that the franchisee customer has access to the IP, which would be 5 to 10 years (as agreed to in the franchise agreement). The Company will use time as its measure of progress and will recognize the initial franchise fee on a straight-line basis.

Initial Franchise Fee

The Company grants Furry Cuts! Petmobile Franchises to approved Franchisees. The Franchise includes the license to use the brand, initial and ongoing training, access to branded websites and marketing materials, use of proprietary client and employee scheduling software, established business processes and procedures, ongoing business consultation and support, and a protected Target Area territory, among other features and benefits. A military discount is available when applicable.

Royalty Income

Pursuant to various franchise agreements, franchisees are required to pay the Company royalties based on a percentage of gross sales, as defined in the individual agreements. These amounts are recognized in the current year as they pertain to current year percent of sales. The ongoing royalty fee is 6% of sales.

**FURRY CUTS! PETMOBILE INTERNATIONAL LLC**  
**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Sales and Market Fee (Call Center Fee)

Pursuant to various franchise agreements, franchisees are required to pay the Company a sales and market fee of \$2,000 per month for access to and use of certain technology, including the Sales & Marketing Center, support from the franchisor, and access to the local marketing library. These amounts are recognized in the current year.

Income Taxes

The Company, with consent of its members, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statement.

The Company evaluates all significant tax positions as required by generally accepted accounting principles in the United States. The Company's income tax returns are subject to examination by the appropriate tax jurisdictions. As of December 31, 2022, the Company's federal and various state tax returns generally remain open for the last three years.

Advertising Costs

The Company follows a policy of charging the costs of advertising to expense as incurred.

Accounts Receivable

Accounts receivable are uncollateralized franchisee obligations due under normal trade terms.

The Company considers accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they are charged to operations when that determination is made.

Depreciation and Amortization

Depreciation and amortization are computed using the Modified Accelerated Cost Recovery System for financial statement reporting purposes over estimated useful lives ranging from 5 to 39 years. Maintenance and repairs are expenses as incurred. Depreciation expense for the period ending December 31, 2022 was \$615.

Use of Estimates

These financial statements have been prepared in conformity with account principles generally accepted in the United States of America. Management is required to make certain estimates and assumptions that affect amounts reported in the financial statements. Actual results may differ from these estimates.

**FURRY CUTS! PETMOBILE INTERNATIONAL LLC**  
**NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement or upon the modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected to account for the leases and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost plus any initial direct costs incurred for making the asset ready for use.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined the Company's incremental borrowing rate. Generally the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (term of 12 months or less). The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company has no leases that require recognition under this standard.

Date Of Management's Review

Management has evaluated subsequent events through June 27, 2023, the date on which the financial statement were available to be issued, and found no significant events requiring disclosure.

**FURRY CUTS! PETMOBILE INTERNATIONAL LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially subject the Company to a concentration of credit risk consist of cash held in banks. The Company invests available cash in banks with high credit ratings and generally maintains cash balances within FDIC limits, however from time to time this limit may be exceeded. As of December 31, 2022 there were no amount in excess of this limit.

**NOTE 3 – PREPAID BROKER COMMISSIONS**

Prepaid broker commissions are comprised of unamortized commissions paid by the Company on the sales of franchises. Under FASB ASC 606 and FASB ASC 340-40, the incremental costs of obtaining a contract with a customer are recognized as an asset if the entity expects to recover those costs.

Beginning and ending balances for prepaid broker commissions is reported as follows for the year ended December 31,

	2022
Prepaid broker commissions, Beginning	\$ -
Broker commissions paid during year	4,571,000
Performance obligations satisfied	(247,134)
Prepaid broker commissions, Ending	\$ 4,323,866

The Company expects to recognize prepaid commissions as expense over the remaining term of the associated franchise agreements as follows:

Year Ended December 31	
2023	\$ 457,100
2024	457,100
2025	457,100
2026	457,100
2027	457,100
Thereafter	2,038,366
	\$ 4,323,866

**NOTE 4 – CONTRACT LIABILITIES**

Contract liabilities are comprised of unamortized upfront fees received from franchisees. The Company records these liabilities when cash payments are received or due in advance of the Company's performance.

**FURRY CUTS! PETMOBILE INTERNATIONAL LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – CONTRACT LIABILITIES (Continued)**

Beginning and ending balances for contract liabilities is report as follows for the year ended December 31:

	<u>2022</u>
Contract liabilities, Beginning	\$ -
Advance payments received	5,782,000
Performance obligations satisfied	<u>(314,392)</u>
Contract liabilities, Ending	<u>\$ 5,467,608</u>

The Company expects to recognize revenue from contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

<u>Year Ended December 31</u>	
2023	\$ 578,200
2024	578,200
2025	578,200
2026	578,200
2027	578,200
Thereafter	<u>2,576,608</u>
	<u>\$ 5,467,608</u>

**NOTE 5 – RELATED PARTY TRANSACTIONS**

The Company has a loan payable to Greg Longe (CEO and 100% owner of Longe Mobile Grooming, LLC, which owns 62.5% of the Company). On January 5, 2022, Greg Longe loaned the Company \$50,000, which was represented by a short-term note payable that was due and payable on April 4, 2022, the note was non-interest bearing and did not require interest or principal payments. Additionally, Greg loaned Company an additional \$4,500 on various dates throughout the year. The original is considered paid in full. The balance of the member’s loan payable due to Greg as of December 31, 2022 was \$2,000. This loan has no repayment terms.

The Company has received advanced funds from Fetch! Pet Care, Inc. (“FPC”). FPC is related by common ownership. Greg Longe, managing member of the Company, also owns a controlling interest in FPC. There are no set repayment terms on this advance. The balance owed to FPC by the Company as of December 31, 2022 was \$103,303 and is recorded on these financial statements as Payables – Related Parties on the balance sheet.

The Company has received advanced funds from Managed Services Furry Cuts, LLC (“MSFC”). MSFC is related by common ownership. It is owned and operated by all of same members as the Company, with the same ownership percentages. There are no set repayment terms on this advance. The balance owed to FPC by the Company as of December 31, 2022 was \$850 and is recorded on these financial statements as Payables – Related Parties on the balance sheet.

**FURRY CUTS! PETMOBILE INTERNATIONAL LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – RELATED PARTY TRANSACTIONS (Continued)**

The Company has advanced funds to Phoenix Franchise Brands, LLC (“PFB”). PFB is related by common ownership. Greg Longe, managing member of the Company, also owns a controlling interest in PFB. There are no set repayment terms on this advance. The balance owed from PFB to the Company as of December 31, 2022 was \$58,744 and is recorded on these financial statements as Receivables – Related Parties on the balance sheet.

The Company has advanced funds to Spray Foam Genie International, LLC (“SFG”). SFG is related by common ownership. Greg Longe, managing member of the Company, also owns a controlling interest in PFB. There are no set repayment terms on this advance. The balance owed from SFG to the Company as of December 31, 2022 was \$9,600 and is recorded on these financial statements as Receivables – Related Parties on the balance sheet.

The Company has a rent agreement with Fetch! Pet Care, Inc. (“FPC”). FPC is related by common ownership. Greg Longe, managing member of the Company, also owns a controlling interest in FPC. The agreement is month-to-month and calls for a payment of \$3,000 per month. Rent paid FPC under this agreement for the period ending December 31, 2022 was \$36,000.

**Note 6 – NEW ACCOUNTING PRONOUNCEMENTS**

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), which among other things, requires the recognition of right-of-use lease assets and lease liabilities on the balance sheet of lessees for operating leases, along with the disclosure of key information about leasing arrangements. A lessee is required to record lease assets and lease liabilities for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for based on prior guidance. The Company adopted this standard during the year ending December 31, 2022.

**SUPPLEMENTARY INFORMATION**

**FURRY CUTS! PETMOBILE INTERNATIONAL, LLC**  
**SCHEDULES OF FRANCHISING-RELATED AND ADMINISTRATIVE EXPENSES**  
**FOR THE PERIOD FROM JANUARY 5, 2022 (Date of Inception) THROUGH DECEMBER 31, 2022**

**Franchising-Related Expenses**

Advertising and Marketing	\$ 356,460
Broker Commissions	247,133
Call Center Fees	71,522
Consulting Fees	55,249
Dues and Subscriptions	111,244
Meals and Entertainment	82,845
Recruiting, Training and Education	4,162
Travel Expenses	93,851

**Total Franchising-Related Expenses** \$ 1,022,466

**Administrative Expenses**

Bank Service Fees	\$ 817
Business Licenses and Permits	1,250
Computer and Internet	2,727
Depreciation	615
Leased Employee Expenses	364,511
Legal Fees	13,149
Management Fees	77,202
Miscellaneous	265
Office Rent	36,000
Office Supplies	99,545
Other Professional Fees	51,023

**Total Administrative Expenses** \$ 647,104

See Accompanying Notes and Independent Auditor's Report.

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**

# **Furry Cuts! Petmobile International Internal Financial Statements**

**For the period January 1, 2025 – March 31, 2025**

**FURRY CUTS! PETMOBILE INTERNATIONAL, LLC.**  
**BALANCE SHEET**

*March 31, 2025*

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**ASSETS**

Current Assets:

Cash	\$	5,643
Accounts receivable		490,171
Prepaid Expense		<u>1,367</u>
Total Current Assets		<u>497,181</u>

Other Assets:

Reacquired franchise territory		422,338
Related party receivables		5,893,996
Prepaid broker commissions		<u>7,491,996</u>
Total Other Assets		<u>13,808,331</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>14,305,511</u></b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current Liabilities:

Accounts payable	\$	233,880
Other current liabilities		<u>33,318</u>
Total Current Liabilities		<u>267,198</u>

Other Liabilities:

Long-term debt		595,672
Related party payables		4,182,229
Deferred franchise fees		<u>10,788,405</u>
Total Other Liabilities		<u>15,566,306</u>
Total Liabilities		<u>15,833,504</u>

Stockholders' Equity:

Retained earnings		<u>(1,527,992)</u>
Total Stockholders' Equity		<u>(1,527,992)</u>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$</b>	<b><u>14,305,511</u></b>

**FURRY CUTS! PETMOBILE INTERNATIONAL, LLC**  
**INCOME STATEMENT**

*FISCAL PERIOD JANUARY 1, 2025 - MARCH 31, 2025*

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**Income (Loss) From Franchise Operation:**

Franchising Revenue	
Royalty Income	\$ 366,469
Franchise fee recognition	313,200
Call center income	397,600
Marketing Fee	43,825
Franchise support revenue	4,492
Managed service income	96,114
Technology & Software revenue	73,079
Other revenue	20,000
<b>Net Income (Loss) from Operations</b>	<u>1,314,778</u>
Administrative Expenses	<u>933,048</u>
<b>Net Ordinary Income (Loss)</b>	<u>381,730</u>

**Other Income (Expense):**

Other income	75,323
Interest expense	<u>(7,025)</u>
<b>Total Other Income (Expense)</b>	<u>68,297</u>
<b>Net Income (Loss)</b>	<u><u>\$ 450,028</u></u>

**FURRY LAND®**

EXHIBIT C  
TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES AND  
LIST OF STATE AGENTS FOR SERVICE OF PROCESS

## LIST OF STATE AGENCIES

### ***California***

Department to Department of  
Financial Protection and  
Innovation 320 West 4<sup>th</sup> Street  
Los Angeles, CA 90013 866-  
275-2677

### ***Connecticut***

CT Dept. of Banking  
Securities & Business  
Investments Division 260  
Constitution Plaza Hartford,  
Connecticut 06103 860-  
240-8230

### ***Florida***

Florida Department of  
Agriculture & Consumer  
Services  
Division of Consumer  
Services  
2005 Apalachee Parkway  
Tallahassee, FL 32399-6500  
850-410-3807

### ***Hawaii***

Business Registration  
Division  
Securities Compliance  
Dept. of Commerce &  
Consumer Affairs 335  
Merchant Street  
Honolulu, Hawaii 96813  
808-548-2021

### ***Illinois***

Illinois Office of the  
Attorney General 500  
South Second Street  
Springfield, IL 62706  
217-782-1090

### ***Indiana***

Franchise Section  
Indiana Securities Division  
Secretary of State  
Room E-111  
302 West Washington Street,  
Indianapolis, Indiana 46204  
317-232-6681

### ***Kentucky***

Kentucky Attorney General  
700 Capitol Avenue  
Frankfort, Kentucky 40601-  
3449  
502-696-5300

### ***Maine***

Bureau of Banking  
Securities Division  
121 State House Station  
Augusta, Maine 04333  
207-624-8551

### ***Maryland***

Office of the Attorney  
General  
Securities Division  
200 Saint Paul Place  
Baltimore, MD 21202  
410-576-6360

### ***Michigan***

Michigan Dept. of Attorney  
General  
Consumer Protection Div.  
Antitrust & Franchise Unit  
670 Law Building  
Lansing, Michigan 48913  
517-373-1110

### ***Minnesota***

Minnesota Dept. of  
Commerce  
85 7<sup>th</sup> Place East, Suite 280  
Saint Paul, Minnesota 55101  
651-539-1638

### ***Nebraska***

Nebraska Department of  
Banking and Finance  
1200 N Street – Suite 311  
Post Office Box 95006  
Lincoln, Nebraska 68509  
402-471-3445

### ***New York***

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, NY 10005 212-  
416-8236

### ***North Carolina***

Secretary of State  
Legislative Office Building  
2 South Salisbury Street  
Raleigh, NC 27601-2903  
919-807-2000

### ***North Dakota***

North Dakota Office of  
Securities Commission  
600 East Boulevard  
Bismarck, North Dakota  
58505  
701-328-2910

## LIST OF STATE AGENCIES

### ***Rhode Island***

Securities Division  
1511 Pontiac Avenue  
John Pastore Complex-69-1  
Cranston, Rhode Island  
02920-4407  
(401) 462-9527

### ***South Carolina***

Secretary of State  
1205 Pendleton Street  
Suite 525  
Columbia, SC 29201  
803-734-1087

### ***South Dakota***

South Dakota Division of  
Securities  
124 S. Euclid Avenue  
Pierre, SD 57501-3185  
605-773-3563

### ***Texas***

Secretary of State  
Statutory Document Section  
1719 Brazos  
Austin, Texas 78701  
512-475-1769

### ***Utah***

Department of Commerce  
Division of Consumer  
Protection  
160 East 300 South  
Post Office Box 45804  
Salt Lake City, Utah  
84145-0804  
801-530-6601

### ***Virginia***

State Corporation  
Commission  
Division of Securities and  
Retail Franchising  
1300 East Main Street  
Richmond, Virginia 23219  
804-371-9051

### ***Washington***

Washington Department of  
Financial Institutions  
Securities Division  
PO Box 9033  
Olympia, Washington 98507-  
9033  
360-902-8760

### ***Wisconsin***

Wisconsin Department  
Financial Institutions 201  
West Washington Ave.  
Post Office Box 1768  
Madison, Wisconsin 53703  
608-261-9555

## LIST OF STATE AGENTS FOR SERVICE OF PROCESS

### ***California***

California Commissioner of  
Financial Protection and  
Innovation 320 West 4<sup>th</sup> Street  
Los Angeles, California  
90013  
213-576-7500

### ***Connecticut***

Commissioner of Department  
of Banking  
Securities & Business  
Investments Division 260  
Constitution Plaza Hartford,  
Connecticut 06103 860-  
240-8230

### ***Florida***

Florida Department of  
Agriculture & Consumer  
Services  
Division of Consumer  
Services  
2005 Apalachee Parkway  
Tallahassee, FL 32399-6500  
850-410-3807

### ***Hawaii***

Director, Dept. of  
Commerce & Consumer  
Affairs 1010 Richards Street  
Honolulu, Hawaii 96813  
808-586-2727

### ***Illinois***

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706  
217-782-1090

### ***Indiana***

Indiana Secretary of State  
Room E-111  
201 State House  
200 W. Washington Street  
Indianapolis, Indiana 46204  
317-232-6531

### ***Kentucky***

Kentucky Attorney General  
700 Capitol Avenue  
Frankfort, Kentucky 40601-  
3449  
502-696-5300

### ***Maine***

Bureau of Banking  
Securities Division 121  
State House Station  
Augusta, Maine 04333  
207-624-8551

### ***Maryland***

Maryland Securities  
Commissioner  
Securities Division  
200 Saint Paul Place  
Baltimore, MD 21202-2020  
410-576-6360

### ***Michigan***

Michigan Dept. of Commerce,  
Corporations and Securities  
Bureau  
6546 Mercantile Way  
Lansing, Michigan 48910  
517-373-1110

### ***Minnesota***

Minnesota Commissioner of  
Commerce  
85 7<sup>th</sup> Place East, Suite 280  
Saint Paul, Minnesota 55101  
651-539-1638

### ***Nebraska***

Nebraska Department of  
Banking and Finance  
1200 N Street – Suite 311  
Post Office Box 95006  
Lincoln, Nebraska 68509  
402-471-3445

### ***New York***

Secretary of State of New  
York  
99 Washington Avenue  
Albany, New York 12231  
518-474-4750

### ***North Carolina***

Secretary of State  
Legislative Office Building  
2 South Salisbury Street  
Raleigh, NC 27601-2903  
919-807-2000

### ***North Dakota***

North Dakota Office of  
Securities Commission  
600 East Boulevard  
Bismarck, North Dakota  
58505  
701-328-2910

## LIST OF STATE AGENTS FOR SERVICE OF PROCESS

### ***Rhode Island***

Director RI Department of  
Business Regulation  
1511 Pontiac  
Avenue  
John Pastore Complex-69-1  
Cranston, Rhode Island  
02920-4407  
(401) 462-9527

### ***South Carolina***

Secretary of State  
1205 Pendleton Street  
Suite 525  
Columbia, SC 29201  
803-734-1087

### ***South Dakota***

Director of South Dakota  
Division of Securities  
124 S. Euclid Avenue  
Pierre, SD 57501-3185  
605-773-3563

### ***Texas***

Secretary of State  
Statutory Document Section  
1719 Brazos  
Austin, Texas 78701  
512-475-1769

### ***Utah***

Department of Commerce  
Division of Consumer  
Protection  
160 East 300 South  
Post Office Box 45804  
Salt Lake City, Utah  
84145-0804  
801-530-6601

### ***Virginia***

Clerk, State Corporation  
Commission  
1300 East Main Street  
Richmond, Virginia 23219  
804-371-9733

### ***Washington***

Director, Department of  
Financial Institutions  
Securities Division 150  
Israel Rd SW  
Tumwater WA 98501  
360-902-8760

### ***Wisconsin***

Wisconsin Department  
Financial Institutions 201  
West Washington Ave.  
Post Office Box 1768  
Madison, Wisconsin 53703  
608-261-9555

**FURRY LAND®**

EXHIBIT D  
TO THE FRANCHISE DISCLOSURE DOCUMENT  
COPY OF CURRENT FORM OF GENERAL RELEASE

## RELEASE OF CLAIMS

### THIS IS A CURRENT FORM THAT IS SUBJECT TO CHANGE OVER TIME.

For and in consideration of the Agreements and covenants described below, Furry Cuts! Petmobile International, LLC (“FURRY LAND”) and (“Franchisee”) enter into this Release of Claims (“Agreement”).

### RECITALS

A. \_\_\_\_\_  
FURRY LAND and Franchisee entered into a FURRY LAND Franchise Agreement dated \_\_\_\_ .

B. [NOTE: Describe the circumstances relating to the release.]

C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, FURRY LAND and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

### AGREEMENTS

1. **Consideration.** [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. \_\_\_\_\_

**Release of Claims by FURRY LAND.** In consideration of, and only upon full payment of \$ to FURRY

LAND, and the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, FURRY LAND, for itself and for each of its affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of its past and present directors, officers, employees, attorneys, agents, assigns and representatives does hereby release and forever discharge Franchisee and each of his heirs, executors, successors, and assigns of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney’s fees), complaints, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, disclosed or undisclosed, related to the Franchise Agreement. This release does not release Franchisee from any obligations he may have under this Agreement.

5. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for himself and for each of his heirs, executors, administrators, insurers, attorneys, agents, representatives, successors, and assigns, does hereby release and forever discharge FURRY LAND and each of its respective affiliated corporations, subsidiaries, divisions, insurers, indemnitors, attorneys, successors, and assigns, together with all of their past and present directors, officers, employees, attorneys, agents, assigns and representatives in their capacities as such, of and from any and all actions, suits, proceedings, claims (including, but not limited to, claims for attorney’s fees), complaints, charges, judgments, executions, whether liquidated or unliquidated, known or unknown, asserted or unasserted, absolute or contingent, accrued or not accrued, related to the Franchise Agreement.

6. **Reservation of Claims Against Non-Settling Parties.** FURRY LAND and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

**7. Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations, and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

**8. Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

**9. Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the State of Delaware

**10. Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative, and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

Furry Cuts! Petmobile International, LLC

By: \_\_\_\_\_  
Name Printed:  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

[FRANCHISE OWNER]

By: \_\_\_\_\_  
Name Printed:  
Title: \_\_\_\_\_  
Dated: \_\_\_\_\_

**FURRY LAND®**

EXHIBIT E  
TO THE FRANCHISE DISCLOSURE DOCUMENT  
OPERATING MANUAL TABLE OF CONTENTS

## **Franchise Operating Manual**

## Franchise Operating Manual 1

Introduction 6

General Information 6

Welcome & Open Door Policy 6

Company Incorporation 6

Setting Up Your EIN 6

Setting Up Your Business License 6

Setting Up Animal Handler Permits 6

Setting Up Your Compliance Calendar 6

Setting Up, Funding and Using Bank Account 6

Ordering Deposit Cards 7

Getting Gas Cards 7

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**FURRY LAND®**

EXHIBIT F  
TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Market	State	Franchisee Name	Address	Email	Telephone
<b>ALABAMA (1)</b>					
Huntsville-Decatur	AL	Jeffrey Yoder	1904 Whiteoaks Dr. Alexandria, VA 22306	<a href="mailto:Jeff.yoder@furryland.us">Jeff.yoder@furryland.us</a>	703-855-5666
<b>ARKANSAS (2)</b>					
Fayetteville (NWA)	AR	Diane & Vernon Tappana	10768 Hwy. 72 W Bentonville, AR 72712	<a href="mailto:diane.tappana@furryland.us">diane.tappana@furryland.us</a>	479-531-6209
Little Rock	AR	Jon & Tiffany Williams	973 Cinnabar Dr. Castle Rock, CO 80108	<a href="mailto:Williams@furryland.us">Williams@furryland.us</a>	213-543-6427
<b>ARIZONA (2)</b>					
Tuscon/Phoenix*	AZ	Adam Orlandella	11243 Huckleberry Pl. Bend, OR 97702	<a href="mailto:Adam.orlandella@furryland.us">Adam.orlandella@furryland.us</a>	781-405-1414
<b>COLORADO (2)</b>					
Colorado Springs	CO	Phillip Nelson	106 Beresford Rd. Tyrone, GA 30290	<a href="mailto:phillip.nelson@furryland.us">phillip.nelson@furryland.us</a>	480-280-6353
Denver	CO	Tim Barrans	61383 Huckleberry Pl. Bend, OR 97702	<a href="mailto:Tim.barrans@furryland.us">Tim.barrans@furryland.us</a>	541-420-6026
<b>CONNECTICUT (2)</b>					
Fairfield	CT	Anand Rajaraman	33 Water Ln. Stamford, CT 06902	<a href="mailto:Anand.raajaraman@furryland.us">Anand.raajaraman@furryland.us</a>	203-832-0338
Hartford	CT	Aditya Rallabhandi	612 Quarry Point Rd. Malvern, PA 19355	<a href="mailto:Aditya.rallabhandi@furryland.us">Aditya.rallabhandi@furryland.us</a>	857-210-2958
<b>FLORIDA (6)</b>					
Orlando	FL	Mark & Sheri Beatty	6301 Silver Rock Ln. Fort Worth, TX 76135	<a href="mailto:mark.beatty@furryland.us">mark.beatty@furryland.us</a> , <a href="mailto:sheri.beatty@furryland.us">sheri.beatty@furryland.us</a>	817-233-2838
Ft Myers / Naples	FL	Jem Scott, Emuakpor McBride	3425 Lily Orchard Way Apex, NC 27539	<a href="mailto:jem.scott.mcbride@furryland.us">jem.scott.mcbride@furryland.us</a>	919-924-3636
Jacksonville	FL	Paul & Harnoor Toor	201 Miles Landing Rd., Bristol, GA 31518	<a href="mailto:paul.toor@furryland.us">paul.toor@furryland.us</a>	6133405966
Mobile-Pensacola	FL	Jignesh Patel	7104 Stoddard Ln. Plano, TX 75025	<a href="mailto:Jignesh.patel@furryland.us">Jignesh.patel@furryland.us</a>	978-399-4519
Tampa	FL	Abram Liverio	16403 Shagbark Pl. Tampa, FL 33618	<a href="mailto:Abram.liverio@furryland.us">Abram.liverio@furryland.us</a>	813-843-4334
<b>GEORGIA (4)</b>					
Atlanta	GA	Gerry Romanelli	43 Endel St. Greenville, SC 29611	<a href="mailto:gerry.romanelli@furryland.us">gerry.romanelli@furryland.us</a>	313-912-3445

Augusta	GA	Raymond Lloyd	1075 Peachtree Walk NE, Unit A520 Atlanta, GA 30309	<a href="mailto:Raymond.lloyd@furryland.us">Raymond.lloyd@furryland.us</a>	843-475-0476
Savannah	GA	Michael/ Kat Hylton	7530 Sunshine Skyway Ln. S #T29 St. Petersburg, FL 33711	<a href="mailto:michael.hylton@furryland.us">michael.hylton@furryland.us</a> <a href="mailto:kat.hylton@furryland.us">kat.hylton@furryland.us</a>	217- 816-5155
Columbus/Auburn	GA	Carter Brown	904 Fairway Dr. Pensacola, FL 32507	<a href="mailto:Carter.brown@furryland.us">Carter.brown@furryland.us</a>	850-712-2321
IDAHO (1)					
Boise & Twin Falls	ID	Gerry Romanelli	43 Endel St. Greenville, SC 29611	<a href="mailto:gerry.romanelli@furryland.us">gerry.romanelli@furryland.us</a>	313-912-3445
INDIANA (2)					
Indianapolis	IN	Dale Hite	5274 Channing Rd. Indianapolis, IN 46226	<a href="mailto:dale.hite@furryland.us">dale.hite@furryland.us</a>	317-412-0071
Ft. Wayne	IN	Andrea Nurmi	636 McCormick Farm Dr. Glen Allen, VA 23060	<a href="mailto:Andrea.nurmi@furryland.us">Andrea.nurmi@furryland.us</a>	804-516-4848
KANSAS (1)					
Kansas City	KS	Majeed Malik	11827 Kingsley View Dr. Charlotte, NC 28277	<a href="mailto:Majeed.malik@furryland.us">Majeed.malik@furryland.us</a>	718-504-1784
KENTUCKY (1)					
Louisville	KY	Eric Hiatt	145 Crabapple Ln. Louisville, KY 40245	<a href="mailto:eric.hiatt@furryland.us">eric.hiatt@furryland.us</a>	502-417-2897
LOUISIANA (1)					
Baton Rouge	LA	Connie & Ricardo De Los Reyes	16506 Libby Brook Ct. Houston, TX 77044	<a href="mailto:Concepcion.delosreyes@furryland.us">Concepcion.delosreyes@furryland.us</a>	832-760-8068
MASSACHUSETTS (1)					
Boston	MA	Juan Nahon	39 Summer St. Hull, MA 02405	<a href="mailto:juan@nahon@furryland.us">juan@nahon@furryland.us</a>	951-768-2714
MAINE (1)					
Southern Maine	ME	Andrea Cahill	13 Greenway Dr. Portland, ME 04105	<a href="mailto:Andrea.cahill@furryland.us">Andrea.cahill@furryland.us</a>	207-650-9897
MICHIGAN (2)					
Detroit	MI	Brandon & Pamela Paquette	5201 Burton Dr. Pinckney, MI 48169	<a href="mailto:Brandon.paquette@furryland.us">Brandon.paquette@furryland.us</a>	734-318-3796
Grand Rapids	MI	Benjamin Roof	9150 S. Cedar Dr. Allendale, MI 4901	<a href="mailto:Benjamin.roof@furryland.us">Benjamin.roof@furryland.us</a>	616-307-2848
NORTH CAROLINA (4)					

Wilmington	NC	Gerry Romanelli	43 Endel St. Greenville, SC 29611	<a href="mailto:gerry.romanelli@furryland.us">gerry.romanelli@furryland.us</a>	313-912-3445
Charlotte	NC	Gerry Romanelli	43 Endel St. Greenville, SC 29611	<a href="mailto:gerry.romanelli@furryland.us">gerry.romanelli@furryland.us</a>	313-912-3445
Raleigh Durham	NC	Debbie & Kendall Greenhill	2103 Rockwall Farms Ln. Fuquay-Varina, NC 27526	<a href="mailto:kendall.greenhill@furryland.us">kendall.greenhill@furryland.us</a>	336-345-0200

Territory	State	Franchisee Name	Address	Email	Telephone
Greensboro/High point	NC	Matt Zerden/Rob Issac	212 Keeneland Ct. Durham, NC 27713 113 Silver Glad Chapel Hill, NC	<a href="mailto:robisaak@hotmail.com">robisaak@hotmail.com</a> <a href="mailto:matt.zerden@furryland.us">matt.zerden@furryland.us</a>	Rob 919-923-9216  Matthew- 617-935-2394
NEBRASKA (1)					
Omaha	NE	Kyle Kosiorek	256 Myoma Rd. Mars, PA 16046	<a href="mailto:Kyle.kosiorek@furryland.com">Kyle.kosiorek@furryland.com</a>	412-491-0135
NEW JERSEY (1)					
Princeton	NJ	Omar & Belinda Ahmed	74 Thanet Dr. Princeton, NJ 08540	<a href="mailto:Omar.ahmed@furryland.us">Omar.ahmed@furryland.us</a>	702-480-7230
NEW MEXICO (1)					
Albuquerque-Santa Fe	NM	Christina Esterly	3989 Kodiak Rd. NE Rio Rancho, NM 87144	<a href="mailto:christina.esterly@furryland.us">christina.esterly@furryland.us</a>	719-290-6848
NEVADA (1)					
Reno	NV	Shawna Williams	2516 Flodden St. Henderson, NV 89044	<a href="mailto:shawna.williams@furryland.us">shawna.williams@furryland.us</a>	702-830-1076
OHIO (5)					
New Albany	OH	Peter Armstrong	7776 Cromwell End New Albany, OH 43054	<a href="mailto:Peter.armstrong@furryland.us">Peter.armstrong@furryland.us</a>	614-286-5237
Cleveland/Dayton/ Toledo/ Cincinnati*	OH	Bounpone Phetlasymongkhon	6501 Marshview Dr. Hilliard, OH 43026	<a href="mailto:Bounpone.phetlasymongkhon@furryland.us">Bounpone.phetlasymongkhon@furryland.us</a>	614-570-0529
OKLAHOMA (2)					
Oklahoma City/Tulsa*	OK	Chad Raymond	14901 Cascade Dr. Jones, OK 73049	<a href="mailto:chad.raymond@furryland.us">chad.raymond@furryland.us</a>	405- 570-4646
OREGON(4)					
Eugene/Bend*	OR	Abdrabarrasool Buessa	P.O. Box 25439 Eugene, Or 97401	<a href="mailto:Abdrabarrasool.Buessa@furryland.us">Abdrabarrasool.Buessa@furryland.us</a>	541-337-1801
Portland	OR	Jack Alfandary	10260 SW Greenburg Rd. 4 <sup>th</sup> FL Portland, OR 97223	<a href="mailto:Jack.alfandary@furryland.us">Jack.alfandary@furryland.us</a>	917-951-0604
Medford	OR	Michael & Anna Delaney	4280 Sandhills Land Prosper, TX 75078	<a href="mailto:delaney@furryland.us">delaney@furryland.us</a>	310-402-1498
PENNSYLVANIA (2)					
Philadelphia	PA	David Dessner & Todd Boccabella	3375 Shagbark Circle Mount Pleasant, SC 29466	<a href="mailto:David.dessner@furryland.us">David.dessner@furryland.us</a>	917-991-9307

Harrisburg/Lancaster	PA	Brant Washington	2108 Westhill Dr. Smyrna, Georgia 30082	<a href="mailto:Brant.washington@furryland.us">Brant.washington@furryland.us</a>	770-906-0784
RHODE ISLAND (1)					
Providence/New Bedford	RI	Steven Finkelstein	Woodcliff Lake, NJ 07677	<a href="mailto:Steven.finkelstein@furryland.us">Steven.finkelstein@furryland.us</a>	516-721-4363
SOUTH CAROLINA (2)					
Greenville-Spartanburg	SC	Gerry Romanelli	43 Endel St. Greenville, SC 29611	<a href="mailto:gerry.romanelli@furryland.us">gerry.romanelli@furryland.us</a>	313-912-3445
Charleston	SC	Landon Gilbert	340 Skyline Peak Loop Inkom, ID 83245	<a href="mailto:landon.gilbert@furryland.us">landon.gilbert@furryland.us</a>	(208) 241-5133
TENNESSEE (3)					
Chattanooga	TN	Gerry Romanelli	43 Endel St. Greenville, SC 29611	<a href="mailto:gerry.romanelli@furryland.us">gerry.romanelli@furryland.us</a>	313-912-3445
Knoxville	TN	Chris Lisle Amanda Lisle	1478 Marcasite Dr. Brentwood, TN 37027	<a href="mailto:christopher.lisle@furryland.us">christopher.lisle@furryland.us</a> <a href="mailto:amanda.lisle@furryland.us">amanda.lisle@furryland.us</a>	(615) 500-9629
Nashville	TN	Patrick Lowry Jason Arnold	215 Lynnwood Terrace Nashville, TN 37205	<a href="mailto:patrick.lowry@furryland.us">patrick.lowry@furryland.us</a> <a href="mailto:jason.arnold@furryland.us">jason.arnold@furryland.us</a>	(-423- 416-0292
TEXAS (10)					
Waco	TX	Javier Bourne	6015 Ardmore St. Houston TX 77021	<a href="mailto:javier.bourne@furryland.us">javier.bourne@furryland.us</a>	832-409-4582
Dallas / Fort Worth	TX	Javier Bourne	6015 Ardmore Street St. Houston TX 77021	<a href="mailto:javier.bourne@furryland.us">javier.bourne@furryland.us</a>	817-239-8802
Beaumont-Port Arthur	TX	Jason Broussard	385 N Lakeside St. Vidor, TX 77662	<a href="mailto:Jason.Broussard@furryland.us">Jason.Broussard@furryland.us</a>	409-791-2616
Lubbock	TX	Tracy Moore	6905 90 <sup>th</sup> St. Lubbock, TX 79424	<a href="mailto:tracy.moore@furryland.us">tracy.moore@furryland.us</a>	806-777-1522
San Antonio	TX	Ted Taylor	4627 N Stahl Park Suite 105 San Antonio, TX 78217	<a href="mailto:ted.taylor@furryland.us">ted.taylor@furryland.us</a>	208-484-6896
Corpus Christi	TX	Dhwanil Desai	1303 Paradise Creek Ln. Rosenberg, TX 77421	<a href="mailto:dhwanil.desai@furryland.us">dhwanil.desai@furryland.us</a>	832-914-2806
Tyler	TX	Erin Barber	9132 N. Hampton Dr. N. Richland Hills, TX 76182	<a href="mailto:Erin.barber@furryland.us">Erin.barber@furryland.us</a>	253-441-9086
Houston	TX	Brad & Bonnie Collins	1539 Alston Houston, TX 77008	<a href="mailto:Brad.collins@furryland.us">Brad.collins@furryland.us</a>	713-927-4402

Sherman, TX/Ada, OK	TX/OK	Karan Desai & Sagar Govani	6064 Silverado Trl. McKinney, TX 75070	<a href="mailto:Desai.govani@furryland.us">Desai.govani@furryland.us</a>	913-644-0608
Austin	TX	Ryan Gyllenband	829 E. 27 <sup>th</sup> St Houston, TX 77009	<a href="mailto:ryan.gyllenband@furryland.us">ryan.gyllenband@furryland.us</a>	830-857-0886
UTAH (1)					
Salt Lake City	UT	Michael Wankier	337 E Whisperhollow Circle Draper, UT 84020	<a href="mailto:michael.wankier@furryland.us">michael.wankier@furryland.us</a>	801-428-7748
VERMONT (1)					
Entire State	VT	Denis Onwualu	290 Morton Manor Ct. Alpharetta, GA 30022	Denis.onwualu@furryland.us	404-916-0076
WISCONSIN (3)					
Madison	WI	Michael Bangs	S74W15356 Knollwood Ct, Muskego, WI 53150	<a href="mailto:Michael.bangs@furryland.us">Michael.bangs@furryland.us</a>	414-851-0772
Green Bay- Appleton	WI	Justin Cruze Uribe	404 Crescent Dr, Wausau, WI 54401	Justin.cruz- uribe@furryland.us	715-409-9014
Milwaukee	WI	Joshua Nelson	S41W2256 Crestview Dr. Waukesha, WI 53189	Joshua.nelson@furryland.us	414-331-7551

**NOTE:**

\* indicates 2 franchises operating out of a single location.

+ indicates 4 franchises operating out of a single location.

### Franchisees Not Open as of December 31, 2024

Market	State	Franchisee Name	Address	Email	Telephone
Tallahassee	FL	Wendy Zhao	922 Sundance St. New Braunfels, TX 78130	<a href="mailto:Wendy.zhao@furryland.us">Wendy.zhao@furryland.us</a>	408-368-7239
Southern NJ	NJ	Melissa & Sean Kavanaugh	Cherry Hill, NJ	<a href="mailto:smkavanaugh@furryland.us">smkavanaugh@furryland.us</a>	215-313-5701
Pittsburg	PA	Pete Rosato & Megan Ellis	Grandview, OH	<a href="mailto:Pete.rosato@furryland.us">Pete.rosato@furryland.us</a>	614-315-1309
Tri-Cities, TN/VA	TN/V A	Michael Mascardo	Plantation, FL	<a href="mailto:Michael.mascardo@furryland.us">Michael.mascardo@furryland.us</a>	355-588-6207
Sherman, TX/Ada, OK	TX/O K	Karan Desai & Sagar Govani	McKinney, TX	<a href="mailto:Desai.govani@furryland.us">Desai.govani@furryland.us</a>	913-644-0608

**FURRY LAND®**  
EXHIBIT G  
TO THE FRANCHISE DISCLOSURE DOCUMENT  
LIST OF FRANCHISEES THAT LEFT THE SYSTEM

## **CLOSED AS OF DECEMBER 31, 2024**

1. Peter Frank, 1756 N. Bayshore Dr. Apt 28M, Miami, FL 33132, Miami, FL (703)868-7957
2. Jeremy Anderson, 1946 S Kentwood Ave. Springfield, MO 65804, Springfield, MO (970) 749-7407
3. Michael Decker, 8370 Mallard Circle Plain City, OH 43064, Pittsburg, PA (740)504-3257

## **TRANSFERS**

### **TRANSFERRED FROM FRANCHISEE TO NEW OWNER**

1. Rob & Margot Johnson/Kyle & Brittin Lynn, Boise & Twin Falls, ID , 1866 E. Kensington Ave. Salt Lake, UT 84108, (801) 597-9690/(435) 660-1785. Transferred to Gerry Romanelli.
2. Chris Galea, West Palm Beach, FL, 1540 Hardwood Ln., West Branch, MI 48661, (989) 240-4100. Transferred to Jem Scott McBride.
3. Christine Cutucache, Wilmington, North Carolina, 36 Beaumont Circle, Hampstead, NC 28443, (402)707-3547. Transferred to Gerry Romanelli.

### **TRANSFERRED FROM FRANCHISOR**

1. Javier Bourne, Dallas/Ft. Worth, TX, 817-239-8802. Transferred from Franchisor.
2. Adam Orlandella, Tuscon/Phoenix, AZ, 781-405-1414. Transferred from Franchisor.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**FURRY LAND®**

EXHIBIT H  
TO THE FRANCHISE DISCLOSURE DOCUMENT

STATE ADDENDA

## **CALIFORNIA STATE ADDENDUM DISCLOSURES:**

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

1. The franchise agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.
2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. The franchise agreement requires all disputes be resolved in Delaware. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
4. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the franchise disclosure document 14 days prior to execution of the agreement.
5. The highest interest rate allowed by law in California is 10% annually.
6. The franchisor, any person or franchise broker in Item 2 of the franchise disclosure document is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
7. California Business and Professions Code 20000 through 20043 provides rights to the franchise concerning termination, transfer, or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
8. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.).
10. The franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
11. The franchise agreement requires the application of the laws of Delaware. This provision may not be enforceable under California law.

12. Section 31125 of the California Corporations Code requires us to give you a disclosure document in a form containing the information that the commissioner may, by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
13. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).
14. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
15. Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the contents of the website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

## **HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Hawaii Franchise Investment Law:

The following list reflects the status of our franchise registrations in the states which have franchise registration laws:

- There are no states which have refused, by order or otherwise, to register these franchises.
- There are no states which have revoked or suspended the right to offer these franchises.

The release required as a condition of renewal, assignment, and transfer will not apply to any liability arising under the Hawaii Franchise Investment Law.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise offering circular, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

**HAWAII ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Hawaii Franchise Investment Law:

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq.*, the Franchise Agreement is amended as follows:

(a) The Hawaii Franchise Investment Law provides rights to you concerning non-renewal, termination, and transfer of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

(b) A general release required as a condition of the renewal, assignment, or transfer of the Franchise Agreement or the franchise granted hereunder shall not apply to any claim or liability arising under the Hawaii Franchise Investment Law.

Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:  
**Furry Cuts! Petmobile International, LLC**

FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Date:

Date:

## **ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

Illinois law governs the Agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may, provide for arbitration to take place outside of Illinois.

Payment of Initial Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

Franchisee's right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor, franchise seller or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT AND OTHER AGREEMENTS**

Illinois law governs the Agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Payment of Initial Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.

Franchisee’s right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor, franchise seller or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FRANCHISOR:

FRANCHISEE:

**Furry Cuts! Petmobile International, LLC**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **INDIANA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law:

THE STATE OF INDIANA HAS STATUTES, WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE [INDIANA CODE §§23-2-2.5-1 THROUGH 23-2-2.5-50]. THIS STATE ALSO HAS COURT DECISIONS, WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF INDIANA HAS A STATUTE WHICH RESTRICTS OR PROHIBITS THE IMPOSITION OF LIQUIDATED DAMAGE PROVISIONS [INDIANA CODE §23-2-2.7(10)]. A PROVISION IN THE FRANCHISE AGREEMENT, WHICH TERMINATES THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE, MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101.

A general release required as a condition of renewal, assignment, or transfer shall not apply to any claim or liability arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.

The franchise agreement does not expressly give you the right to terminate, but Indiana law may give you the right to terminate if we commit a substantial breach of the franchise agreement.

Any provision in the franchise agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Indiana is void with respect to a claim otherwise enforceable under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law.

In the event of a conflict of laws, the provisions of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law will prevail.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise offering circular, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

**INDIANA ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.

1. A general release required as a condition of renewal, assignment, or transfer shall not apply to any claim or liability arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law.
2. Any provision in the Franchise Agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Indiana is void with respect to a claim otherwise enforceable under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law.
3. In the event of a conflict of laws, the provisions of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law shall prevail.
4. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

**FRANCHISOR:**  
**Furry Cuts! Petmobile International, LLC**

**FRANCHISEE:**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Date:

Date:

## **MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Maryland Franchise Registration and Disclosure Law:

### ITEM 5

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

### ITEM 7

The following shall be struck from this Item: You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

### ITEM 17

The general release required as a condition of renewal, assignment, or transfer does not apply to any claims that arise under the Maryland Franchise Registration and Disclosure Law.

The franchise agreement provision, which provides for termination upon bankruptcy of the franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

This franchise agreement provides that disputes are resolved through litigation in Delaware. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Questionnaire included as Exhibit B to the Franchise Agreement shall not apply to the residents of the state of Maryland.

The disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**MARYLAND ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached are amended as follows to comply with the Maryland Franchise Registration and Disclosure Law:

1. A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.
4. The franchise agreement provides that disputes are resolved through litigation in Delaware. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law.
5. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
6. All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
7. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.
8. The Questionnaire included as Exhibit B to the Franchise Agreement shall not apply to the residents of the state of Maryland.
9. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:

FRANCHISEE:

**Furry Cuts! Petmobile International, LLC**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Minnesota Franchise Law:

ITEMS 5 and 7:

Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

The Minnesota Department of Commerce requires that the franchisor indemnifies Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes the trademark rights of the third party. The franchisor does not indemnify against the consequences of the franchisee's use of the franchisor's trademark except in accordance with the requirements of the franchise.

Minnesota Rules, 1989, Department of Commerce, Chapter 2860, Section 4400D prohibits a franchisor from requiring a franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, Section 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes.

Minn. Rule 2860.4400J states that it is unfair and inequitable for a franchisor to require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or to consent to liquidated damages, termination penalties, or judgment notes. Any language found in the disclosure document or Franchise Agreement contrary to this rule is amended so that it does not apply to Minnesota franchisees.

THE STATE OF MINNESOTA HAS STATUTES, WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF MINNESOTA ALSO HAS COURT DECISIONS, WHICH MAY SUPERSEDE THE FRANCHISE AGREEMENT IN YOUR RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. WITH RESPECT TO FRANCHISES GOVERNED BY MINNESOTA LAW, THE FRANCHISOR MUST COMPLY WITH MINNESOTA STATUTE 80C.14, SUBDIVISIONS 3, 4, AND 5, WHICH REQUIRE, EXCEPT IN CERTAIN SPECIFIC CASES, THAT A FRANCHISEE BE GIVEN 90 DAYS NOTICE OF TERMINATION (WITH 60 DAYS TO CURE) AND 180 DAYS NOTICE FOR NONRENEWAL OF THE FRANCHISE AGREEMENT. A PROVISION IN THE FRANCHISE AGREEMENT, WHICH TERMINATES THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE, MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101. THE STATE OF MINNESOTA HAS COURT DECISIONS LIMITING THE FRANCHISOR'S ABILITY TO RESTRICT YOUR ACTIVITY AFTER THE FRANCHISE AGREEMENT HAS ENDED. LIQUIDATED DAMAGE PROVISIONS ARE VOID UNDER MINNESOTA LAW.

Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the requirement that all litigation must take place in Delaware shall not in any way abrogate or reduce any rights of the franchise as provided for in Minnesota Statutes, Chapter 80C.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchisee

is given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the franchise agreement.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

**MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Minnesota Franchise Law:

1. Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.
2. A general release required as a condition of renewal, assignment, or transfer does not apply to any claim or liability arising under the Minnesota Franchise Law.
3. Franchisor shall protect the right of Franchisee to use the Marks in accordance with the requirements of the Franchise Agreement.
4. Section XXII(D) does not apply to any action to enforce any liability created by the Minnesota Franchise Law. Any claim arising under the Minnesota Franchise Law may be brought in the state of Minnesota.
5. Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the Franchise Agreement does not in any way abrogate or reduce any rights of Franchisee as provided for in Minnesota Statutes, Chapter 80C. These statutes prohibit Franchisor from requiring litigation to be conducted outside Minnesota or abrogating or reducing any of Franchisee's rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
6. With respect to franchises governed by Minnesota law, Franchisor shall comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that a franchisee is given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Franchise Agreement.
7. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.
8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:

FRANCHISEE:

**Furry Cuts! Petmobile International, LLC**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions other than routine litigation incidental to the business, which is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective

injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17l, titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum,”** and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

## **NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the North Dakota Franchise Investment Law:

Covenants restricting or prohibiting your right to compete after the termination or expiration of your franchise agreement are generally considered unenforceable in the State of North Dakota.

The release required as a condition of renewal and/or assignment/transfer will not apply to any liability arising under the North Dakota Franchise Investment Law.

Any provision of the franchise agreement restricting jurisdiction or venue to a forum outside the State of North Dakota or requiring the application of the laws of a state other than North Dakota is void.

Any mediation, if necessary, will take place at the American Arbitration Association office nearest your business Site.

Any provision of the franchise agreement requiring you to waive the right to a trial by jury is void.

Any provision of the franchise agreement requiring you to waive exemplary or punitive damages is void.

Any provision of the franchise agreement requiring you to consent to a statute of limitations that is shorter than the applicable North Dakota statute of limitations is void.

Section 25.15 of the Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. The Commissioner has determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. In North Dakota, Section 25.15 of the Franchise Agreement each place it appears in the disclosure document and agreements is deleted.

Section 25.15 of the Franchise Agreement requires the franchisee to consent to a waiver of exemplary and punitive damages. The Commissioner has determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. In North Dakota, Section 25.15 of the Franchise Agreement each place it appears in the disclosure document and agreements is deleted.

Section 25.17 of the Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. The Commissioner has determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The provision shall be changed to read the statute of limitations under North Dakota Law will apply.

**NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the North Dakota Franchise Investment Law:

1. A general release required as a condition of renewal and/or assignment/transfer shall not apply to any claim or liability arising under the North Dakota Franchise Investment Law.
2. Any provision of this Agreement restricting jurisdiction or venue to a forum outside the State of North Dakota or requiring the application of the laws of a state other than North Dakota is void.
3. Section 15.1 is amended by the addition of the following sentence:  
     “Covenants not to compete such as the one described above are generally considered unenforceable in the State of North Dakota.”
4. The final two paragraphs of provision XXI(B) are hereby deleted.
5. Section XXIII(D) does not apply to any action to enforce any liability created by the Minnesota Franchise Law. Any claim arising under the Minnesota Franchise Law may be brought in the state of North Dakota.
6. Section 25.15 of the Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. The Commissioner has determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. In North Dakota, Section 25.15 of the Franchise Agreement each place it appears in the disclosure document and agreements is deleted.
7. Section 25.15 of the Franchise Agreement requires the franchisee to consent to a waiver of exemplary and punitive damages. The Commissioner has determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. In North Dakota, Section 25.15 of the Franchise Agreement each place it appears in the disclosure document and agreements is deleted.
8. Section 25.17 of the Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. The Commissioner has determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The provision shall be changed to read the statute of limitations under North Dakota Law will apply.
9. The parties are signing this addendum simultaneously with the Franchise Agreement to which it is attached.

FRANCHISOR:  
**Furry Cuts! Petmobile International, LLC**

FRANCHISEE:

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Date:

Date:

**RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Rhode Island Franchise Investment Act:

A condition, stipulation, or provision requiring a franchise to waive compliance with or relieving a person of a duty or liability imposed by or a right provided by this act or a rule or order under this act is void.

A provision is a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.

**RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Rhode Island Franchise Investment Act.

1. A general release requiring as a condition of renewal, assignment, or transfer shall not apply to any claim or liability arising under the Rhode Island Franchise Investment Act.
2. Any provision in the Franchise Agreement that requires the application of the laws of another state or designates jurisdiction or venue in a forum outside the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

FRANCHISOR:  
**Furry Cuts! Petmobile International, LLC**

FRANCHISEE:

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Date:

Date: \_\_\_\_\_

**VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND THE  
FRANCHISE AGREEMENT**

The following statement is added to Item 5. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The following statements are added to Item 17.h. Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the development agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Non solicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
  
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
  
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
Signature of Franchisor Representative

\_\_\_\_\_  
Signature of Franchisee Representative

\_\_\_\_\_  
Title of Franchisor Representative

\_\_\_\_\_  
Title of Franchisee Representative

## **WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following additional disclosures are required by the Wisconsin Franchise Investment Law and the Wisconsin Fair Dealership Law:

THE WISCONSIN FAIR DEALERSHIP LAW SUPERSEDES ANY PROVISION OF THE FRANCHISE AGREEMENT THAT IS INCONSISTENT WITH THAT LAW. THE STATE OF WISCONSIN MAY ALSO HAVE COURT DECISIONS, WHICH MAY SUPERSEDE THE FRANCHISE RELATIONSHIP IN RELATIONSHIP WITH THE FRANCHISOR, INCLUDING THE AREAS OF TERMINATION AND RENEWAL OF YOUR FRANCHISE. THE STATE OF WISCONSIN MAY HAVE COURT DECISIONS, WHICH RESTRICT THE IMPOSITION OF LIQUIDATED DAMAGES. THE IMPOSITION OF LIQUIDATED DAMAGES IS ALSO RESTRICTED BY FAIR PRACTICE LAWS, CONTRACT LAW, AND STATE AND FEDERAL COURT DECISIONS. A PROVISION IN THE FRANCHISE AGREEMENT, WHICH TERMINATED THE FRANCHISE UPON THE BANKRUPTCY OF THE FRANCHISEE, MAY NOT BE ENFORCEABLE UNDER TITLE 11, UNITED STATES CODE §101. THE STATE OF WISCONSIN MAY HAVE COURT DECISIONS LIMITING THE FRANCHISOR'S ABILITY TO RESTRICT YOUR ACTIVITY AFTER THE FRANCHISE AGREEMENT HAS ENDED.

We may revoke our approval of any previously approved supplier at any time if the quality of the product or the supplier's financial condition or ability to satisfy your requirements does not continue to meet our satisfaction.

To the extent, this addendum is inconsistent with any terms or conditions of the franchise disclosure document, the Franchise Agreement, or any of their exhibits or attachments, the terms of this Addendum control.

**WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement to which this addendum is attached is amended as follows to comply with the Wisconsin Fair Dealership Law:

1. The Wisconsin Fair Dealership Law, Chapter 135, Stats., supersedes any inconsistent provisions of the Franchise Agreement.
2. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR:  
**Furry Cuts! Petmobile International, LLC**

FRANCHISEE:

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**FURRY LAND®**

EXHIBIT I  
TO THE FRANCHISE DISCLOSURE DOCUMENT  
FRANCHISE DISCLOSURE DOCUMENT RECEIPTS

### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
<b>California</b>	<b>Amendment Pending</b>
<b>Hawaii</b>	<b>Not Registered</b>
<b>Illinois</b>	<b>Amendment Pending</b>
<b>Indiana</b>	<b>Amendment Pending</b>
<b>Maryland</b>	<b>Amendment Pending</b>
<b>Michigan</b>	<b>March 22, 2025</b>
<b>Minnesota</b>	<b>Amendment Pending</b>
<b>New York</b>	<b>Amendment Pending</b>
<b>North Dakota</b>	<b>Amendment Pending</b>
<b>Rhode Island</b>	<b>Amendment Pending</b>
<b>South Dakota</b>	<b>Amendment Pending</b>
<b>Virginia</b>	<b>Amendment Pending</b>
<b>Washington</b>	<b>Amendment Pending</b>
<b>Wisconsin</b>	<b>Amendment Pending</b>

**Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.**

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Furry Cuts! Petmobile International, LLC offers you a franchise; it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

New York law requires that Furry Cuts! Petmobile International, LLC provides this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan law requires that Furry Cuts! Petmobile International, LLC provides this franchise Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Furry Cuts! Petmobile International, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and appropriate state agency listed in Exhibit C. Furry Cuts! Petmobile International, LLC’s registered agents authorized to receive service of process are listed in Exhibit C.

The name, principal business address and telephone number of each franchise seller offering the franchise is:	
Eric Redden	
The principal business address and telephone number for the individuals listed above is: Furry Cuts! Petmobile International, LLC, 19500 Victor Parkway, Livonia, MI 48152, 866 338 2463	

Date of issuance: April 30, 2025, amended July 23, 2025

I received a disclosure document dated April 30, 2025, amended July 23, 2025, that included the following Exhibits:

- A. Franchise Agreement
- B. Financial Statements
- C. List of State Agencies and List of State Agents for Service of Process
- D. Copy of Current Form of General Release
- E. Operating Manual Table of Contents
- F. List of Franchisees
- G. List of Franchisees That Left the System
- H. State Addenda
- I. Receipts

DATE DISCLOSURE DOCUMENT RECEIVED:

Signed: \_\_\_\_\_  
Date Signed: \_\_\_\_\_  
Print Name and Address:

Please sign and date this Receipt (with the date you received the Franchise Disclosure Document) and if you received it electronically via email, also: Open the attached Franchise Disclosure Document to verify that you can download it; then immediately Reply to All, with a cc to the email address listed on the cover page of this Franchise Disclosure Document, stating that you received and downloaded this Franchise Disclosure Document. **Also, print, sign and date a copy of this Receipt (with the date you received this Franchise Disclosure Document), and return the signed Receipt by mail to us at:** Furry Cuts! Petmobile International, LLC, 19500 Victor Parkway, Livonia, MI 48152.

PROSPECTIVE FRANCHISEE’S COPY

RECEIPT

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DATE DISCLOSURE DOCUMENT RECEIVED:

Signed: \_\_\_\_\_

Date Signed: \_\_\_\_\_

Print Name and Address:

Please sign and date this Receipt (with the date you received the Franchise Disclosure Document) and if you received it electronically via email, also: Open the attached Franchise Disclosure Document to verify that you can download it; then immediately Reply to All, with a cc to the email address listed on the cover page of this Franchise Disclosure Document, stating that you received and downloaded this Franchise Disclosure Document. **Also, print, sign and date a copy of this Receipt (with the date you received this Franchise Disclosure Document), and return the signed Receipt by mail to us at:** Furry Cuts! Petmobile International, LLC, 19500 Victor Parkway, Livonia, MI 48152.

FRANCHISOR’S COPY