FRANCHISE DISCLOSURE DOCUMENT

Clear Lakes Dental Franchise LLC
a Minnesota limited liability company
125 Little Canada Road
Little Canada, MN 55117
Phone: 443-759-0910
Email: dpark@clearlakesdental.com
www.ClearLakesDental.com

We are CLEAR LAKES DENTAL FRANCHISE LLC, a Minnesota limited liability company. We offer franchises to qualified individuals and entities to own and operate a Clear Lakes Dental franchise using our programs and systems and the name Clear Lakes Dental and our related trademarks, service marks and logos (collectively the "Marks"). Our franchisees offer dental services and related products and services to the public under the Marks and the Clear Lakes Dental programs and systems (the "System").

The approximate total investment necessary to begin operation of a Clear Lakes Dental franchise is $554,300 to $1,861,200. This includes $77,000 to $437,000 payable to the franchisor or its affiliate(s) (for the Initial Franchise Fee plus certain branded items).

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **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 for you. To discuss the availability of disclosures in different formats, contact our President, David Park, at 125 Little Canada Road, Little Canada, MN 55117, 443-759-0910, dpark@clearlakesdental.com.

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 an 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, D.C. 20580. You can also visit the FTC's home page at 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: August 21, 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
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit M.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Clear Lakes Dental business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Clear Lakes Dental franchisee?	Item 20 or Exhibit M lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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 Minnesota. 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 Minnesota than in your own state.

2. **Short Operating History.** The 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 in a system with a longer operating history.

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.

TABLE OF CONTENTS

ITEM

1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES
2. BUSINESS EXPERIENCE
3. LITIGATION
4. BANKRUPTCY
5. INITIAL FEES
6. OTHER FEES
7. ESTIMATED INITIAL INVESTMENT
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES
9. FRANCHISEE'S OBLIGATION
10. FINANCING
11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING
12. TERRITORY
13. TRADEMARKS
14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION
15. OBLIGATION OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS
16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL
17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
18. PUBLIC FIGURES
19. FINANCIAL PERFORMANCE REPRESENTATIONS
20. OUTLETS AND FRANCHISEE INFORMATION
21. FINANCIAL STATEMENTS
22. CONTRACTS
23. RECEIPTS

Exhibits:

A. Financial Statements
B. Standard Franchise Agreement and Exhibits
C. List of State Agents for Service of Process and State Administrators
D. Conditional Assignment
E. Cancellation of Assumed Business Name
F. Electronic Funds Transfer Authorization
G. Confirmation of Additional Representations and Terms
H. Form of General Release
I. Personal Guaranty
J. Confidentiality and Non-Competition Agreement
K. Form of Consulting Agreement
L. Operations Manual Table of Contents
M. Lists of Current and Certain Former Franchisees
N. State Law Addendum to FDD and Franchise Agreement
O. State Effective Dates
P. Receipts

Item 1
The Franchisor, and any Parents, Predecessors, and Affiliates

We are CLEAR LAKES DENTAL FRANCHISE LLC, a Minnesota limited liability company (called "we," "us," or "our" in this disclosure document). We do business under the name "Clear Lakes Dental" and the Clear Lakes Dental logos. We do not intend to do business under any other names. "You" means the prospective purchaser of a Clear Lakes Dental franchise, and includes owners or partners of a corporation, partnership, or other legal entity that purchases a Clear Lakes Dental franchise. The business operated under the franchise agreement ("Franchise Agreement") is referred to as the "Franchise" in this disclosure document.

We are the franchisor of the Clear Lakes Dental franchise system. Our principal office address is 125 Little Canada Road, Little Canada, MN 55117. Our telephone number is 443-759-0910. We have offered franchises since 2021. We do not have any other business activities. We have never offered franchises in any other line of business. We do not operate any businesses of the type being franchised. We may produce and sell innovative advertising and sales promotion materials. We and our affiliates may attempt to negotiate group discount rates for the benefit of our franchisees for products and services and marketing and sales materials.

Our registered agents for service of process are outlined in Exhibit C to this disclosure document.

The Franchises We Offer

We license our franchisees to own and to operate franchises under the "Clear Lakes Dental" names and marks. We authorize our franchisees to offer dental services and related products and services to the public and to use our System and our Marks in the operations of the franchisee's business. We offer franchises only to professionally licensed dentists. Patient care, clinical services, and dental services are determined solely by the dentist providing the services.

We may offer to qualified prospects the opportunity to purchase multiple franchises simultaneously. Such franchises would be opened within a Development Area and subject to a Development Schedule as described and defined in a Multiple Franchise Purchase Addendum (attached to the Franchise Agreement as Exhibit 3). You would sign all the multiple Franchise Agreements and corresponding Multiple Franchise Purchase Addendums simultaneously up front.

Parents, Predecessors and Affiliates

We have no parents or predecessors that are required to be disclosed in this disclosure document. Luna Land Dental, Corp., a Minnesota corporation, doing business as "Clear Lakes Dental," is our affiliate. Its principal address is the same as ours. Since 2017, our affiliate has owned and operated dental offices in Minnesota using the Clear Lakes Dental brand and systems. Our affiliate has never offered franchises in this or any other lines of business. Our affiliate may offer items carrying our brand to our franchisees.

We and our affiliate(s) retain the right to own or operate additional Clear Lakes Dental franchises.

Market and Competition

The market for dental services and related products and services is well developed. The principal sources of direct competition for your franchise are other dental offices, including franchised and chain dental offices.

Specifically Applicable Laws

A number of states and local jurisdictions have enacted laws, rules, regulations, and ordinances which may apply to the operation of your Office, including those which: (1) establish licensing and certification requirements for businesses in general, (2) establish general standards, specifications, and requirements for the construction, design, and maintenance of the Office location; (3) regulate matters affecting the health, safety, and welfare of your patients, such as general health and sanitation requirements for Offices; (4) set standards pertaining to employee health and safety; (5) set standards and requirements for fire safety and general emergency preparedness, and (6) regulate the proper use, storage, and disposal of waste and other hazardous materials. We recommend you consult with legal counsel or other professional advisors to help you investigate and understand these laws before you purchase a franchise.

The practice of dentistry is a highly regulated profession. The operation of advanced dental therapist businesses is also highly regulated. Each state has its own set of laws regarding licensure, patient records, and the provision of dental services. Additionally, there are a number of federal and state laws, such as the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Health Information Technology for Economic and Clinical Health (HITECH), Federal Anti-Referral Law and regulations promulgated pursuant to that law (i.e., Stark II) and the Medicare and Medicaid laws that will govern your operations as a franchisee. It is your sole responsibility, on an ongoing basis, to investigate, satisfy, and comply with all laws applicable to your dental practice or advanced dental therapist business, including all employment, worker's compensation, insurance, corporate, tax, and similar laws and regulations, as well as federal, state, and local laws and regulations that apply generally to all businesses. You must pay your employees in compliance with federal and state wage and hour laws. Because these laws vary from place to place, can change over time, and may affect the operation of your business, we encourage you to make additional inquiries into those laws and regulations, and you should obtain the assistance of legal counsel in that regard. It is your responsibility to thoroughly investigate which regulations and/or licensing requirements your state imposes.

This disclosure document contains a summary of some material provisions of the Franchise Agreement. However, the Franchise Agreement expresses and governs the actual legal relationship between us and you.

The Franchise Agreement does not make you our agent, legal representative, joint venturer, partner, employee, or servant for any purpose. You will be an independent contractor and will not be authorized to make any contract, agreement, warranty or representation or to create any obligation, express or implied, for us.

Item 2
Business Experience

David Park – President, CEO, and Member-Manager

David Park has served as our President, Chief Executive Officer, and Member-Manager since our inception in 2021. He has served as President and CEO for our affiliate, LUNA LAND DENTAL, CORP. (dba Clear Lakes Dental), in St. Paul and then Robbinsdale, Minnesota since October 2017. He has served as President and CEO for CLD BROOKLYN PARK, LLC, CLD COON RAPIDS, LLC, and CLD WEST SAINT PAUL, LLC, which own and operate Clear Lakes Dental offices in Brooklyn Park, MN, Coon Rapids, MN, and West Saint Paul, MN since May 2023, September 2023, and June 2024, respectively.

Matthew Park – CFO and Business Manager

Matthew Park has served as our Chief Financial Officer, since July 2022. He has served as Business Manager for our affiliate, Luna Land Dental, Corp., in Robbinsdale, Minnesota since 2017.

Ying Thao – COO

Ying Thao has been our Chief Operations Officer since December 2022. She served as Lead Dental Hygienist for our affiliate, Luna Land Dental, Corp., in in St. Paul, Minnesota from 2018 to December 2022. She was a dental hygienist for Community Dental Care in St. Paul, Minnesota from August 2017 to April 2021. Ms. Thao was a temporary dental hygienist for Kwikly Temp at various locations in Minnesota from August 2017 to December 2022. She was a part-time dental hygienist for Sedation and Implant Dentistry in St. Paul, Minnesota during 2018.

Nancy Yang – Director of Internal Auditing

Nancy Yang has been our Director of Internal Auditing since July 2022. She has served as Lead Licensed Dental Assistant for our affiliate, Luna Land Dental, Corp., in St. Paul, Minnesota since 2017. She has served as Licensed Dental Assistant with Kwikly Temp Agency in St. Paul, Minnesota since 2021.

Austin Fraune – Director of Innovations

Austin Fraune has been our Director of Innovations in Brooklyn Park, Minnesota since December 2022. For our affiliate, Luna Land Dental, Corp., in Robbinsdale, Minnesota, Mr. Fraune was an Unlicensed Dental Assistant from June 2020 to November 2020, an Assistant Dental Operations Manager from November 2020 to February 2022, and an Innovation Specialist from February 2022 to December 2022. At Bemidji State University in Bemidji, Minnesota, Mr. Fraune was Assistant Residential Hall Director from May 2019 to December 2019 and Residential Assistant from August 2017 to December 2019.

Ting Vang - Director of Systems Auditing

Ting Vang has been our Director of Systems Auditing in Brooklyn Park, Minnesota since October 2022. She has been Systems Auditor for our affiliate, Luna Land Dental, Corp., in Robbinsdale, Minnesota since 2020. She has been an Unlicensed Dental Assistant for Luna Land Dental, Corp. in Robbinsdale, Minnesota since July 2018.

Item 3
Litigation

No litigation is required to be disclosed in this Item.

Item 4
Bankruptcy

No bankruptcy is required to be disclosed in this Item.

Item 5
Initial Fees

Initial Franchise Fee

You are required to pay to us an Initial Franchise Fee of $62,000 upon signing the Franchise Agreement. We do not finance any portion of the Initial Franchise Fee. The Initial Franchise Fee is deemed earned upon receipt and is non-refundable.

Multiple Franchise Purchases

If you are purchasing multiple franchises simultaneously, then you will execute multiple Franchise Agreements at the same time. You will pay 100% of the Initial Franchise Fee for the first franchise and 60% of the Initial Franchise Fees for each additional franchise at the time you sign such Franchise Agreements. You will pay the 40% unpaid balance of the Initial Franchise Fees for the additional franchises upon signing a lease for the Office for each relevant Franchise.

Consulting Fee

If you are purchasing a new franchise at a new location (as opposed to purchasing a franchise at an existing location from one of our affiliates or franchisees), then you will pay us a $350,000 Consulting Fee for services related to the development and buildout of the new office. It is due upon signing the Consulting Agreement, which will be signed at the time you sign the Franchise Agreement. The fee is non-refundable.

Site Location Assistance Costs

You are responsible for finding the location of the Office. If you request assistance in selecting a site for the Office, we may provide reasonable assistance in finding a location acceptable to you. If requested, you will pay for all reasonable out-of-pocket expenses related to any such site selection assistance, including travel and lodging expenses we incur to help you locate sites. Any on-site assistance is subject to our discretion and availability. You will bear all other site selection and lease negotiation expenses.

Initial Supply of Branded Items

You must purchase the following categories of items and/or services from us or our affiliate: all branded items, which may include pens, mouth pads, electric toothbrushes, certain dental instruments, gloves, masks, saliva ejectors, and similar items. We estimate that your cost to purchase an initial stock of these items before your open for business will range from approximately $15,000 to $25,000.

Transfer Fee

If you obtain a franchise by purchasing the business of one of our existing franchisees, you will not pay the Initial Franchise Fee, but you or the existing franchisee must pay us a transfer fee of 10% of the gross transfer price (excluding the price of real property). The mandatory initial training program is included in that fee. In the event that you sell your franchised operation, a separate transfer fee may apply. Payment of the transfer fee covers reasonable legal, accounting, credit check, and investigation expenses that result from the transfer and relieves you of your obligation to pay the initial franchise fee.

Uniformity of Fees

The initial fees are uniform except as described in this Item 5. We intend to raise the initial franchise fee after certain growth levels have been attained. The increased franchise fee and timing have not been determined as of this date.

Miscellaneous

We may offer franchises at a reduced rate to prospective franchisees who in our opinion possess the knowledge and experience to conduct business with minimal assistance from us or who are purchasing multiple franchises. We may grant new franchises to our owners and employees and their family members with reduced or no initial fees.

You will be responsible for paying all other fees required under the applicable Franchise Agreements as provided in those agreements. These fees are not refundable under any circumstances.

Item 6
Other Fees

Type of Fee	Amount	Date Due	Remarks
Monthly Royalty Fee	7% of your monthly Gross Revenue[1]	Payable monthly by the 5th day of each month[2] for the prior calendar month	See Notes 1 and 2
Brand Development Fee	$2,000 per calendar month	Payable monthly by the 5th day of each month[2] for the prior calendar month	This fee is due beginning with the first month you commence business operations. For a partial month, you must pay a prorated amount. See Notes 1, 2 and 3
Local Advertising Expenditure	Minimum of $700 per calendar month	You must spend this money each month on local advertising and promotion	These expenditures will be made directly by you, subject to our approval. You must begin making these expenditures during the first month you commence business operations. For a partial month, the minimum will be prorated.
Monthly Fee for Systems Audits and Internal Audits	Currently $2,200 for up to 12 operatories plus $200 per operatory beyond 12	Payable monthly by the 5th day of each month[2] for the prior calendar month	See Note 4. You must begin making this payment for the first month you commence business operations. For a partial month, the payment will be

Type of Fee	Amount	Date Due	Remarks
			prorated. This fee is subject to reasonable increases at our reasonable discretion.
Additional Training at Franchisee's Request	Then-current rates, currently $1,000 per day for non-medical consultation for dentists or $700 per day for business operations consultation for your Dental Operations Manager (DOM). You are responsible for your and our transportation, meals and lodging (and wages for your employees).	Before or after you open your franchise for business.	See Note 5. We recommend scheduling training to be conducted at the same time for your dentist and DOM for best efficiency.
Additional Training or Conventions Required or Offered by Franchisor	We may charge a training fee at our then-current rates, currently up to $500 per convention, or $1,000 per day for non-medical consultation for dentists or $700 per day for business operations consultation for your Dental Operations Manager (DOM). You are responsible for your and our transportation, meals and lodging (and wages for your employees).	Before or after you open your franchise for business.	See Note 5.
Additional Training Required by Franchisor Based on Franchisee's Deficiency	Then-current rates, currently $1,000 per day for non-medical consultation for dentists or $700 per day for business operations consultation for your Dental Operations Manager (DOM). You are responsible for your	Before or after you open your franchise for business.	See Note 5.

Type of Fee	Amount	Date Due	Remarks
	and our transportation, meals and lodging (and wages for your employees).		
Transfer Fee	10% of the gross transfer price (excluding the price of real property) (or $2,500 if the owners of an entity franchisee are transferring less than a controlling interest in the entity)	Before transfer	Paid to us if you transfer your franchise to a third party or to us or an affiliate. The Transfer Fee is subject to state law. See Note 6.
Renewal Fee	$5,000	Upon renewal	
Relocation	You will reimburse us for our reasonable out-of-pocket costs concerning the relocation.	Before relocation	
Late Charge	1.5% per month	Each month that amounts owed remain unpaid	You will not be compelled to pay late charges at a rate greater than the maximum allowed by applicable law.
Late Payment Penalty	5% of the amount due	As incurred	You will not be compelled to pay late payment penalty in an amount greater than the maximum allowed by applicable law.
Unsatisfied Payment Attempt Fee	$75 per unsatisfied attempt	As incurred	If we attempt a draw or other process that is returned unsatisfied for any reason, we may charge you this fee for each unsatisfied attempt.
Proposed Source Testing Costs	As incurred	As incurred	You must reimburse us for our out of pocket expenses and costs we incur to test new products or sources you request for approval (See Item 8 and Franchise Agreement Section 5.1).
Audit Costs	Our reasonable costs	Immediately upon	See Note 7.

Type of Fee	Amount	Date Due	Remarks
	for the audit if you understate Gross Revenue by more than 2% or fail to deliver to us required reports on time	demand	
Cured Lease Breach Reimbursement Fee	As incurred	As Incurred	If we cure any beach by you under the lease or sublease, you must pay us the total amount of all costs and payments we incur in effecting the cure.
Interim Management Fees	As incurred	As Incurred	You must pay us a reasonable management fee for management services if we step-in to operate your franchise pursuant to the Franchise Agreement. We will not be liable for any debts, losses, costs or expenses incurred in the operation of the Franchise during any interim management period.
Liquidated Damages Upon Termination	The amount you would have paid for Royalty Fees for the lesser of (1) the remaining term of the Franchise Agreement, or (2) 12 months. Such payment will be calculated based on the average Royalty Fees paid (or if unpaid, payable) during the immediately preceding 12-month period (or shorter period if you will have operated for less than 12 months)	Within 15 days following the date of termination.	Payable if you default and we terminate your Franchise Agreement. See the State Law Addendum attached to the FDD for state-required revisions to the Franchise Agreement's liquidated damages provisions.
Liquidated Damages for Violation of Covenants	$50,000 for each violation of a Covenant (as defined in the	Immediately upon notice	Upon your breach or nonperformance of any of the covenants (each

Type of Fee	Amount	Date Due	Remarks
	Remarks column)		a "Covenant" in franchise Agreement Section 5.6 (Confidentiality Information), Section 5.7 (In-Term Non-Competition Covenant), or Section 6.7 (Post-Termination Non-Competition Covenant), you will pay us this amount for each violation as liquidated damages.

Unless otherwise indicated in this Item 6, all ongoing fees are: (i) imposed by and payable to us, (ii) non-refundable, and (iii) uniformly imposed.

Notes:

1) Gross Revenue and Reporting. "Gross Revenue" means all receipts generated by the franchise from any source including sales, exchanges, services, labor, service charges, etc. It includes all types of remuneration, gift, barter, charity, payment in kind, or any other benefit or value that is received or deferred to be received. Credit sales shall be calculated as of the date of sale without deduction for uncollected credit accounts. The proceeds from any business interruption insurance you receive will be included in "Gross Revenue."

   "Gross Revenue" shall not include bona fide credits for returns, refunds, promotional discounts, and sales taxes.

   You will deliver to us, as outlined in the Operations Manual, an itemized report of your Gross Revenue for the preceding month. The report must be in the form we designate. All Royalty Fee, Brand Development Fee and other fee payments based upon the Gross Revenue for the preceding month must be submitted with the report.

2) Automatic Withdrawal. We may require you to make fee payments by automatic account withdrawal or other automatic processes we reasonably specify in the Operations Manual, such as check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer or the internet.

3) Brand Development Fee. The Brand Development Fee is described in more detail in Item 11 of this disclosure document. Brand Development Fee payments are in addition to and exclusive of any sums that you may decide to spend on local advertising and promotion.

4) Systems Audits and Internal Audits. Our Systems Auditor will visit your Office every other month to conduct a *Systems Audit* to help ensure you are complying with the Franchise Agreement and our standards and specifications. Or, at our discretion, the Systems Audit may be conducted via remote technology with the assistance and cooperation of your Dental Operations Manager (DOM).

The Systems Auditor will send periodic reports to you and your DOM. Our Internal Auditor will conduct *Internal Audits* to help ensure your billings have been completed accurately. These Internal Audits will be conducted remotely, typically from our headquarters. The Internal Auditor will send you periodic reports.

5) Additional Training.

   a. *Requested by You*. Training requested by you will be at our headquarters or at other agreed upon locations. The duration and timing of this training is negotiable depending upon your needs and our availability.
   b. *Required or Offered by Us.* We may provide refresher training programs or seminars and may require that you or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate.
   c. *Additional Training Required by Franchisor Based on Franchisee's Deficiency*. We may require you to participate in additional training if you breach the Franchise Agreement or fail to meet our standards and specifications in the opening or operation of your Franchise as we determine at our discretion. This training will typically be held at our headquarters or your location at our discretion.
   d. You will not receive any compensation for services rendered by the trainee during any training. We may designate qualified franchisees, area representatives, or third parties to conduct some or all of your training.

6) Transfer Fee. The Transfer Fee is payable by you or the transferee if you transfer your franchise (see Franchise Agreement, Section 7.1). If you obtain a franchise by purchasing the business of one of our existing franchisees, then you may also incur certain costs associated with bringing your Franchised Operation into compliance with our requirements.

7) Audits. We may audit your reports, books, statements, business records, cash control devices, and tax returns at any time during normal business hours. Audits will be conducted at our expense, except for (1) our systematic Systems Audits and Internal Audits described the table above, or (2) unless an audit reveals you have understated the Gross Revenue for any reported period or periods by more than 2%, or (3) unless you fail to deliver any required report of Gross Revenue or any required financial statement in a timely manner. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all Royalty Fees and all other fees and late payment charges that the audit determines are owed. These payments will not prejudice any other remedies we may have under this Agreement or by law.

Item 7
Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is Made
Initial Franchise Fee[1]	$62,000	Cash, Certified Check or Wire Transfer	Upon execution of the Franchise Agreement.	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is Made
Consulting Fee[1]	$0 to $350,000	Certified Check or Wire Transfer	Upon execution of the Consulting Agreement, which will be signed at the same time as the Franchise Agreement	Us
Rent and Security Deposit – First 3 Months[2]	$21,000 to $36,000 ($7,000 to $12,000 per month plus deposit)	As Incurred	As Incurred	Landlord
Construction, Remodeling and Leasehold Improvements[3]	$100,000 to $500,000	As Arranged	As Incurred	Vendors or Contractors
Computer Hardware and Software, Including Credit Card Terminal[4]	$10,000 to $18,000	As Arranged	Before Opening	Suppliers
Security and Surveillance Hardware and Software	$7,000 to $10,000	As Arranged	Before Opening	Suppliers
Fixtures, Furnishings, Equipment, and Décor[5]	$200,000 to $600,000	As Incurred	Before Opening	Suppliers
Initial Supplies[6]	$20,000 to $60,000	As Incurred	As Incurred (Before Opening)	Suppliers
Signage[7]	$6,000 to $12,000	As Incurred	Before Opening	Suppliers
Payroll – First 3 Months	$100,000 to $150,000 ($33,333 to $50,000 per month)	As Incurred	As Incurred	Employees
Out-of-Pocket Expenses During Training[8]	$700 to $1,100	As Incurred	During Training	Airlines, Hotels, Restaurants, etc.
Initial Local Advertising – First 3 Months[9]	$2,100 (based on $700 per month minimum)	As Incurred	Before Opening	Us, Our Affiliate and/or Suppliers
Licenses and	$500 to $1,000	As Incurred	As Incurred	Government

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is Made
Permits				agencies, etc.
Insurance	$1,000 to $5,000 (annually)	As Incurred	Before Opening	Insurers
Miscellaneous Opening Costs	$4,000	As Incurred	As Incurred	Suppliers, Utilities, etc.
Additional Funds – 3 months[10]	$20,000 to $50,000	As Incurred	As Incurred	Employees, Suppliers, Utilities, etc.
Total[11, 12]	**$554,300** to **$1,861,200**			

Notes:

1. Initial Franchise Fees. See Item 5 for more information about the Initial Franchise Fee.

Consulting Fee. If you are purchasing a new franchise at a new location (as opposed to purchasing a franchise at an existing location from one of our affiliates or franchisees), then you will pay us the Consulting Fee for services related to the development and buildout of the new office.

2. Rent and Security Deposit. The disclosed low-high range does not include estimated costs to purchase land and/or building because we do not require you to purchase your Office. You must lease appropriate space if you do not own adequate space. Typically, the Office will be approximately 5,000 to 7,500 square feet for an Office ranging from 12 to 20 operatories. Our minimum square footage requirement for the Office is currently 4,800 square feet. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage, cost per square foot and required maintenance costs.

3. Construction. Construction and remodel costs vary widely depending on the condition of your site and its size and, in the case of new construction, the amount of tenant improvements allowed by the landlord, and other factors.

4. Computer Hardware and Software. Computer hardware and software is required as outlined in the Operations Manual. The low-end of the estimate assumes you already have certain computer hardware and software that meets our criteria. You must also have or purchase a printer and scanner and have telephone, and high-speed internet consistent with minimum requirements and standards that may be outlined in the Franchise Agreement and the Operations Manual.

5. Fixtures, Furnishings, Equipment and Décor. You may be required or recommended to purchase additional fixtures and furnishings as outlined in the Operations Manual. You must purchase equipment and consistent with the operational needs of your Franchise and as may be required in our Operations Manual.

6. Initial Supplies. You must purchase supplies as outlined in the Operations Manual. Some of these items will be purchased from us directly and others will be purchased from approved suppliers.

7. Signage. You may be required or recommended to purchase additional signage as outlined in the

Operations Manual.

8. Training. The costs of training are included in your Initial Franchise Fee. The estimates in the above table cover out-of-pocket expenses that you incur associated with the training. These estimates are based on one or two people attending training. We will have no obligation to provide initial training at our expense except for your first franchise. Additional training is outlined in Item 11, below.

9. Initial Local Advertising. You must spend at least $700 per month on local advertising. During the initial phase of business, we recommend that you consider spending more on an initial marketing campaign. Market conditions vary widely, both in terms of competition, familiarity with our franchise system and in terms of media availability and costs.

10. Initial Start-Up Phase and Working Capital. We estimate that the initial phase covered by the additional funds estimate to be approximately three months. Additional funds are provided only as estimates and apply only to your initial three months of operations of your first Franchise. The high and low range estimates are based on our affiliate's experience in opening and operating one or more similar businesses. We believe that these figures provide an accurate minimum estimate of the additional funds necessary for the initial three-month phase of operations for your first franchise only. This is only an estimate, and we cannot guarantee that the amounts specified will be adequate.

11. Multiple Franchise Purchases. You should expect to incur these expenses for each separate franchise you purchase.

12. Refunds and Financing. Fees you pay to us or our affiliates are non-refundable (except as otherwise provided in Item 5, if applicable). Fees you pay to third parties may or may not be refundable depending upon the agreements you have with them. We do not finance any of these initial expenses.

Financing sources may reduce your initial cash requirements, and the availability and terms of financing to any individual franchisee will depend upon factors like the availability of financing in general, your credit worthiness, the collateral security that you may have and policies of lending institutions concerning the type of business to be operated by you.

Item 8
Restrictions on Sources of Products and Services

Products, Equipment and Services

We will lend to you a copy of our Operations Manual at the mandatory training program described in Section 11, below. The Operations Manual contains the Clear Lakes Dental System and related specifications and standards. We may amend the Operations Manual, including changes that may affect minimum requirements for your franchise operations. You will strictly follow the requirements of the Operations Manual as we amend it. You will carry out immediately all changes at your cost unless we otherwise specify. The Operations Manual is confidential and our exclusive property.

You must purchase all items and services needed for the operation of your franchise either from us, our affiliates, one or more exclusively designated suppliers, our approved suppliers, or subject to our standards and specifications as we will designate. You must purchase all goods and services that we require.

The following requirement are in place as of the issuance date of this disclosure document:

- You must purchase the following categories of items and/or services from us or our affiliate: all branded item, which may include pens, mouth pads, electric toothbrushes, gloves, masks, saliva ejectors, certain dental instruments, and similar items.
- The dental laboratory you use is subject to our prior approval.
- You must purchase the following categories of items and/or services from our designated or approved suppliers and subject to our minimum standards and specifications: computer hardware and software (as further described in Item 11), equipment, furnishings, and supplies that we require. This includes, for example, handheld x-ray units, panoramic x-ray unit, and the specific type(s) of glass windows we require. If we do not have a designated or approved supplier for a particular item, then you must get our prior approval of your proposed supplier.
- Your office must have at least the minimum number of operatories we require. As of the issuance date of this disclosure document, your Office must have at least 11 operatories. Among other items, each of the operatories must have its own rolling cabinet (which you must purchase from our designated supplier) and high-speed desktop computer with strong Wi-Fi capabilities and related software (which must meet our minimum specifications).
- You must have or purchase a printer, scanner, telephones, and high-speed internet, all of which must meet our minimum specifications.
- You must have telephone hardware and software that meets our minimum specifications for taking calls from, and making call to, prospective and existing customers.
- The design, décor, and color schemes of your Office and your uniforms are subject to our standards and specifications for quality and uniformity.
- We do not designate your point of sale system hardware and software, but we reserve the right to do so in the future. You must have the capability to accept debit and credit card payments from your patients subject to our minimum standards and specifications. We reserve the right to require you to use a designated merchant processing service.
- You must purchase a subscription to the specific online dental practice management and scheduling software we require.
- You must purchase a subscription to the specific online accounting software we require.
- You must purchase and use security and surveillance cameras and related hardware and software from approved supplies and subject to our standards and specifications.
- You must purchase all other items and/or services in compliance with our minimum standards and specifications as may be outlined in our Operations Manual.

The actual amount purchased may vary. The amount that you pay to any approved supplier is refundable only to the extent negotiated with such approved supplier.

All specifications that we require of you and lists of equipment and designated and approved suppliers will be included in the Operations Manual. We will upon request provide our minimum specifications to approved suppliers and suppliers seeking approval. We will use our best judgment to set and modify specifications to maintain the integrity and quality of our franchise system.

Our President and CEO, David Park, is our owner and the owner of our affiliate, Luna Land Dental, Corp. There are no other approved suppliers in which any of our officers owns an interest.

Subject to our right to designate one or more exclusive suppliers, with advance written notice, you may request our approval to obtain products, equipment, supplies or materials from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the items from these other sources meet our specifications and standards, as established from time to time. These specifications and standards will relate to factors such as the following (to the extent applicable): quality, durability, value, cleanliness, texture,

composition, strength, finish, appearance, and cost, and the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may require that samples from any supplier be delivered to a designated independent testing laboratory for testing before approval and use. You will reimburse us for the actual cost of the tests. In addition, we reserve the right to charge a reasonable fee (currently $100) for each request for approval if you make such requests more than three times during any 30-day period.

We will license any supplier that can meet or exceed our quality control requirements and standards, for a reasonable license fee, to produce and deliver products to you but to no other person. Our confidential recipes, requirements, designs, systems and formulas will be revealed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently follow our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs. We will not unreasonably withhold approval of a supplier you propose (unless we designate an exclusive supplier for the particular product or service). We will endeavor in good faith to notify you in writing of the approval or disapproval of any supplier you propose within 30 days of our receipt from you of your written notice of request for approval. If we do not respond within the 30-day period, the proposed supplier will be deemed not approved.

We or our agents may inspect any approved manufacturer, supplier or distributor facilities and products to assure proper production, processing, packaging, storing, and transportation. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier or distributor. If we find from any inspection that a manufacturer, supplier or distributor fails to meet our specifications and standards, we will give written notice describing this failure to you and to the manufacturer, supplier or distributor, with a notice that unless the failure or deficiency is corrected within 30 days, the manufacturer, supplier or distributor will no longer be approved.

We estimate that your purchases from us, our affiliates, exclusive suppliers, approved suppliers, or subject to our specifications and standards will be from 60% to 70% of the total purchases you make to *establish* your franchise.

We estimate that your purchases from us, our affiliates, exclusive suppliers, approved suppliers, or subject to our specifications and standards will be from 40% to 50% of the total purchases you make to *operate* your franchise.

We and our affiliate may derive revenue from providing products and services directly to our franchisees. During our last fiscal year ended April 30, 2025, we received such revenue in the amount of $165,426 (which was 6.4% of our total revenue of $2,584,187).

As of the issuance date of this disclosure document, we and our affiliate do not receive rebates, price adjustments, or discounts on products or services sold to you by recommended or approved suppliers. We reserve the right to do so in the future.

There are no other obligations for you to purchase or lease according to specifications or from approved suppliers. Except as explained above, we have no required specifications, designated suppliers or approved suppliers for goods, services, or real estate related to your franchise business. Except as explained above, we will not derive revenue from your purchases or leases.

We do not provide material benefits to you based on your purchase of particular products or services or the use of designated or approved suppliers. However, to renew your franchise or purchase additional

franchises, you must comply with your Franchise Agreement, which includes compliance with any standards or specifications in our Operations Manual regarding product and service purchases and the use of designated or approved suppliers.

We intend to negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees. We have not yet entered into any formal purchasing or distribution cooperatives related to our franchise system, but we reserve the right to do so. In the future, we hope to create and augment the effectiveness of cooperatives for the purchase of materials and the provision of advertising, for the benefit of the Clear Lakes Dental franchise system.

You may not sell any products, services or activities other than those specifically recognized and approved by us as part of our franchise system without our prior written approval.

You are required to follow our customer service and warranty requirements outlined in the Operations Manual.

Insurance

You must maintain at your own expense the insurance coverage that we periodically require from acceptable underwriters and brokers we have approved. Insurance policies are subject to our approval. Our requirements for insurance coverage are in the Franchise Agreement and our Operations Manual.

1. You must, at your own cost and expense, acquire and maintain at all times while you are a franchisee, with carriers satisfactory to us, sufficient insurance to adequately protect the respective interests of the parties, including your indemnity obligations under the Franchise Agreement. Specifically during the term of the Franchise Agreement, you must maintain in force policies of insurance with the following minimum limits of coverage for each Franchise:

A. Broad form commercial general liability coverage, on an occurrence form (including premises and operations, products and completed operations, personal & advertising injury, broad form contractual, and employers liability, and products liability), against claims for bodily injury, personal injury, including death, and property damage with minimum limits of not less than $1,000,000 per occurrence and $3,000,000 aggregate for each coverage;
B. All risk property insurance including equipment breakdown for the full replacement cost sufficient to cover all business personal property including contents, leasehold improvements, furniture, fixtures, equipment, and signs;
C. Loss of income including extra expense insurance with sufficient limits to cover all ongoing expenses, including future profits, royalty fees, advertising contributions, ordinary payroll for competent personnel and other fixed expenses for a minimum of 24 months from the date of loss;
D. Plate glass insurance (if applicable);
E. Worker's compensation and employer's liability insurance in statutory amounts;
F. Unemployment insurance and state disability as required by governing laws;
G. Employment practices liability insurance with reasonable minimum limits of coverage (we reserve the right to designate minimum limits);
H. Business automobile liability, including bodily injury and property damage coverage for all owned, non-owned and hired vehicles, with limits of not less than $1,000,000 for injuries to persons resulting from any one accident, and $500,000 for property damage resulting from any one accident;

I. Commercial umbrella liability insurance with limits not less than $3,000,000 each occurrence. The umbrella liability will be on a following form basis of the underlying policies (commercial general liability, premises and operations, products and completed operations, personal and advertising injury, automobile and employers liability);

J. Blanket employee dishonesty coverage with minimum limits of not less than $50,000;

K. Monies and securities (crime) coverage with limits of not less than $10,000 inside limit and $5,000 outside limit;

L. Cyber and privacy liability with minimum limits of $25,000, including crisis management and data extortion expense; and

M. Dental malpractice liability insurance with a minimum insurance coverage amount of $1,000,000 per claim and $3,000,000 in the aggregate, or higher limits if required by law.

2. You must also maintain such additional insurance as is necessary to comply with all legal requirements concerning insurance as well as any other insurance required by your landlord. We may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time (upon 60 days' advance notice), including higher liability limits, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

3. Each insurance policy shall: (1) name franchisor and each of its affiliates, directors, agents and employees (as we may specify to you) as additional insureds (except for worker's compensation and employer's liability insurance coverage) on a primary, non-contributory basis and provide a waiver of subrogation rights against us; (2) provide for 30 days' prior written notice to us of any material modification, cancellation, or expiration of the policy; and (3) provide that coverage applies separately to each insured. In the case of property insurance, the franchisor parties must be named as their interests may appear. Insurance carriers must be authorized to do business in the state where your Office is located, be rated at least A-X with A.M. Best and approved by us. At our discretion, we may require you to purchase your insurance from a specific insurance carrier. Upon request, you must provide us with proof of insurance in compliance with the Franchise Agreement.

Item 9
Franchisee's Obligations

FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition or lease	Franchise Agreement ("FA") Section 1.1, 1.2 & 1.3	Items 6 & 12
b. Pre-opening purchases and leases	FA Sections 4.1, 5.1 & 8.2	Items 7 & 8
c. Site development and other pre-opening requirements	FA Sections 1.4, 3.1, 4.1 & 5.1	Items 7, 8 & 12
d. Initial and ongoing training	FA Sections 3.1, 3.2 & 3.3	Items 6 & 11
e. Opening	FA Sections 4.1 and 5.1	Item 11
f. Fees	FA Sections 2, 6.1, & 7.1;	Items 5, 6 & 17

Obligation	Section in Agreement	Disclosure Document Item
	Consulting Agreement Section 3.1	
g. Compliance with standards & policies/Operations Manual	FA Sections 5 & 6.3	Items 11 & 17
h. Trademarks and proprietary information	FA Sections 1.1, 5.1, 5.3, 5.4, 5.5, 5.8, 5.9, 6.5, 9.2 & 9.10	Items 13, 14 & 17
i. Restrictions on products and services offered	FA Sections 1.1, 1.2, 5.1, 5.2, 5.3, 5.4, 5.5, 5.8, 5.9, 6.3, 6.5	Items 8, 12, 13, 16 & 17
j. Warranty and customer service requirements	FA Sections 5.1, 5.2.6, & 5.5	Item 11
k. Territorial development and sales quotas	FA Sections 1.1 & 1.11	Items 7 & 12
l. Ongoing product & service purchases	FA Sections 2.11, 5.1, 5.2, 5.5, 5.12 & 8.2	Items 7 & 8
m. Maintenance, appearance and remodeling requirements	FA Sections 1.4, 1.5, 5.1, 5.2, 5.5 & 6.5	Items 7, 11 & 17
n. Insurance	FA Section 8.2	Items 7 & 8
o. Advertising	FA Sections 2.5, 5.1, 5.2, 5.3, 5.4, 5.5 & 6.5	Items 9 & 11
p. Indemnification	FA Sections 6.7 & 8.1; Consulting Agreement Section 3.3	Item 6
q. Owner's participation/ management/ staffing	FA Sections 2.11, 3, 4.1, 5, 6.5, 6.7, 7, 9.3, 9.10, 9.12 & 9.14	Items 11, 15 & 17
r. Records and reports	FA Sections 2.9, 5.1, 5.2 & 5.5	Items 6, 11 & 17
s. Inspections and audits	FA Sections 2.10, 5.1, 5.2 & 5.5	Items 6, 11 & 17
t. Transfer	FA Section 7	Item 17
u. Renewal	FA Section 6.1	Item 17
v. Post-termination obligations	FA Sections 5.8, 5.9, 6.5, 6.6, 6.7, 9.9, 9.10; Consulting Agreement Section 4	Item 17
w. Non-competition covenants	FA Sections 5.8, 5.9, 6.5, 6.6, 6.7, 9.9, 9.10	Item 17
x. Dispute resolution	FA Sections 9.7 & 9.8; Consulting Agreement Sections 12 and 13	Item 17
y. Other: Personal Guaranty	FA Section 9.13 and FDD Exhibit I	Item 15

Item 10
Financing

We do not provide direct or indirect financing and do not assist in providing financing for you. We do not guarantee any notes or financial obligations.

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

Except as listed below, CLEAR LAKES DENTAL FRANCHISE LLC is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your franchise, we will:

1) Approve or disapprove of proposed sites for the Office and the lease for the Office. (Franchise Agreement, Section 1.3) The factors we may consider in approving proposed site selections include the following: general location and neighborhood; traffic patterns; parking; physical characteristics of existing buildings; lease terms; population density; and population demographics. Neither we nor any of our employees have special expertise in selecting sites; we make no representations that your Franchise will be profitable or successful by being located at the approved Office. Any acceptance is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience.
2) Designate your Franchise Territory in the Franchise Agreement before the Franchise Agreement is executed. (Franchise Agreement, Section 1.1) The exact determination of the Franchise Territory will depend upon your approval and our market analysis, market penetration plans and franchise placement strategies. Among the factors we consider to determine the feasibility of possible franchise territories are population demographics and competition.
3) If requested, we may choose to provide reasonable advice and input related to your selection of a site for the Office. You will pay for all our reasonable expenses related to any such requested services, including our travel and lodging expenses. Our rendering such services is based upon our availability. (Franchise Agreement, Section 1.3)
4) Provide initial orientation and training to you and your designated manager(s). (Franchise Agreement, Section 3.1)
5) Loan you a copy of the confidential Operations Manual. (Franchise Agreement, Section 5.1). The table of contents for our Operations Manual as of the date of this disclosure document is found in this Item 11 below.
6) Provide written standards and specifications regarding your equipment, fixtures, inventory, supplies, and décor (as applicable). (Franchise Agreement, Section 5.1)
7) Give you a list of approved and/or designated suppliers. (Franchise Agreement, Section 5.1)
8) Provide written minimum standards and specifications regarding constructing or remodeling the Office. (Franchise Agreement, Section 5.1)
9) If you are purchasing a new franchise at a new location (as opposed to purchasing a franchise at an existing location from one of our affiliates or franchisees), then you must sign the Consulting Agreement and pay the Consulting Fee, and we will provide consulting services related to the development and buildout of your new Office.

We do not provide assistance with conforming your Office to local ordinances and building codes and obtaining any required permits or hiring and training employees.

Time to Open

The typical length of time between the signing of the Franchise Agreement or first payment of consideration for the Franchise and the opening of the Franchise for business is about six to eight months. You must complete the mandatory training program and commence business operations within 12 months after you sign the Franchise Agreement (or within 60 days if you are converting an existing dental office to a Clear

Lakes Dental franchised office). (Franchise Agreement, Section 4.1) Factors that may affect this time are finding and negotiating for the Office, arranging for the training session, financing and business permit requirements, building out the Office, obtaining initial equipment, and your personal operational needs. Any failure caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond your reasonable control will be excused for a time that is reasonable under the circumstances.

Operations Manual Table of Contents

The Operations Manual is confidential and remains our property. It contains mandatory and suggested specifications, standards and procedures. We may modify the Operations Manual, but the modifications will not alter your basic status and rights under the Franchise Agreement. The revisions may include advancements and developments in services, supplies, equipment, sales, marketing, operational techniques, and other items and procedures used for the operation of the franchise. (Franchise Agreement, Section 5) The table of contents of the current version of the Operations Manual and the number of pages in each section is included in Exhibit L.

Initial Training Program

Before you commence your Franchise operations, we will provide you (the dentist) and your dental operations manager (referred to herein as "manager" or "DOM") with a mandatory initial training program. The initial training program is included in the Initial Franchise Fee. Accommodations, travel, room, board, and wage expenses for any of your personnel during this period are borne by you.

(Franchise Agreement, Section 3.1).

The subjects covered during training and the duration of training are subject to change. Patient care, clinical services, and dental services are determined solely by the dentist providing the services. The following table outlines our initial training program as of the issuance date of this disclosure document.

INITIAL TRAINING PROGRAM
for You (Dentist) and Your DOM

Subject*	Hours Of Classroom Training	Hours Of On-The-Job Training	Location**
Clear Lakes Dental ("CLD") Overview	2 hours		Via training videos, live webcast, and/or telephone meetings
CLD Position Roles and Ecosystem	5 hours		
CLD Practice Management	2 hours		
Ongoing Support Team	3 hours		
CLD Dental Immersion		Approximately 35 hours	In-person at a location we will designate (e.g., at one of our

Subject*	Hours Of Classroom Training	Hours Of On-The-Job Training	Location**
			affiliate-owned or franchised offices)

* Patient care, clinical services, and dental services are determined solely by the dentist providing the services. Any training content that treats these issues is optional and is not intended to exert any control over such issues.

** We reserve the right to conduct some or all training via technology of our choosing.

Our key trainers are David Park, Matthew Park, Ying Thao, and Nancy Yang. Each of their experience with us and in the subjects they teach at training is described below.

- David Park has served as our President and CEO since 2021. His field experience in the subjects he teaches at training dates back to 2017.
- Matthew Park has served as our Business Manager since 2021. His field experience in the subjects he teaches at training dates back to 2017.
- Ying Thao has served as a hygienist at one of our affiliate's dental offices since 2018. Her field experience in the subjects she teaches at training dates back to approximately 2017.
- Nancy Yang has been our Director of Internal Auditing since July 2022. She has served as a licensed dental assistant at one of our affiliate's dental offices since 2018. Her field experience in the subjects she teaches at training dates back to approximately 2017.

We anticipate that each trainer will have at least approximately two to three years of field experience in the subject(s) she/he teaches at training. We use the Operations Manual for instructional material.

Training is scheduled and held on an "as needed" basis depending on the number of franchisees requesting training in a particular time frame and the franchisor's training personnel's availability. The initial training programs must be completed at least two months before the scheduled date of the opening of the franchise.

You must complete the initial mandatory training program to our satisfaction, or we may terminate the Franchise Agreement. You are encouraged to participate in the training session as soon as possible after executing the Franchise Agreement and before incurring any costs or expenses related to the opening of the Franchise. We will not be liable for your costs or expenses if we terminate the Franchise Agreement because you fail to complete the mandatory training to our satisfaction.

If you desire to have more than two individuals receive initial training, these additional individuals may be accommodated at our convenience. We reserve the right to charge a reasonable fee for the provision of the training for these additional individuals.

We may at any time during initial training inform you that an individual attending training on your behalf is not suitable due to criminal activities, disruptive behavior or other reasons. Upon that notice, our obligations to train that individual will be deemed to have been discharged.

If any portion of initial training is held at the location of one of our affiliates or franchisees, then you must (1) abide by all of the reasonable rules and procedures for that office, and (2) sign a Consent, Waiver, and Release for Training in the form attached to the Franchise Agreement (which we may modify at our reasonable discretion).

Opening Assistance

We will provide the services of one or more trainers on-site at your Office for approximately one day in connection with the Franchise's opening. This training is for you (dentist) and your DOM. (Franchise Agreement, Section 3.1)

Additional Training

Requested by You. At your option and upon not less than 30 days' prior written notice to us, you may receive additional training at our headquarters or at other agreed upon locations. All expenses of this training will be borne by you, including your transportation, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then-current rates. The duration and timing of this training is negotiable depending upon your needs and our availability.

Required or Offered by Us. We may provide refresher training programs or seminars and may require that you or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate. We may charge a reasonable training fee at our then-current rates. You will be responsible for your transportation, meals and lodging, and wages for your employees.

Additional Training Required by Franchisor Based on Franchisee's Deficiency. We may require you to participate in additional training if you fail to meet our standards and specifications in the opening or operation of your Franchise as we determine at our discretion. This training will typically be held at our headquarters or your location at our discretion. We will charge a reasonable training fee at our then-current rates. You will be responsible for your and our transportation, meals and lodging, and wages for your employees.

(Franchise Agreement, Section 3.2)

Our Obligations During the Operation of Your Franchise Business

After you open your franchise, we will:

1) Provide additional training to you upon your request as described above. (Franchise Agreement, Section 3.2).
2) Administer our advertising program and formulate and conduct national and regional promotion programs. (Franchise Agreement, Section 2).
3) At our discretion, we may inspect the Franchise and conduct activities to ensure compliance with the terms of the Franchise Agreement and Operations Manual to assure consistent quality and service throughout our franchise system. (Franchise Agreement, Sections 2.11 and 5).
4) At our discretion, we may inspect the facilities of your manufacturers, suppliers and distributors and notify you and the manufacturers, suppliers, and distributors in writing of any failure to meet our specifications and standards. (Franchise Agreement, Sections 2.11 and 5).
5) We may provide other supervision, assistance or services although we are not bound by the Franchise Agreement or any related agreement to do so. These may include, among other things, advertising materials, literature, additional assistance in training, promotional materials, bulletins on new products or services, and new sales and marketing developments and techniques.

Advertising and Brand Development

You must pay to us $2,000 each month as a Brand Development Fee. We will administer the funds we receive for Brand Development Fees. We will direct all regional and national advertising programs with sole discretion over the creative ideas, materials, endorsements, placement and allocation of overhead expenses. We may use Brand Development Fees to develop our brand through any medium we choose, such as print, online, other technologies, and public relations. We may use Brand Development Fees for website updates and maintenance, marketing, advertising, social media maintenance and marketing fees, development of new technologies, and other expenses we deem reasonable at our sole discretion for development of the brand. We may use the Brand Development Fees to maintain, administer, direct, prepare, and review national, regional, or local brand development activities and programs as we deem proper at our sole discretion.

We may use some or all of the Brand Development Fees for advertising that is principally a solicitation for the sale of franchises. This includes reasonable transportation, meals, lodging, and salary for our personnel for events to solicit prospective franchisees.

For brand development, we may use an in-house advertising department or outside regional or national advertising agencies. We may provide to you advertising materials and point of sales aids for you to use in your local advertising and promotional efforts.

We are under no obligation to administer the use of Brand Development Fees to ensure that expenditures are proportionate to contributions of franchisees for any given market area or that any franchise benefits directly or proportionately from brand development activities.

We may spend in any fiscal year an amount greater or less than the aggregate Brand Development Fees collected from all franchisees in that year, and we may apply contributions to past expenditures and carry over any surplus or deficit to future years.

Our expenditures of Brand Development Fees we collect are not audited. Upon reasonable request, we will make an accounting of the Brand Development Fees available to you within 120 days after our next fiscal year end.

(Franchise Agreement, Section 2.6)

Our company or affiliate-owned Clear Lakes Dental operations offering products and services similar to our franchisees may or may not be required to pay Brand Development Fees.

We may create an advertising council made up of franchisees selected by us or by vote of franchisees as we determine. We will have the power to form, change, or dissolve the advertising council. The council will serve in an advisory capacity only.

Summary of Brand Development Fee Contributions and Expenses for Fiscal Year Ended April 30, 2025

Expenses:	Administrative Expenses	$141,239.44	61.05%
	Production	$57,438.03	24.83%
	Media Placement	$32,674.94	14.12%
Total expenses:		$231,352.41	100%
Advertising fund contributions:		$160,000	

Excess of expenses over contributions:	$71,352.41	44.59%

Advertising Approval / Webpage / Social Media

Promotional Materials and Local Advertising. We may provide to you an advertising packet with advertising templates we approve for you to use in your local advertising and promotional efforts. Otherwise, you will submit to us all advertising copy and other advertising and promotional materials before you use them in your local advertising program. You will not use any advertising copy or other promotional material until we approve it.

We have established and will maintain a website to advertise and promote our brand. We will provide you with a listing within our website. You must give us the information and materials we request to develop, update, maintain and modify the listing. You will not have the right to create an independent website that includes our Marks or promotes your franchise.

Your use of social media and other online mediums using our brand or promoting your franchise must be in strict compliance with our standards as outlined in our Operations Manual. Such online mediums include but are not limited to Facebook, Instagram, LinkedIn, Twitter, Wikipedia, YouTube, blogs, Yelp, Google, Trip Advisor, etc. We reserve the right to require you to get our prior approval of proposed venues and content for social media and other online mediums. We reserve the right to restrict or completely prohibit your use of social media and other online mediums using our brand or promoting your franchise. (Franchise Agreement, Section 2.5)

Advertising Cooperatives

We do not require you to participate in or contribute to a regional advertising cooperative with other franchisees in your region.

Computer Systems

You must lease, purchase or otherwise acquire, from sources of your choice (or from designated or approved supplies, as we determine) and at your expense, computer hardware and software (including software as a service subscriptions and point of sale hardware and software) that strictly conform to our requirements and specifications. As of the issuance date of this disclosure document, this includes at a minimum the following:

- You must have one high speed desktop computer for each operatory (typically 12 to 20 operatories) with strong Wi-Fi capabilities and related software.
- Your Office's front desk must have two desktop computers with monitors mounted to swivel-capable stands and related hardware and software.
- You must have two desktop computers – one each for your two patient care coordinators.
- You must have a desktop computer for your billing agent.
- You must have or purchase a printer, scanner, telephones, and high-speed internet, all of which must meet our minimum specifications.
- We do not designate your point of sale system hardware and software, but we reserve the right to do so in the future. You must have the capability to accept debit and credit card payments from your patients subject to our minimum standards and specifications. We reserve the right to require you to use a designated merchant processing service.
- You must purchase a subscription to the specific online dental practice management and scheduling software we require.

- You must purchase a subscription to the specific online accounting software we require.
- You must purchase and use security and surveillance cameras and related hardware and software from approved supplies and subject to our standards and specifications.

The computer hardware and software are for communications, accounting, point of sale, practice management, security and surveillance, and record keeping.

We will give you at least 30 days' written notice, describing the hardware, software, and upgrading requirements of the system before you are obligated to initially purchase the computer systems. If you do not already have the computer systems that we require before you purchase a franchise, the estimated cost of purchasing the computer systems that we require is approximately $10,000 to $18,000. As of the issuance date of this disclosure document, the required software subscriptions cost approximately $800 to $1,200 per month.

If we require, you must record and transmit all financial information using our designated systems. We may at our discretion change standards for reporting to provide effective technology for the entire system. We will have full ability to poll your data, computer system and related information by means of direct access whether in person or by electronic means. You will grant us "view only" access to your business bank accounts related to your Franchise. There will be no contractual limitation on our right to access your information or data.

Neither we nor our affiliates will have any obligation to provide any ongoing maintenance, repairs, upgrades or updates related to your computer software and hardware. However, you must upgrade or update your computer hardware and software as we may direct during the term of the franchise agreement. There are no contractual limitations on the frequency and cost of this obligation. We estimate that these updates or upgrades will cost approximately $0 to $1,000 per year.
(Franchise Agreement, Section 5.9)

Item 12
Territory

Office and Protected Territory

You will be given a specific territory for your Franchise (the "Franchise Territory" or "Territory"). A typical franchise territory will be a mileage radius around the center of the Office. The radius will typically be a four and one-half (4.5)-mile radius around the center of the Office, but we may designate a smaller radius for urban locations. Also, your Franchise Territory may vary in size and dimensions based on population, growth trends, affluence of nearby population, topography, geography, density and demographics. The exact determination of the Franchise Territory will depend upon your approval and our market analysis, market penetration plans and franchise placement strategies. Among the factors we consider to determine the feasibility of possible franchise territory locations are population demographics and competition in the area.

Because we reserve certain rights with respect to your Territory (as described below in this Item), 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.

However, we will not establish or allow others to establish a Clear Lakes Dental office (of the same type you operate) physically located within your Franchise Territory using our Marks and System so long as the Franchise Agreement is in force and you are not in default in any material provision of the Agreement, and

except as provided below in this paragraph and in the paragraphs under the heading "Our Use of the Marks and Clear Lakes Dental Products and Services" below.

If you have not selected and we have not approved of the site of your Office when you sign the Franchise Agreement, then the Franchise Agreement will identify the search area within which you may search for an Office, and we will designate the Franchise Territory when you select and we approve of the location for your Office.

You may not establish or operate any other Clear Lakes Dental establishment without signing a separate Franchise Agreement for that facility.

Relocation

You will not relocate the Office without our prior written approval. Any relocation will be at your sole expense. Relocation will be subject to the following conditions:

A. You are not in breach of the Franchise Agreement;
B. You evidence to our satisfaction your ability to obtain and commence operations at the new location within a time we deem reasonable after you vacate the original location;
C. You develop, furnish, and equip, at your sole expense, the new location according to our then-current specifications and standards;
D. You pay all reasonable out-of-pocket expenses we incur because of the relocation;
E. You sign a general release of claims against us; and
F. You satisfy our then-current franchise placement and demographics criteria.

No Right of First Refusal

You do not receive any options, rights of first refusal, or any other similar rights to acquire additional franchises or to grant subfranchises.

Marketing and Providing Services

Except with our prior written permission, you shall not offer or sell products or services from any location other than the Office. Except with our prior written permission, you shall not place advertisements using our trade names or service marks in or originating from any area other than the Franchise Territory. This includes, but is not limited to, internet, catalog sales, telemarketing or other direct marketing. You may not advertise in any media whose primary circulation is outside the Franchise Territory, except with our prior written permission and the prior written consent of any of our franchisees whose territory is reached by that media.

If a patient or prospective patient needs services that you do not perform at your Office, then you must refer the patient to another Clear Lakes Dental office located within twenty (20) miles of your Office that does perform the services, if any. Examples of such services may include root canals, extractions, dentures, Invisalign®, implants, and orthodontics. We may modify standards and procedures regarding such referrals, and you must comply with our standards and procedures.

You may not use alternative distribution channels to make sales outside or inside your Franchise Territory, except as otherwise allowed by us in the Operations Manual.

All internet marketing is part of our marketing programs described in the Operations Manual and defined in the Franchise Agreement and must be coordinated through us and approved by us. You may not acquire an independent internet domain name or website.

Renewal

Upon renewal of the Franchise, we may modify the Franchise Territory to meet our then-current franchise market penetration and demographic standards, or to account for population changes, or based on other factors we, as franchisor, deem reasonable.

Development Area for Multiple Franchise Purchases

If you sign the Multiple Franchise Purchase Addendum to purchase multiple Franchises simultaneously, then we will designate a Development Area in which you will open your Franchises. You will not receive territorial protections for the Development Area. We and our affiliates will have the right to operate or grant to others the right to operate outlets within the Development Area. Upon the opening of your last Franchise, or upon the deadline for opening your last Franchise, under your Development Schedule (described in the Multiple Franchise Purchase Addendum), your rights with respect to the Development Area will automatically terminate. If you do not comply with the Development Schedule, we will have the right to terminate your Development Area and any of your Franchise Agreements representing Franchises that have not yet opened for business. However, your Franchise Territory (defined above) for each of your operating Franchises will remain in force.

Our Use of the Marks and Clear Lakes Dental Products and Services

We retain all rights not specifically granted to you in the Franchise Agreement. This includes our right to use or license the use of our Marks or any other marks to anyone, and for any purpose, and at any location (except that we will not place a Clear Lakes Dental office within your Franchise Territory). Neither we nor our affiliates are restricted from participating in other distribution methods under the Marks or under marks different from the ones you will use under the Franchise Agreement. We will have no obligation to compensate you for any such sales. For example, we may offer and sell products, including dental-related products, directly to dentists or consumer under the Clear Lakes Dental brand or a different brand within and outside your Franchise Territory. We will not be required to compensate you for any such sales made within your Territory. As another example, we may install a vending machine at your Office for dental-related items that we or our affiliates sell. We will pay you a reasonable rent for the space occupied by the vending machine. Otherwise, we will not be required to compensate you for any sales from the vending machine.

We may place Clear Lakes Dental establishments in airport other limited access environments in your Franchise Territory and regardless of the location of other Clear Lakes Dental operations. We may place present and future Clear Lakes Dental products for sale at big box stores or other types of stores at any location, whether or not within the Franchise Territory or within close proximity to a Clear Lakes Dental franchise.

We have not established and do not presently intend to establish other franchises or company-owned outlets selling similar products or services under a different trademark.

We may purchase or be purchased by, or merge or combine with, competing businesses, wherever located.

No Minimum Sales Requirements

Your rights to the Territory do not depend on you achieving a specific level of sales, market penetration or other condition. However, if you do not comply with the Franchise Agreement and do not cure defaults as required therein, then we may cancel or reduce your Territory or terminate the Agreement.

Item 13
Trademarks

Registrations and/or Applications for Our Marks

We own the following principal Marks, which are registered on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

Mark	International Classification	Registration Date	Registration Number
CLEAR LAKES DENTAL (in standard characters)	Class 44	December 21, 2021	6594613
	Class 44	December 7, 2021	6581991

We have filed (or anticipate filing when due) all required affidavits in respect to registrations of our principal marks with the USPTO. We have filed (or anticipate filing when due) all required registration renewals in respect to such registrations.

Our Common Law Rights to the Marks

We and our affiliate company also claim common law rights to the "Clear Lakes Dental" names and all related marks, logos, designs, and slogans. This includes the following words plus design mark:

Your Use of the Marks

We will allow you to use these and all other trade names, trademarks, service marks, and logos we now own or may in the future develop for our franchise system. We refer to all of these commercial symbols as the "Marks." The Marks are our exclusive property.

You must follow our rules when you use the Marks. You may not use the Marks in any manner we have not authorized in writing. You may not use or give others permission to use the Marks, or any colorable imitation of them, combined with any other words or phrases. You cannot use our Service Marks as part of the name of your business entity or with modifying words, designs or symbols except as we authorize in

writing. You may not use our Service Marks in connection with the sale of any unauthorized product or service.

All goodwill associated with the Marks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law. We (or our parent or an affiliate) will own all trademark improvements you develop (if applicable). The immediately preceding sentence does not affect provisions in the Franchise Agreement and our Operations Manual prohibiting you from altering the Marks and requiring you to use the Marks only in strict compliance with our standards and specifications.

Modifying the Marks

We may change or discontinue any part of the Marks at any time in our sole discretion. You will modify or discontinue use of any franchise names or Marks, or will use one or more substitute names or marks, if we so direct in writing at any time. Our sole obligation in this event will be to reimburse you for your tangible costs in complying with our direction (i.e., cost of changing signs, stationery, etc.). You will bear all costs and expenses that may be reasonably necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the Marks will apply with equal force to any modified or substituted names or marks.

Agreements Impacting the Marks

There are no agreements currently in effect or contemplated which would significantly limit our right to use or license the use of the marks listed in this Item 13 in a manner material to the franchise.

Legal Actions Involving the Marks

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any opposition or cancellation proceeding, or any pending litigation involving the Marks.

You will immediately notify us of any infringement of, or challenge to, your use of the Marks or any marks identical to or confusingly similar to the Marks, including any claims of infringement or unfair competition. While we anticipate making reasonable efforts to protect your rights to use the Marks, we will have sole discretion to take or not to take action, as we deem appropriate. We will not be required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks or if the proceeding is resolved unfavorably to you. If we undertake the defense or prosecution of any litigation or administrative action involving you or any litigation or administrative action involving the Marks, you agree to execute any and all documents and to do all acts and things that in the opinion of our counsel are necessary or advisable to carry out the defense or prosecution. This may be done either in our name or in your name, as we will elect.

We are aware of dental offices that use the words “Clear Lake Dental” or “Clear Lake” in their business names. There are several such dental offices in the Clear Lake Area of Texas, which is a region in parts of Harris and Galveston counties in Texas. The area is named for its proximity to a lake called Clear Lake. We are aware of a dental office doing business as Clearlake Dental in Clearlake, California and a dental office doing business as Adventist Health Clear Lake Dental Care in Lower Lake, California. We are aware of a dental office doing business as Clearlake Family Dentistry in Clearlake, Iowa. We anticipate that there are several or many other dental offices throughout the United States that use the words “Clear Lake” or

similar wording in their business names.

Other than as disclosed above, we know of no superior rights or infringing uses that could materially affect your use of the service marks.

Item 14
Patents, Copyrights, and Proprietary Information

We intend to affix a statutory notice of copyright to our Operations Manual, to certain of our advertising materials, training materials, websites, proprietary software, and to all modifications and additions to them. You are granted the right and are required to use the copyrighted items only with your operation of the franchise during the term of your Franchise Agreement. You have no other rights to the copyrighted material.

The Operations Manual is described in Item 11. Although we have not filed applications for copyright registration, all copyrighted materials are our property. Item 11 describes limits on use of the copyrighted materials by you and your employees. You are only permitted to use our proprietary processes and systems in accordance with the Franchise Agreement and only as long as you are a franchisee. Your failure to comply with the confidentiality requirements of the Franchise Agreement may result in your payment of liquidated damages to us as specified in the Franchise Agreement. You must contact us immediately if you learn of any unauthorized use of our proprietary information. You must also agree to not contest our rights to, and interest in, our copyrights and other proprietary information.

We do not know of any prior rights or infringing uses that could materially affect your use of our copyrighted materials. You must notify us immediately after receiving notice of any claim, demand or cause of action pertaining to the copyrighted materials or on learning that any third party uses the copyrighted materials without authorization. After receipt of timely notice of an action, claim or demand against you relating to the copyrighted materials, we have the right, but not the obligation, to defend or settle any such action. The Franchise Agreement does not obligate us to take affirmative action when notified of infringement. We have the right to contest or bring action against any third party regarding the third party's unauthorized use of any of the copyrighted materials. We have the right to control all actions but are not obligated to take any action. You may not make any demand against any alleged infringer, prosecute any claim or settle or compromise any claim by a third party without our prior written consent. In any defense or prosecution of any litigation relating to the copyrighted materials undertaken by us, you must cooperate with us, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of our counsel, to carry out such defense or prosecution.

We may change or discontinue any part of the copyrighted materials at any time at our sole discretion. You will modify or discontinue use of any copyrighted materials, or will use one or more substitute copyrighted materials, if we so direct in writing at any time. You will bear all costs and expenses that may be reasonably necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the copyrighted materials will apply with equal force to any modified or substituted copyrighted materials.

We have no patents material to your franchise.

We claim proprietary rights to certain confidential information and trade secrets related to our business processes and supplier relationships that you will learn during training. We consider such processes and modifications to be our trade secrets.

You must use reasonable best efforts to continuously improve the products, processes and services used in the System and to develop new products, processes and services for use as part of the System. All the improvements, inventions and developments you make, develop or create for use in the System will be our property (or that of our parent or an affiliate) and we alone (or our parent or an affiliate) will hold any patent, trademark registration or other form of protection for those improvements, inventions, developments, processes, methods and practices.

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

We sell franchises only to licensed dentists in good standing in the states in which they will operate the Franchise.

Each Clear Lakes Dental franchise must be staffed by at least one dentist (either you or an employee) at all times (equivalent to at least one full-time dentist). We reserve the right to modify this rule at our reasonable discretion. This rule shall not apply to our principal officer dentist so that he can focus on franchisor-related activities.

You must actively participate in your franchised dental practice. You must hire a Dental Operations Manager (DOM) to handle day-to-day operations of your business. As the franchise owner, it is ultimately your responsibility to comply with the Franchise Agreement. Your DOM must complete the mandatory training program described in Item 11. The manager is not required to have any equity interest in your franchise business entity.

All of your owners must sign the Franchise Agreement directly or sign a Confidentiality and Non-Competition Agreement in the form attached as Exhibit J. To the full extent permitted by applicable law, your managers must sign confidentiality and non-competition agreements containing substantially the same protections as provided in relevant clauses in the Franchise Agreement. You are responsible for ensuring the adequacy and enforceability under local law of any sample form we provide in this regard.

All of your owners must sign the Franchise Agreement directly or sign a Personal Guaranty in the form attached as Exhibit I.

Item 16
Restrictions on What the Franchisee May Sell

We require that you use, offer and sell only those products and services that we approve in writing. You must offer all products and services that we designate as required by our franchisees. We reserve the right, without limitation, to modify, delete and add to the authorized products and services, and you must adopt such changes at your expense.

If you will provide services outside the scope of "general dentistry" (as we reasonably define in our Operations Manual), then any changes you wish to make to our general staff scheduling guidelines will be subject to our prior approval.

To the extent permitted by applicable law, you are prohibited from hiring associate dentists during the first six months of business operations without our prior approval.

All online marketing is part of our marketing programs described in the Operations Manual and defined in

the Franchise Agreement and must be coordinated through us and approved by us.

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 disclosure document.

Provision	Section in Franchise Agreement ("FA") or Other Agreement	Summary
a. Length of the franchise term	FA Section 1.1	10 years
b. Renewal or extension of term	FA Section 6.1	If you are in good standing, you may renew for periods of 5 years under the terms of our then-current Franchise Agreement forms that may have materially different terms and conditions than your original contract.
c. Requirements for franchisee to renew or extend	FA Section 6.1	"Renewal" means that you, upon the expiration of the original term of the Franchise Agreement, have the right to enter into a new agreement according to our then-current Franchise Agreement forms that may have materially different terms and conditions than your original contract. You must give notice at least three and not more than six months before expiration of the initial term; faithfully perform under the initial agreement; refurbish, remodel, and replace the Office (if commercial location), fixtures, equipment, and signage to conform to the then-current Operations Manual and System standards; sign general release (subject to state law); sign a new agreement that may contain materially different terms and conditions from the original contract; pay a renewal fee; and go through retraining (if we require it).
d. Termination by franchisee	FA Section 6.2; Consulting Agreement Section 4	Subject to state law, you may terminate the Franchise Agreement if you comply with the agreement and if we substantially breach any material provision of the

Provision	Section in Franchise Agreement ("FA") or Other Agreement	Summary
		agreement and fail to cure (or reasonably begin to cure) that breach within 30 days after receipt of written notice from you. Post-termination covenants still apply. We have 10 days to cure defaults under the Consulting Agreement.
e. Termination by franchisor without cause	None	
f. Termination by franchisor with cause	FA Section 6.3	We can terminate only if you default. Any material violation or breach of the Franchise Agreement is deemed a material breach of any other franchise or other agreement between you and us. The non-breaching party then will be entitled to enforce the penalties of or to terminate the Franchise Agreement and any relevant addenda and any or all of such other Franchise Agreements.
g. "Cause" defined – curable defaults	FA Section 6.3.1; Consulting Agreement Section 4	You have 30 days to cure any default not listed in Section 6.3 of the FA or 10 days to cure defaults under the Consulting Agreement.
h. "Cause" defined – non-curable defaults	FA Section 6.3.2	Bankruptcy and insolvency, abandonment, repeated default, misrepresentations, levy of execution, criminal conviction, noncompliance with laws, non-payment of fees, repeated under reporting of sales, disclosure of confidential information, violation of non-competition covenants, and other defaults listed in Section 6.3.2.
i. Franchisee's obligations on termination or nonrenewal.	FA Section 6.5 & 6.7	De-identification, return of manuals, release of phone numbers and listings, de-identification of your franchise equipment and premises, payment of sums owed, confidentiality, and non-competition.
j. Assignment of contract by franchisor	FA Section 7.1	There are no restrictions on our right to transfer.
k. "Transfer" by franchisee – defined	FA Section 7.1	Restrictions apply if you sell, transfer, assign, encumber, give, lease, or sublease

Provision	Section in Franchise Agreement ("FA") or Other Agreement	Summary
		(collectively called "transfer") the whole or any part of the Franchise Agreement, substantial assets of the franchise, or ownership or control of you.
l. Franchisor's approval of transfer by franchisee	FA Section 7.1	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	FA Section 7.1	The transferee must qualify as a franchisee, assume your obligations, and successfully pay for and complete the mandatory training. You may not be in default, must sign a general release (subject to state law), and you or the transferee must pay the Transfer Fee. You or the transferee must refurbish, remodel, and replace the Office (if commercial location), fixtures, equipment, and signage to conform to the then-current Operations Manual and System standards.
n. Franchisor's right of first refusal to acquire franchisee's business	FA Section 7.5	If you receive an offer, we will have the right to purchase on the same terms and conditions as offered to you, 30-day notice and right to decide.
o. Franchisor's option to purchase franchisee's business	FA Sections 6.5, 7.3 and 7.4	You will give us the right of first purchase before soliciting offers from a third party if you choose to sell your franchise business. We will have the right of first purchase to purchase some or all of your franchise business assets upon expiration or termination of the Franchise Agreement. We will have the right of first purchase to purchase your franchise if a suitable transferee purchaser is not found within 180 days from the date of your death, disability or incapacity.
p. Death or Disability of franchisee	FA Section 7.3	Within 180 days, your heirs, beneficiaries, devisees or legal representatives may apply to continue to operate the franchise, or transfer Franchise interest.
q. Non-Competition Covenants During the Term of the	FA Sections 5.7 & 5.8	Subject to state law, you shall not disclose confidential information, divert business or

Provision	Section in Franchise Agreement ("FA") or Other Agreement	Summary
Franchise		customers, solicit our or our franchisees' employees, or compete.
r. Non-Competition Covenants After the Franchise is Terminated or Expires	FA Sections 5.7, 5.8 & 6.7	Subject to state law, for a period of two years after expiration or termination of the Franchise Agreement, you will not solicit our or our franchisees' employees or divert business or customers. The employee non-solicitation clause is not valid in the State of Washington or any other state that prohibits such clauses in franchise agreements. Subject to state law, no competition is allowed for two years within the Territory, within a 10-mile radius of the Territory, and within a 10-mile radius of any location or territory where we operate or have granted the franchise to operate a Clear Lakes Dental business.
s. Modification of the Agreement	FA Sections 5.5 and 9.7	We may modify the Operations Manual. Modifications to the language of the Franchise Agreement require the signed written agreement of the parties.
t. Integration/Merger Clause	FA Sections 5.1, 5.5, & 9.7	Only the terms of the Franchise Agreement and Operations Manual are binding subject to state law. Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim the representations we made in the franchise disclosure document that we delivered to you.
u. Dispute Resolution by Arbitration or Mediation	FA Section 9.8; Consulting Agreement Section 13	Franchise Agreement: Subject to state law, before taking any other legal action, the parties agree to mediate disputes. If mediation does not resolve the dispute, then the dispute must be resolved by binding arbitration. However, the mediation and arbitration clauses do not apply to disputes based on your (1) improper use of the Marks or other

Provision	Section in Franchise Agreement ("FA") or Other Agreement	Summary
		intellectual property; (2) violation of restrictive covenants in the Franchise Agreement (e.g. confidentiality, non-disclosure, and non-competition); or (3) monetary and payment obligations. Consulting Agreement: Subject to state law, mediation is required except for claims by us relating to intellectual property, confidentiality, or collection of amounts owed.
v. Choice of Forum	FA Section 9.8; Consulting Agreement Section 12	Subject to state law, mediation, arbitration and litigation must be in the county in which our headquarters are then located (currently Hennepin County, Minnesota). Some states do not allow franchisees to give up their right to bring or defend lawsuits in the courts of their state. See the State Law Addendum to the Franchise Agreement and this disclosure document for state-specific addenda to this Item.
w. Choice of Law	FA Section 9.8; Consulting Agreement Section 12	Minnesota law applies except as otherwise provided in the Franchise Agreement and subject to state law. See the State Law Addendum to the Franchise Agreement and this disclosure document for state-specific addenda to this Item.

See State and Provincial Law Addendum for disclosures related to specific states and provinces.

Item 18
Public Figures

No public figure is involved in our franchise program.

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 only be given 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 possible performance at a particular location or under particular circumstances.

The following disclosures are historical financial performance representations for calendar year 2024 for our two affiliate-owned offices and our two franchisee-owned office that were in operation during the entire 2024 calendar year. The disclosures are based on our affiliates' records and information reported to us by our franchisee. The information has not been audited.

Revenue Per Location
Calendar Year 2024

	East St. Paul, MN (Franchisee)	**Robbinsdale, MT (Franchisee)**	**Brooklyn Park, MN (Affiliate)**	**Coon Rapids, MN (Affiliate)**
# of Chairs:	11	20	12	12
Month				
January	$400,054.86	$329,727.73	$148,233.25	$115,372.67
February	$311,268.31	$317,309.73	$136,726.41	$68,128.84
March	$348,351.64	$770,817.32	$266,779.53	$156,323.17
April	$582,433.07	$1,450,775.78	$257,405.55	$91,915.07
May	$540,739.05	$847,554.56	$513,795.31	$51,497.84
June	$411,607.88	$788,090.25	$679,840.81	$235,705.00
July	$404,976.94	$593,668.42	$468,256.38	$144,701.75
August	$537,702.81	$675,109.58	$459,740.17	$243,689.84
September	$284,404.83	$1,125,737.33	$432,467.75	$297,086.63
October	$688,903.79	$771,549.16	$441,827.20	$252,967.56
November	$471,322.25	$545,997.75	$312,877.13	$160,468.16
December	$360,898.75	$648,451.25	$234,159.47	$140,382.01
Total Revenue for Year:	**$5,342,664**	**$8,864,789**	**$4,352,109**	**$1,958,239**
Average Monthly Revenue:	**$445,222**	**$738,732**	**$362,676**	**$163,187**
Median Monthly Revenue:	**$408,292**	**$722,963**	**$372,672.44**	**$150,512.46**
Average Revenue for Year for All Included Locations: $5,129,450				
Median Revenue for Year for All Included Locations: $4,847,387				
Average Monthly Revenue for All Included Locations:$427,454				

	East St. Paul, MN (Franchisee)	Robbinsdale, MT (Franchisee)	Brooklyn Park, MN (Affiliate)	Coon Rapids, MN (Affiliate)
Median Monthly Revenue for All Included Locations: $403,949				

Notes:

1. **Some outlets have sold this amount. Your individual results may differ. There is no assurance you'll sell as much.**

2. As of December 31, 2024, we had two franchisees in operation, both of which operated during the entire 2024 calendar year. As of December 31, 2024, we had two affiliate-owned offices, both of which operated during the entire 2024 calendar year.

3. For purposes of this Item 19, "Revenue" means all receipts generated by the outlet from any source. It does not include discounts, returns or sales taxes.

4. These financial performance representations do not reflect any of the costs of sales, operating expenses and other costs and expenses that must be deducted from the Revenue figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise.

5. Written substantiation of this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, CLEAR LAKES DENTAL FRANCHISE LLC does not make any financial performance representations. 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 David Park, President, CLEAR LAKES DENTAL FRANCHISE LLC, 125 Little Canada Road, Little Canada, MN 55117, 443-759-0910, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
Outlets and Franchisee Information

Table No. 1
Systemwide Outlet Summary
For Fiscal Years Ending April 30, 2023, 2024, and 2025

Column 1 Outlet Type	Column 2 Fiscal Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	0	2	+2
	2024	2	2	0
	2025	2	5	+3
Company or Affiliate Owned	2023	2	0	-2
	2024	0	2	+2
	2025	2	3	+1
Total Outlets	**2023**	**2**	**2**	**0**
	2024	**2**	**4**	**+2**
	2025	**4**	**8**	**+4**

Table No. 2
Transfers Of Outlets From Franchisees To New Owners
(other than the Franchisor)
For Fiscal Years Ending April 30, 2023, 2024, and 2025

Column 1 State	Column 2 Fiscal Year	Column 3 Number of Transfers
All States	2023	0
	2024	0
	2025	0
Total	**2023**	**0**
	2024	**0**
	2025	**0**

Table No. 3
Status Of Franchised Outlets
For Fiscal Years Ending April 30, 2023, 2024, and 2025

Column 1 State	Col. 2 Fiscal Year	Col. 3 Outlets at the Start of the Year	Col. 4 Outlets Opened	Col. 5 Termin-ations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
MN	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	3	0	0	0	0	5
Totals	**2023**	**0**	**2**	**0**	**0**	**0**	**0**	**2**
	2024	**2**	**0**	**0**	**0**	**0**	**0**	**2**
	2025	**2**	**3**	**0**	**0**	**0**	**0**	**5**

Table No. 4
Status Of Company-Owned Outlets*
For Fiscal Years Ending April 30, 2023, 2024, and 2025

Col. 1 State	Col. 2 Fiscal Year	Col. 3 Outlets at the Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisees	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisees	Col. 8 Outlets at End of Year
Minnesota	2023	2	0	0	0	2	0
	2024	0	2	0	0	0	2
	2025	2	4	0	0	3	3
All Other States	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Totals	**2023**	**2**	**0**	**0**	**0**	**2**	**0**
	2024	**0**	**2**	**0**	**0**	**0**	**2**
	2025	**2**	**4**	**0**	**0**	**3**	**3**

* Owned and operated by our commonly owned affiliates

Table No. 5
Projected Openings*
As of April 30, 2025 (Through April 30, 2026)

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year
Minnesota	0	3	4
Ohio	0	3	0

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year
Total	**0**	**6**	**4**

* These are projections of the number of new franchises we expect will open in the next fiscal year. It is, however, only a projection. The actual number of new franchisees in any state that open in the next fiscal year could vary from the number described above.

Exhibit M includes the following:

- A list of our current franchisee outlets and the addresses and telephone numbers of all of their operations as of April 30, 2025.
- A list of our current company-owned and affiliate-owned outlets and the addresses and telephone numbers of all of their operations as of April 30, 2025.
- A list of the name, city and state, and the current telephone number (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the date of this disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

No trademark-specific franchisee organizations associated with the franchise system have been created, sponsored, or endorsed by us.

Item 21
Financial Statements

Attached in Exhibit A are our audited financial statements as of April 30, 2023, 2024, and 2025. Our fiscal year-end is April 30.

Item 22
Contracts

The following agreements are attached to this disclosure document as exhibits:

Agreement Name	**Exhibit**
Standard Franchise Agreement and Attachments	B
Conditional Assignment	D
Cancellation of Assumed Business Name	E
Authorization for Electronic Funds Transfer	F
Confirmation of Additional Representations and Terms	G

Form of General Release	H
Personal Guaranty	I
Confidentiality and Non-Competition Agreement	J
Form of Consulting Agreement	K
State Law Addendum to FDD and Franchise Agreement	N

Item 23
Receipts

Attached to this disclosure document are two Receipt pages. They are duplicates that evidence your receipt of this disclosure document – the first is to be retained by you, the other by us (Exhibit P).

Exhibit A to Clear Lakes Dental Franchise Disclosure Document

FINANCIAL STATEMENTS

Financial Statements

CLEAR LAKES DENTAL FRANCHISE, LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

April 30, 2025, 2024, and 2023

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

CLEAR LAKES DENTAL FRANCHISE, LLC

Table of Contents

	Page
Independent auditor's report	3
Balance sheets	5
Statements of operations	6
Statements of member's equity	7
Statements of cash flows	8
Notes to the financial statements	9

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Member
Clear Lakes Dental Franchise, LLC
Brooklyn Park, Minnesota

Opinion

We have audited the accompanying financial statements of Clear Lakes Dental Franchise, LLC, which comprise the balance sheets as of April 30, 2025, 2024, and 2023, and the related statements of operations, member's equity, and cash flows 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 Clear Lakes Dental Franchise, LLC as of April 30, 2025, 2024, and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Kezas & Dunlavy

St. George, Utah
August 20, 2025

CLEAR LAKES DENTAL FRANCHISE, LLC

BALANCE SHEETS

As of April 30, 2025, 2024, and 2023

	2025	2024	2023
Assets			
Current assets			
Cash and cash equivalents	$ 211,250	$ 125,417	$ 152,425
Accounts receivable	260,822	118,567	125,850
Total current assets	472,072	243,984	278,275
Non-current assets			
Property and equipment, net	178,771	136,432	-
Right of use asset	222,439	282,368	-
Other asset	30,095	-	-
Total non-current assets	431,305	418,800	-
Total assets	$ 903,377	$ 662,784	$ 278,275
Liabilities and Member's equity			
Current liabilities			
Credit card payable	$ 9,087	$ 7,485	$ -
Accrued expenses	71,641	43,334	-
Related party payable	62,008	62,008	-
Operating lease liability, current	65,366	53,604	-
Total current liabilities	208,102	166,431	-
Non-current liabilities			
Operating lease liability, non-current	166,815	232,181	-
Total non-current liabilities	166,815	232,181	-
Total liabilities	374,917	398,612	-
Member's equity	528,460	264,172	278,275
Total liabilties and member's equity	$ 903,377	$ 662,784	$ 278,275

The accompanying notes to the financial statements are integral part of these financial statements

CLEAR LAKES DENTAL FRANCHISE, LLC

STATEMENTS OF OPERATIONS

For the Years Ended April 30, 2025, 2024, and 2023

	2025	2024	2023
Operating revenues			
Initial franchise fees	$ 99,200	$ 85,500	$ 112,500.00
Royalties	2,319,561	983,853	146,064
Product sales	165,426	53,856	9,923
Other revenue	-	8,905	-
Total operating revenues	2,584,187	1,132,114	268,487
Cost of goods sold	156,017	49,351	4,088
Gross profit	2,428,170	1,082,763	264,399
Operating expenses			
General and administrative	1,805,702	1,025,196	76,212
Professional fees	158,016	12,766	3,185
Advertising and marketing	65,924	9,808	-
Total operating expenses	2,029,642	1,047,770	79,397
Net income	$ 398,528	$ 34,993	$ 185,002

The accompanying notes to the financial statements are integral part of these financial statements

CLEAR LAKES DENTAL FRANCHISE, LLC

STATEMENT OF MEMBER'S EQUITY

For the Years Ended April 30, 2025, 2024, and 2023

Balance as of May 1, 2022	$ 9,988
Member contributions	83,285
Net income	185,002
Balance as of April 30, 2022	278,275
Member distributions	(49,096)
Net income	34,993
Balance as of April 30, 2023	264,172
Member distributions	(134,240)
Net income	398,528
Balance as of April 30, 2024	$ 528,460

The accompanying notes to the financial statements are integral part of these financial statements

CLEAR LAKES DENTAL FRANCHISE, LLC

STATEMENT OF CASH FLOWS

For the Years Ended April 30, 2025, 2024, and 2023

	2025	2024	2023
Cash flows from operating activities			
Net income	$ 398,528	$ 34,993	$ 185,002
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	22,996	15,156	-
Changes in operating assets and liabilities:			
Accounts receivable	(142,255)	7,283	(125,850)
Other asset	(30,095)	-	-
Credit card liability	1,602	7,485	-
Accrued expenses	28,307	43,334	-
Related party payable	-	62,008	-
Operating lease asset and liability	6,325	3,417	-
Net cash provided by operating activities	285,408	173,676	59,152
Cash flows from investing activities			
Purchase of property and equipment	(65,335)	(151,588)	-
Net cash used in operating activities	(65,335)	(151,588)	-
Cash flows from financing activities			
Member contributions	-	-	83,285
Member distributions	(134,240)	(49,096)	-
Net cash provided by (used in) financing activities	(134,240)	(49,096)	83,285
Net change in cash and cash equivalents	85,833	(27,008)	142,437
Cash and cash equivalents at beginning of period	125,417	152,425	9,988
Cash and cash equivalents at end of period	$ 211,250	$ 125,417	$ 152,425
Supplemental disclosures of cash flow			
Cash paid for interest and taxes	$ -	$ -	$ -

The accompanying notes to the financial statements are integral part of these financial statements

CLEAR LAKES DENTAL FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2025, 2024, and 2023

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Clear Lakes Dental Franchise, LLC (the "Company") was formed on May 23, 2021 as a Minnesota limited liability company. The Company offers a unique dental franchise with headquarters in Brooklyn Park, Minnesota.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending April 30 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of April 30, 2025, 2024, and 2023, the Company had cash and cash equivalents of $211,250, $125,417, and $152,425, respectively.

(e) Accounts Receivable

Accounts receivable represents amounts due from franchisees for royalties and initial franchise fees. These receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses.* This standard requires that management utilize the Current Expected Credit Losses ("CECL") model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. For the years ended April 30, 2025, 2024, and 2023, management determined no allowance for doubtful accounts receivable was necessary. As of April 30, 2025, 2024, and 2023, the Company had accounts receivable of $260,822, $118,567, and $125,850, respectively.

(f) Property and Equipment

Property and equipment are stated at historical cost and are depreciated using the straight-line method over the estimated useful lives of related assets. The useful lives generally range between 5-10 years.

(g) Revenue Recognition

The Company has adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's revenues consist of initial franchise fees, royalties and marketing fees based on a percentage of gross revenues, and product sales.

Royalties and marketing fees

Upon evaluation of the five-step process, the Company has determined that royalties and marketing fees are to be recognized in the same period as the underlying sales.

Product sales

Product sales are recognized when control transfers to the customer, which is generally upon shipment.

Initial franchise fees

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following services (which the Company may or may not provide all of):

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping

In determining the allocation of transaction price (the initial franchise fee) to either the license or to the pre-opening services, the Company has determined that the fair value of pre-opening services exceeds the initial franchise fee received; as such, the Company allocates the entire initial franchise fees to pre-opening services, which is then recognized as revenue when those pre-opening services have been completed (which generally occurs upon commencement of the associated franchised location's operations).

(h) Leasing

The Company has adopted ASC 842, *Leases*. Its sole operating lease is for office space. This lease required the recognition of right-of-use assets and lease liabilities. The lease liabilities reflect the present value of the Company's estimated future minimum lease payments over the lease terms, discounted using a collateralized incremental borrowing rate. The impact of ASC 842 is non-cash in nature and does not affect the Company's cash flows. The Company has made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from any of its short-term leases. All leases with a term of 12 months or less at commencement, for which the Company is not reasonably certain to exercise available renewal options that would extend the lease term past 12 months, will be recognized on a straight-line basis over the lease term.

(i) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Minnesota. Accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the members rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of April 30, 2025, the 2024, 2023, and 2022 tax years were subject to examination.

(j) Financial Instruments

For certain of the Company's financial instruments, the carrying amounts approximate fair value due to their short maturities.

(k) Concentration of Risk

The Company maintains its cash in bank deposit accounts which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Property and Equipment, Net

As of April 30, 2025, 2024, and 2023, the Company's property and equipment consisted of the following:

	2025	2024	2023
Leasehold improvements	$ 151,588	$ 151,588	$ -
Vehicle	66,342	-	-
	217,930	151,588	-
Accumulated depreciation	(39,159)	(15,156)	-
	$ 178,771	$ 136,432	$ -

Depreciation expense for the years ended April 30, 2025 and 2024 was $22,996 and $15,156, respectively.

(3) Operating Lease

On February 1, 2024, the Company entered into a lease agreement with an affiliate through common ownership, which expires on May 31, 2028. As of April 30, 2025 and 2024, the Company recorded a right of use asset of $222,439 and $282,368, respectively. As of April 30, 2025 and 2024, the Company had the following operating lease liability:

	2025	2024
Operating lease liability, current	$ 65,366	$ 53,604
Operating lease liability, non-current	166,815	232,181
	$ 232,181	$ 285,785

As of April 30, 2025, the future minimum lease payments under non-cancelable operating leases are as follows:

For the year ended April 30,		
2026	$	83,718
2027		88,140
2028		88,140
2029		7,345
Total lease payments		267,343
Less: amounts representing interest (discount rate of 9%)		(35,162)
Total operating lease liability	$	232,181

(4) Accrued Expenses

The Company's accrued expenses consist of payroll and payroll taxes payable as of year-end. As of April 30, 2025 and 2024, the Company's accrued liabilities were $71,641 and $43,334, respectively. As of April 30, 2023, the Company had no accrued expenses.

(5) Related Party Transactions

The Company has entered into franchise agreements with affiliates through common ownership. During the years ended April 30, 2025, 2024, and 2023, the Company recognized royalties, initial franchise fees, product sales, and other revenue of $1,017,250, $1,132,114, and $268,487, respectively, from these affiliates.

An affiliate through common ownership has provided funds to the Company to assist in working capital and to fund operations. The loan does not accrue interest and is due on demand. As of April 30, 2025 and 2024, the amount due to the affiliate was $62,008.

(6) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(7) Subsequent Events

Management has reviewed and evaluated subsequent events through August 20, 2025, the date on which the financial statements were issued.

FRANCHISE AGREEMENT

CLEAR LAKES DENTAL FRANCHISE LLC

125 Little Canada Road
Little Canada, MN 55117

443-759-0910

TABLE OF CONTENTS

1 GRANT OF FRANCHISE AND FRANCHISE TERRITORY
- 1.1 Grant of Franchise and Franchise Territory
- 1.2 One Location for Franchise
- 1.3 Assistance in Site Location
- 1.4 Franchise Development
- 1.5 Relocation of the Franchise
- 1.6 Existence of Divergent Forms of Franchise Contracts
- 1.7 Rights We Reserve
- 1.8 Pricing

2 PAYMENT OF FEES AND OTHER FINANCIAL REQUIREMENTS
- 2.1 Initial Franchise Fee
- 2.2 Monthly Royalty Fee
- 2.3 Monthly Brand Development Fee
- 2.4 Fee for Systems Audits and Internal Audits
- 2.5 Advertising Standards
- 2.6 Gross Revenue Defined
- 2.7 You Will Pay Taxes and Indebtedness
- 2.8 Set-Offs and Late Charges
- 2.9 Records and Reports
- 2.10 Audits
- 2.11 You are to Pay all Franchise Costs
- 2.12 Application of Payments
- 2.13 Automatic Withdrawal
- 2.14 Gift Cards and Loyalty Cards
- 2.15 Consulting Agreement and Fee

3 TRAINING
- 3.1 Mandatory Training
- 3.2 Additional Training

4 COMMENCEMENT OF OPERATIONS
- 4.1 Opening Deadline
- 4.2 Lease Assumption and Real Property Security Assignments

5 FRANCHISE STANDARDS OF OPERATION
- 5.1 Operations Manual
- 5.2 Standards to Be Maintained
- 5.3 Our Intellectual Property
- 5.4 You Will Not Use Names or Marks in Combination
- 5.5 Marks, Operations Manual, and System May Be Changed
- 5.6 Confidential Information
- 5.7 In-Term Non-Competition Covenant
- 5.8 Participation in the Actual Operation of the Business
- 5.9 Computer Systems
- 5.10 Working Capital Requirements
- 5.11 Notice of Court Action
- 5.12 Products and Supplies

6 RENEWAL, TERMINATION AND INTERIM MANAGEMENT
- 6.1 Renewal of Franchise
- 6.2 Termination by You
- 6.3 Termination by Us
- 6.4 Time Frames Subject to Applicable Law

6.5 Certain Post-Termination Obligations
6.6 We May Assign Territory Upon Termination
6.7 Post-Term Non-Competition Covenant
6.8 Interim Management

7 TRANSFER
7.1 Transfer by You
7.2 Transfer by Us
7.3 Your Death or Disability
7.4 First Right of Purchase
7.5 Right of First Refusal
7.6 Appraisals

8 INDEMNIFICATION, INSURANCE, CONDEMNATION AND CASUALTY
8.1 Indemnification
8.2 Insurance
8.3 Condemnation
8.4 Casualty
8.5 Proceeds from Insurance

9 MISCELLANEOUS
9.1 Notices
9.2 Business Name
9.3 Relationship of the Parties
9.4 Waiver
9.5 Time Is of the Essence
9.6 Documents
9.7 Construction
9.8 Additional Provisions Regarding Covenants
9.9 Dispute Resolution and Enforcement
9.10 Cross-Default
9.11 Successors and Assigns
9.12 Counterparts and Electronic Signatures
9.13 Withholding Consent
9.14 Joint and Several Liability
9.15 Personal Guaranty
9.16 Force Majeure
9.17 We May Investigate
9.18 Your Additional Representations and Acknowledgments
9.19 Security Interest
9.20 Terrorism, Convictions, Immigration Status
9.21 No Guarantee of Income or Refund if Not Satisfied
9.22 Varying Forms of Agreement

F R A N C H I S E A G R E E M E N T

This Franchise Agreement (this "**Agreement**") has been entered into effective _____ (the "**Effective Date**"). It is by and between CLEAR LAKES DENTAL FRANCHISE LLC, a Minnesota limited liability company, ("**Franchisor**" and "**we/us**") and _____ (jointly and severally "**Franchisee**" and "**you**").

RECITALS

A. For purposes of this Agreement "you" may include an individual, corporation, partnership, limited liability company or other legal entity. "You" includes any corporation, partnership, limited liability company, individual, combination of individuals, or other legal entity that owns a majority interest of you, or in which you own a majority interest. The term "you" will include all persons who succeed to your interest by transfer or by operation of law.

B. We have certain rights to, have registered in various jurisdictions, and intend to continue to develop names, trademarks, service marks, logos, commercial symbols, and styles. These include, but are not limited to, CLEAR LAKES DENTAL™ and related logos (the "**Marks**").

C. We own valuable goodwill and have valuable expertise, Confidential Information (defined below), methods, procedures, techniques, uniform standards, operations manuals, inventory control guidelines, systems, layouts, merchandise, and materials (the "**System**"). These are connected with the establishment and operation of businesses that offer dental services and related products and services to the public under the Marks.

D. As a franchisee, you are in an independent contractor relationship with us. You independently own and operate your Franchise. While we establish standards and recommendations for desired outcomes to protect our systems and brand, as an independent contractor franchisee, you generally determine the means to accomplish such outcomes. You are responsible for the day-to-day operation of your Franchise.

E. You desire us to train you and to authorize you to operate a high-caliber Clear Lakes Dental franchise and to use our System and Marks. We are willing to grant you such a franchise on the terms and conditions set forth in this Agreement.

AGREEMENT

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1 GRANT OF FRANCHISE AND FRANCHISE TERRITORY

1.1 **Grant of Franchise and Franchise Territory**. We grant to you, and you accept from us, the right to use the Marks, the System, and merchandise bearing the Marks, for ten (10) years from the date of this Agreement (the "**Franchise**"). This grant is solely for the operation by you of one Clear Lakes Dental Franchise at an authorized location (the "**Office**") in a designated territory (the "**Franchise Territory**"). The Office and Franchise Territory will be designated in Exhibit 1. We authorize you to offer dental services and related products and services to the public and to use our System and our Marks in the operations of your Franchise. You represent and warrant that you are a professionally licensed dentists in good standing in the state in which you will operate the Franchise.

1.1.1 Franchise Territory. So long as this Agreement is in force, and you are not in default in any material provision, and except as otherwise provided in this Agreement, we will not establish or license to or allow others to establish any physical office of the type franchised to you under this Agreement using the Marks and the System within the Franchise Territory without your prior written consent. However, we may purchase or be purchased by, or merge or combine with, competing businesses, wherever located.

1.1.2 Marketing Within Territory. Except with our prior written permission, you shall not offer or sell products or services from any location other than the Office. Except with our prior written permission, you shall not place advertisements using our trade names or service marks in or originating from any area other than the Franchise Territory. This includes, but is not limited to, internet, catalog sales, telemarketing or other direct marketing. You may not advertise in any media whose primary circulation is outside the Franchise Territory, except with our prior written permission and the prior written consent of any of our franchisees whose territory is reached by that media.

All internet marketing is part of our marketing programs described in the Operations Manual and defined in the Franchise Agreement, and must be coordinated through us and approved by us. You may not acquire an independent internet domain name or website.

1.1.3 Additional Locations. You may not establish or operate any other Clear Lakes Dental establishment without executing a separate Franchise Agreement for that operation. Among other things, we may require as a condition to our approval of your purchase of an additional franchise that you sign a general release in a form we prescribe, following applicable law, to release us from any claims you may have against us.

1.1.4 Co-Branding. Some Clear Lakes Dental franchises may be placed at a location where another, separate business is operated under another business name. If the Office is at that type of location, it will be deemed "co-branded" for the purposes of this Agreement. If the Office is located in a co-branded location, the exact basis and calculation of gross revenue will follow the requirements and procedures we outline in the Operations Manual. If the Office is in a co-branded location, you will obtain and keep, or make arrangements for us to have access to, a complete and accurate set of books and records of the operation of all businesses operated at and all business done through the co-branded location, although Gross Revenue will be limited to Clear Lakes Dental related receipts. If the Office is located in a co-branded location, we may enter upon the Office at reasonable times to interview co-branded partners and to inspect and copy any books, records and documents related to the co-branded location in order to verify your compliance with the terms of the Franchise Agreement. The Operations Manual may contain additional information about co-branded locations.

1.1.5 Patient Referrals. If a patient or prospective patient needs services that you do not perform at your Office, then you must refer the patient to another Clear Lakes Dental office located within twenty (20) miles of your Office that does perform the services, if any. Examples of such services may include root canals, extractions, dentures, Invisalign®, implants, and orthodontics. We may modify standards and procedures regarding such referrals, and you must comply with our standards and procedures.

1.2 **One Location for Franchise**. You will operate the Franchise only at the Office. If not determined when this Agreement is executed, you are responsible for selecting the site for the Office within the Search Area defined in Exhibit 1 and in accordance with this Agreement.

1.3 **Assistance in Site Location**.

1.3.1 You are responsible for finding the location of the Office subject to our approval. If you request assistance in selecting a site for the Office, we may provide reasonable assistance in finding a location acceptable to you. If requested, you will pay for all reasonable out-of-pocket expenses related to any such site selection assistance, including travel and lodging expenses we incur to help you locate sites. Any on-site assistance is subject to our availability. You will bear all other site selection and lease negotiation expenses.

1.3.2 Neither we nor any of our employees have special expertise in selecting sites; we make no representations that your Franchise will be profitable or successful by being located at the approved Office. Any site recommendation or approval we make is not a representation that any particular site is available or legally appropriate for use as a franchise site. It is your responsibility to investigate all applicable zoning, licensing, leasing and other requirements for any proposed site. You must ensure that the site you select complies with these requirements.

1.3.3 You acknowledge and agree that any location we select or approve, and any lease we approve, will be with the understanding that it only meets our minimum acceptable criteria based upon our general business experience. The location for the Office must meet our minimum square footage requirements and comply with standards outlined in our Operations Manual.

1.3.4 We will have no liability with respect to the selection or approval of a location or any lease for the Office, nor liability with respect to any site recommendations we make.

1.3.5 Before you enter a lease or purchase agreement for the Office, you will submit the lease or purchase documents to us for approval. However, you acknowledge that you are responsible for reviewing and determining the appropriateness and desirability of the lease. Lease documents must include the Lease Addendum attached in Exhibit 2 or include substantially similar provisions at our discretion. You will deliver to us a true copy of the lease and any additions or amendments to it promptly after they are executed.

1.3.6 If we cure any breach by you under the lease or sublease, the total amount of all costs and payments we incur in effecting the cure will be immediately due and owing by you to us.

1.4 **Franchise Development**.

1.4.1 You will be responsible to furnish and equip the Franchise. We will furnish to you a schedule of equipment packages for the Franchise. Any modifications you propose must be approved in writing by us. All approvals will be solely within our discretion to maintain a uniform image consistent with Clear Lakes Dental franchise system concepts.

1.4.2 You will comply with the standards and specifications we establish for design, layout, fixtures, furnishings, and equipment, among other things. Modifications or variations require our prior written consent.

1.4.3 You will comply within a time we deem reasonable with any requirement we impose to modify the layout, furnishings, fixtures, and equipment.

1.4.4 All equipment will conform to our equipment specifications. We may require reasonable changes in or additions to equipment. If we require any changes in or additions to equipment, you will modify, replace or add to your existing equipment at your sole expense.

1.4.5 Your office must have at least the minimum number of operatories we require (which is

subject to change at our reasonable discretion).

1.5 **Relocation of the Franchise**. You will not relocate the Office without our prior written approval. Any relocation will be at your sole expense. This Agreement will govern your operations at any replacement Office. Relocation will be subject to the following conditions:

A. You are not in breach of this Agreement;

B. You evidence to our satisfaction your ability to obtain and commence operations at the new location within a time we deem reasonable after you vacate the original location;

C. You develop, furnish, and equip, at your sole expense, the new location according to our then-current specifications and standards;

D. You pay all reasonable out-of-pocket expenses we incur because of the relocation. In this Agreement, "Franchise Territory" and "Office" will include the new location;

E. You sign a general release of claims against us; and

F. You satisfy our then-current franchise placement and demographics criteria.

1.6 **Existence of Divergent Forms of Franchise Contracts**. You acknowledge that we have offered franchises to others in the past the terms of which may have varied materially from those set forth in this Agreement.

1.7 **Rights We Reserve**. We retain all rights not specifically granted to you under this Agreement. We retain the right, in our sole discretion and without granting any right to you:

A. to use or license the use of the Marks or any other trademarks, service marks, logos or commercial symbols to anyone, and for any purpose, and at any location (subject only to your Territorial protections described in Section 1.1.1 above entitled "Franchise Territory").

B. to sell products or services anywhere, including within the Franchise Territory, using the Marks or different marks, through channels of distribution other than the Clear Lakes Dental franchise Office currently reserved to you in the Franchise Territory. We will have no obligation to compensate you for any such sales made within your Franchise Territory. For example, we may offer and sell products, including dental-related products, directly to dentists or consumer under the Clear Lakes Dental brand or a different brand within and outside your Franchise Territory. We will not be required to compensate you for any such sales made within your Territory. As another example, we may install a vending machine at your Office for dental-related items that we or our affiliates sell. We will pay you a reasonable rent for the space occupied by the vending machine. Otherwise, we will not be required to compensate you for any sales from the vending machine. We may place Clear Lakes Dental establishments in airport other limited access environments in your Franchise Territory and regardless of the location of other Clear Lakes Dental operations. We may place present and future Clear Lakes Dental products for sale at big box stores or other types of stores at any location, whether or not within the Franchise Territory or within close proximity to a Clear Lakes Dental franchise.

C. to reserve the exclusive right to use the internet to promote the Marks and to offer and sell products and services related to our Marks. You may not independently market on the internet or conduct e-commerce except as otherwise allowed by us in the Operations Manual.

D. to locate Clear Lakes Dental company-owned and franchised offices anywhere outside of your Franchise Territory.

1.9 **Pricing**. We will be permitted, to the extent permitted by relevant law, to establish price

ceilings or minimum or maximum allowable prices on the products and services you offer and sell.

2 PAYMENT OF FEES AND OTHER FINANCIAL REQUIREMENTS

2.1 **Initial Franchise Fee**. The Initial Franchise Fee is $62,000 and is payable upon signing this Agreement. The Initial Franchise Fee is paid in consideration of our sales expenses, administrative overhead, return on investment, and start-up costs related to the execution of this Agreement and the opening of the Franchise and for our lost or deferred opportunity to sell franchises in the Franchise Territory to others. The Initial Franchise Fee is deemed earned upon receipt and is non-refundable under any circumstances.

2.2 **Royalty Fee**. You will pay to us 7% of your Gross Revenue each month for the preceding month as a "**Royalty Fee**." The precise timing and method of payment for the Royalty Fee will be as described in our Operations Manual.

2.3 **Brand Development Fee**. You will pay to us $2,000 per calendar month as a "**Brand Development Fee**." This fee is due beginning with the first month you commence business operations. For a partial month, you must pay a prorated amount. The precise timing and method of payment for the Brand Development Fee will be as described in our Operations Manual.

2.3.1 Brand Development Fee payments are in addition to and exclusive of any sums that you may decide to spend on local advertising and promotion. We have sole discretion over the creative ideas, materials, endorsements, media, placement, and allocation of monies related to use of the Brand Development Fee.

2.3.2 You recognize the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of the Clear Lakes Dental system and the System. We may use all contributions and any earnings from the Brand Development Fees we receive from you in local, regional, national, internet, or international advertising for:

A. maintaining, administering, researching, directing, preparing and placing advertising and promotional activities (including, among other things, the costs of preparing and conducting internet pay-per-click campaigns; social media marketing; television; radio; magazine and newspaper advertising campaigns; public relations programs and press releases);
B. marketing research and development;
C. marketing surveys and public relations activities;
D. development and maintenance of any internet or e-commerce programs;
E. marketing materials;
F. decor and promotional materials;
G. artwork;
H. advertising services;
I. training related to marketing, customer service and sales augmentation;
J. production and distribution of periodic newsletters to provide you with industry news, suggestions, and advice on franchise operations;
K. maintaining and updating our website; and
L. our reasonable salaries, accounting, collection, legal and other costs related to all of the above.

Our internal artwork, advertising, promotion and newsletter production costs and associated administrative costs are paid from the Brand Development Fees. These will be calculated at our cost as established from

time to time.

2.3.3 We will use your Brand Development Fees to place advertising in geographic areas, in media, at times and using products and services we deem to be in the best interest of our franchisees and our franchise system.

2.3.4 We may spend in any fiscal year an amount greater or less than the aggregate Brand Development Fees collected from all franchisees in that year, and we may apply contributions to past expenditures and carry over any surplus or deficit to future years.

2.3.5 We may use some or all of the Brand Development Fees for advertising that is principally a solicitation for the sale of franchises. This includes, but is not limited to, reasonable transportation, meals, lodging, and salary for our personnel for events to solicit prospective franchisees.

2.4 **Fees for Systems Audits and Internal Audits**. You shall pay us a monthly fee for Systems Audits and Internal Audits calculated as follows: $2,200 for up to 12 operatories plus $200 per operatory beyond 12. You must begin making this payment for the first month you commence business operations. For a partial month, the payment will be prorated. The precise timing and method of payment for this fee will be as described in our Operations Manual. This fee is subject to reasonable increases at our reasonable discretion. For this fee, our Systems Auditor will visit your Office every other month to conduct a *Systems Audit* to help ensure you are complying with the Franchise Agreement and our standards and specifications. Or, at our discretion, the Systems Audit may be conducted via remote technology with the assistance and cooperation of your Dental Operations Manager (referred to herein as your "**manager**" or "**DOM**"). The Systems Auditor will send periodic reports to you and your DOM. Our Internal Auditor will conduct *Internal Audits* to help ensure your billings have been completed accurately. These Internal Audits will be conducted remotely, typically from our headquarters. The Internal Auditor will send you periodic reports.

2.5 **Advertising Standards**.

2.5.1 Your Obligation to Advertise Locally. In addition to your obligation to pay Brand Development Fees to us, each month you will expend in your local market at least $700 to advertise and promote the Franchise (the "**Local Advertising Expenditure**"). You must begin making these expenditures during the first month you commence business operations. For a partial month, the minimum will be prorated. You will report the nature, extent and amount of these local expenditures, in the form and at the times we require in the Operations Manual. If you do not spend your Local Advertising Expenditure within a calendar year on local advertising, you will contribute the difference between the amount expended and the amount you should have expended to our Brand Development Fund.

2.5.2 Approval of Your Local Advertising. We may provide to you an advertising packet with advertising templates we approve for you to use in your local advertising and promotional efforts. Otherwise, you will submit to us all advertising copy and other advertising and promotional materials, public relations programs and press releases, radio and television advertising, and specialty and novelty items, before you use them in your local advertising program. You will not use any advertising copy, public relations program, press release or other promotional material until we approve it. Your failure to conform to our provisions or requirements and subsequent non-action by us to require you to cure or remedy your failures and defaults will not be deemed a waiver of future or additional failures and defaults by you under this provision or any other provision of this Agreement.

2.5.3 Our Website. We have established and will maintain a website to advertise and promote our brand. We will provide you with a listing within our website. You must give us the information and

materials we request to develop, update, maintain and modify the listing. Subject to the terms of use on our website, we may gather, develop and use in any lawful manner information about any visitor to the website, including your customers, franchisees or prospective franchisees regardless of whether they were referred to you via the website or were otherwise in contact with you. We retain the right to approve any linking or other use of our website.

2.5.4 Your Online Activities.

A. You will not have the right to create an independent website that includes our Marks or promotes your franchise.

B. Your use of social media and other online mediums using our brand or promoting your franchise must be in strict compliance with our standards as outlined in our Operations Manual. We reserve the right to require you to get our prior approval of proposed venues and content for social media and other online mediums. We reserve the right to restrict or completely prohibit your use of social media and other online mediums using our brand or promoting your franchise.

C. Any domain name, site, address, account, and other online platform or presence you create or use in connection with your Franchise will be at your expense, but we will be deemed to own the rights to them. Upon termination or expiration of this Agreement for any reason, at our discretion, you must take all action, and sign all documents, necessary to transfer all ownership rights and control of all such domain names, sites, addresses, accounts, and other online presence to us.

D. At your sole expense, you will maintain and update as needed all computer systems and services necessary to access the internet and any intranet or similar communication system we establish in the manner we require. You are required to have high-speed internet service to your Office where you will be able to access downloads from us of advertising materials, operations manual revisions, training materials, and system news, and other communications.

2.5.5 Internal Communications Systems. You must use any intranet or other online communications systems we establish or designate. You must use such system(s) in the manner we require. You understand and agree that we may elect to provide certain assistance, deliver information and materials, or otherwise communicate with you via such system(s).

2.5.6 Trademark and Copyright Notices. You will use the Marks in strict conformity to the Operations Manual, and will include in any advertisement, or promotional materials which use the Marks, trademark notices as are required by the Operations Manual. All copyrighted materials we supply to you or otherwise used by you in connection with the Franchise will contain copyright notices as required by the Operations Manual.

2.5.7 Limited-Time Offers. In national or regional advertising programs, we may include "suggested retail prices" or offer price-specific limited-time offers for the goods or services sold by you and our other franchisees. We will include within all such advertising the phrase "available at participating locations only" or other cautionary language to advise the consumer that the prices may not be adhered to by all our franchisees. Except as otherwise required by law, any discount or coupon programs or other promotions you desire to offer will be subject to our prior written approval (which we may withhold at our discretion).

2.6 **Gross Revenue Defined**. "**Gross Revenue**" means all receipts generated by the Franchise from any source, including sales, exchanges, services, any other type of remuneration, gift, barter of

products or services, charity, payment in kind, or any other benefit or value that is received or deferred to be received, and excludes discounts, refunds, and sales taxes. Credit transactions will be included in Gross Revenue as of the date of the transaction without deduction for uncollected credit accounts. The proceeds from any business interruption insurance you receive will be included in Gross Revenue.

2.7 **You Will Pay Taxes and Indebtedness**.

2.7.1 You will pay all taxes, assessments, liens, encumbrances, accounts, and other debts, regardless of their nature, assessed against you, the Office, or inventory, materials, fixtures, and equipment used in the Franchise. Payment will be made when due and before delinquent except when being contested in good faith by appropriate proceedings. If we are charged with any tax by the authorized taxing authority of any state or political subdivision, including taxes on sales made to or licenses granted to you, or sales made by you in the Franchise Territory, you will pay these taxes. You will pay to us promptly and when due the amount of all sales taxes, personal property taxes and similar taxes imposed upon, required to be collected, or on account of collection by us of the Initial Franchise Fee, the Royalty Fee, or any other payments you make to us pursuant to this Agreement.

2.7.2 You acknowledge that one of the benefits accruing to you and all of our other franchisees is the economy of mass purchasing power made available through us. Your failure to pay or repeated delay in making prompt payment in accordance with the terms of the invoice or statements rendered to you for payments due, or misdirection of supplies or other abuses will result in a loss of credit standing and goodwill and a loss of benefits derived to us and other franchisees using the System. You expressly agree to promptly make all product purchase payments on invoices and statements rendered to you in accordance with the terms of the invoices and statements and to make timely remittances of rent as required on your lease.

2.8 **Set-Offs and Late Charges**.

2.8.1 You will not set off any claim for damages or money due to you from us against any payments to be paid by you to us under this Agreement or any related agreement between the parties. No endorsement or statement on any check or payment of any sum less than the full sum due from you to us will be construed as an acknowledgment of payment in full or as an accord and satisfaction. We will have the right to accept any check or payment without prejudice to our rights to recover the balance due or to pursue any other remedy available to us.

2.8.2 A late charge will be added to any sums to be paid under this Agreement that remain unpaid after the date due. The late charge will equal 1.5% per month. In addition, late payments will be subject to a late payment penalty of 5% of the amount due. These late charges and late payment penalties will not exceed any limits placed upon late charges and late payment penalties by applicable local laws.

Our acceptance of late charges will not constitute a waiver of the breach created by your non-payment of any amount when due. Notwithstanding the payment of any late charges, we may exercise any rights or remedies granted by this Agreement upon your breach or any rights or remedies otherwise granted by law.

Nothing contained in this Agreement obligates us to accept any payments after due or to commit to extend credit to or otherwise finance your operation of the Franchise. You acknowledge that failure to pay all amounts when due will constitute grounds for termination of this Agreement.

2.8.3 Upon your failure to pay us as and when due, we may, at our election, deduct the unpaid sums from any monies or credit we hold for your account. You agree that you will not withhold payment of any amounts due to us on the grounds of any alleged non-performance by us, or in the event of any

dispute or a claim by you, or for any other reason whatsoever.

2.9 **Records and Reports**.

2.9.1 You will keep a complete and accurate set of books and records of the operation of the Franchise, produce monthly financial statements in accordance with generally accepted accounting principles and practices for each calendar month and furnish copies of these statements to us within 30 days after the end of each quarter (or more frequently upon our request).

2.9.2 You will furnish to us as outlined in the Operations Manual, an itemized report of the Gross Revenue for the prior month. This report must be certified by you to be true and correct. The report will be in the form and will include such supporting documentation as we may reasonably demand. All Royalty Fees and any other fees due based upon the Gross Revenue for the preceding month will accompany the report (unless otherwise provided in the Operations Manual).

2.9.3 Your DOM must send to our Systems Auditor reports in such formats and containing such information as we require. Your DOM must send these reports daily, weekly, monthly and at other frequencies as we may require.

2.9.4 You will keep records of all business done and Revenue received through the Franchise. These records will include, but are not limited to, order sheets, sales and rental agreement forms, daily sales summaries, tax returns, financial statements, and invoices. You will date, file in consecutive order, retain for a period of five years, and make available to us for inspection and audit all of your records. Without limiting the foregoing, you must send us copies of your tax returns and any other records upon our written request. You will grant us "view only" access to your business bank accounts related to your Franchise.

2.9.5 Our right to inspect will include the right to examine your books, tax returns and records of other businesses owned, in whole or in part, or operated by you to determine whether all revenue to be reported by you has been properly reported and that appropriate fees and contributions have been paid. We may establish a uniform list of accounts and a uniform bookkeeping system for all of our franchisees. You agree to maintain your books and records in the manner we require.

2.9.6 You will submit to us a list of all shareholders, members, partners or other owners of the franchise business and the respective interests held by each as of the end of each fiscal year. Provided, however, if your shares are publicly traded, the list of shareholders required will include only those owning 5% or more of the shares outstanding. The required report will be submitted to us within 90 days after the end of your fiscal year.

2.9.7 If Franchisee fails, for any reason, to timely deliver to Franchisor any required report with all required information, Franchisor is authorized, without further notice, to assess Royalty Fees and Brand Development Fees (and any other fees based on a percentage of Gross Revenues) for each relevant month (or other period) and effect an electronic funds or other transfer of such funds calculated as the greater of (a) Franchisee's average monthly Royalty Fees and Brand Development Fees (and any other percentage-based fees) over the prior twelve months (or shorter period if Franchisee has been in operation for less than 12 months) or (b) the average monthly Royalty Fees and Brand Development Fees (and any other percentage-based fees) of all similar franchisees within Franchisee's region as defined by Franchisor. Franchisee hereby authorizes Franchisee's bank to make such transfers upon Franchisor's request. No action taken under this sub-paragraph shall constitute a cure of any breach by Franchisee, an election of remedies by Franchisor or act, in any way, to limit Franchisee's liability to pay fees under this Agreement.

2.10 **Audits**. We may audit your reports, books, statements, business records, cash control devices, and tax returns at any time during normal business hours. Audits will be conducted at our expense, except for (1) our systematic Systems Audits and Internal Audits described in Section 2.4 above (entitled "Fees for Systems Audits and Internal Audits"), or (2) unless an audit reveals you have understated the Gross Revenue for any reported period or periods by more than 2%, or (3) unless you fail to deliver any required report of Gross Revenue or any required financial statement in a timely manner. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all Royalty Fees, Brand Development Fees, all other fees and late payment charges that the audit determines are owed. These payments will not prejudice any other remedies we may have under this Agreement or by law. Our right to audit will include the right to examine the books, tax returns and records of other businesses that you own or operate, in whole or in part, to determine whether all revenue to be reported by you has been properly reported and that appropriate fees and contributions have been paid.

2.11 **You are to Pay all Franchise Costs**. All the costs of the Franchise, including opening and operating costs, will be your sole obligation. We will have no other costs, liability or expense whatsoever with respect to your opening and operation of the Franchise. You will not use or employ the Marks in performing any activity or incurring any obligation or indebtedness in a manner that could result in making us liable for them.

2.12 **Application of Payments**. We have the right, in our sole discretion, to apply any payment from you to any past due indebtedness you owe to us or our affiliates, whether from monthly fee payments, purchases, late payment charges, or for any other reason. This section will apply regardless of how you may designate a particular payment is to be applied.

2.13 **Automatic Withdrawal**. We may require all ongoing payments described in this Franchise Agreement (including Royalty Fees, Brand Development Fees, and other fees) to be made by automatic account withdrawal or other automatic processes we reasonably specify in the Operations Manual. These may include check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer or the internet. If we attempt a draw or other process that is returned unsatisfied for any reason, we may charge you a $75 fee for each unsatisfied attempt.

2.14 **Gift Cards and Loyalty Cards**. Franchisor reserves the right to develop gift card and loyalty card programs. If Franchisor does develop any such program(s), then Franchisee will comply with Franchisor's related standards and specifications in the Operations Manual. This may require Franchisee to fully honor all gift cards and loyalty cards issued by Franchisee and other franchisees and company-owned offices.

2.15 **Consulting Agreement and Fee**. If this Agreement relates to your purchase of a new franchise at a new location (as opposed to purchasing a franchise at an existing location from one of our affiliates or franchisees), then at the time you sign this Agreement you will also sign a Consulting Agreement in a form we specify. The Consulting Agreement will require you to pay a Consulting Fee (as defined therein) for services related to the development and buildout of the new Office.

3 TRAINING

3.1 Mandatory Training.

3.1.1 *Training for the Franchise Owner and Your DOM.* Before you commence your Franchise

operations, we will provide you (the dentist) and your DOM with a mandatory initial training program. The initial training program is held via training videos, live webcast, and/or telephone meetings, and in-person at a location we will designate. We reserve the right to conduct some or all training via technology of our choosing. If any portion of initial training is held at the location of one of our affiliates or franchisees, then you must (1) abide by all of the reasonable rules and procedures for that office, and (2) sign a Consent, Waiver, and Release for Training in the form attached as Exhibit 4 (which we may modify at our reasonable discretion).

3.1.2 You and your DOM must complete the mandatory training courses at least two months before opening the Franchise for business. Training is scheduled and held on an "as needed" basis depending on the number of franchisees requesting training in a particular time frame and our training personnel's availability.

3.1.3 You must complete this mandatory training program to our exclusive satisfaction, or we may terminate this Agreement. You are encouraged to participate in the training before incurring any costs or expenses related to the planned opening of the Franchise. We will not be liable for any costs or expenses you incur if we terminate this Agreement because you fail to satisfactorily complete the mandatory training course.

3.1.4 You will pay the transportation, board and lodging expenses you and your manager incur related to this training. Training and training materials may be delivered in the formats or media we choose (which may include digital and online media). You will participate in and pay for the costs of training, including costs of computer equipment and internet services needed to participate.

3.1.5 You must notify us of the identity(ies) of your manager(s). Each manager you hire must complete the mandatory training program before assuming management duties (this training program will be conducted by us or by you in accordance with our specifications, at our discretion). You will bear all costs of the training, including a reasonable training fee at our then-current rates. Each of your employees will complete a training program under the direction of you or your designated manager who has successfully completed our mandatory training course. At all times, your franchise must be operated and supervised by an individual who has completed our mandatory initial training program.

3.1.6 We will provide the services of one or more trainers on-site at your Office for approximately one day in connection with the Franchise's opening. This training is for you (dentist) and your DOM.

3.2 **Additional Training**.

3.2.1 Requested By You. At your option and upon not less than 30 days' prior written notice to us, you may receive additional training at our training center or at other agreed upon locations (subject to our availability). The timing and duration for this training is negotiable and depends upon your needs and our availability. All expenses of this training will be borne by you, including your transportation, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then-current rates. You will not receive any compensation for services rendered by the trainee during this or any other training.

3.2.2 Required or Offered by Us. We may provide refresher training programs or seminars and may require that you or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate. We may charge a reasonable training or convention/seminar fee at our then-current rates. You will be responsible for your transportation, meals and lodging, and wages

for your employees.

3.2.3 Additional Training Required by Franchisor Based on Franchisee's Deficiency. We may require you to participate in additional training if you breach this Agreement or fail to meet our standards and specifications in the opening or operation of your Franchise as we determine at our discretion. This training will typically be held at our headquarters or your location at our discretion. We will charge a reasonable training fee at our then-current rates. You will be responsible for your and our transportation, meals and lodging, and wages for your employees.

3.2.4 Who Will Provide Training. We may provide training through our staff and/or one or more designees or third-party service providers, which may include, for example, qualified franchisees, master franchisees, and/or representatives of our approved suppliers.

4 COMMENCEMENT OF OPERATIONS

4.1 Opening Deadline.

4.1.1 You must commence full and continuous operation of the Franchise within twelve (12) months of the Effective Date (or within 60 days of the Effective Date if you are converting an existing dental office to a Clear Lakes Dental franchised office) (the "**Opening Deadline**").

4.1.2 Before commencing operations, you must (1) complete to our exclusive satisfaction the mandatory training program described above; (2) have your initial manager complete the training program; (3) find a site for the Office acceptable to you and approved by us; (4) procure all necessary licenses, permits and improvements and purchase initial equipment, supplies and inventory (as applicable); and (5) get our prior written consent to open.

4.1.3 If you do not open by the Opening Deadline, then we may terminate this Agreement.

4.2 **Real Property Security Assignments**. If you own the Office, you will not mortgage, pledge, or otherwise assign as security the Office during the term of this Agreement without our prior written approval. Upon termination or expiration of this Agreement, you will give us a reasonable and good faith opportunity to lease the Office and to continue business operations there. The fair value of and fair terms for the lease and for all related equipment, fixtures, signs, equipment leases and personal property will be determined by appraisal as provided in Section 7.6 (entitled "Appraisals").

5 FRANCHISE STANDARDS OF OPERATION

5.1 **Operations Manual**. NOTWITHSTANDING ANY CONTRARY PROVISION IN THIS AGREEMENT OR THE OPERATIONS MANUAL OR TRAINING VIDEOS, PATIENT CARE, CLINICAL SERVICES, AND DENTAL SERVICES ARE DETERMINED SOLELY BY THE DENTIST PROVIDING THE SERVICES.

5.1.1 Operations Manual. The development of the System is an important and beneficial aspect of the relationship you want to have with us. We agree to lend to you a copy of the Operations Manual (the "**Operations Manual**") once you have paid to us the Initial Franchise Fee, in full. In general, the Operations Manual is intended to establish standards and recommendations for outcomes to protect our systems and brand while giving you the flexibility, as an independent contractor franchisee, to determine the means to accomplish such outcomes. You are responsible for the day-to-day operation of your Franchise.

The Operations Manual describes the System, which may include specifications, standards, operating procedures, accounting and bookkeeping methods, marketing ideas, equipment requirements and control techniques, plans, specifications, and requirements, public relations guidelines and other rules that we may prescribe periodically and identify as part of the Operations Manual.

5.1.2 Formats of Operations Manual. The Operations Manual includes materials in whatever form (including electronic) we provide to you that describe the guidelines, advice, and requirements regarding the operation of your franchise, including user manuals and related instruction materials. It includes amendments, supplements, and new documents made and identified by us as part of the Operations Manual. The Operations Manual may be delivered to you by hard paper copy; digital copy; videos; or by any other medium we choose at our discretion.

5.1.3 Confidentiality of Operations Manual. The Operations Manual is and will remain confidential and our exclusive property. You will not disclose, copy or duplicate any part of the Operations Manual for any reason. You agree to return to us the Operations Manual and any updated or amended pages immediately upon written demand. Nothing in this Agreement may be construed as an incorporation of the terms of the Operations Manual or as making the Operations Manual part of this Agreement. The Operations Manual, in part, may consist of confidential:

A. manual or manuals;
B. any Intranet or password protected portion of an internet site;
C. any other embodiment of the System, including notices of new standards and procedures; and
D. any amendments, supplements, derivative works, and replacements.

5.1.4 Amending Operations Manual. We may amend the Operations Manual, including changes which may affect minimum requirements for your franchise operations. At all times you will ensure that your copy of the Operations Manual and any other manuals given to you are kept current and up to date with the amendments and updates we provide to you. In the event of any dispute as to the contents of the Operations Manual, the terms of our master copies maintained at our principal place of business will be controlling.

You will strictly adhere to the requirements of the Operations Manual as we amend it periodically. You will implement immediately all changes at your cost unless we otherwise specify. We reasonably may restrict you from producing, stocking, and selling certain services and goods as may be specified in the Operations Manual.

5.1.5 Forms and Templates and Your Compliance with Laws. To the extent we provide you forms and templates for you to use in the operation of your Franchise (in the Operations Manual or otherwise), such forms and templates are provided as samples only (unless expressly stated otherwise in this Agreement or the Operations Manual). It is solely your responsibility to ensure that all forms, templates, handbooks, documents and agreements you use in the operation of your Franchise are appropriate for their intended purposes and comply with all applicable laws. It is your responsibility to consult with your own independent lawyer and other professional advisors for more information. This is especially important with respect to employment-related matters. We shall not be responsible or liable for your use of forms and templates we provide to you. The indemnities described in Section 8.1 shall include Claims related to or arising from your use of such forms or templates.

5.2 **Standards to Be Maintained**. You will follow the System and maintain standards of product and service that we prescribe.

5.2.1 You will operate the Franchise in a clean, orderly, and respectable manner in strict compliance with this Agreement and the Operations Manual. You will only use signs, equipment, materials, products, inventory, and services that conform to our specifications to conduct the franchise.

5.2.2 If you maintain any signs at the Office, these signs must comply with local sign ordinances, regulations and laws and must be approved by us.

5.2.3 We may enter the Franchise Territory at reasonable times to verify your compliance with the terms of this Agreement. To do so, we may:

A. Inspect the Franchise;
B. Observe your operation of the franchise business for any consecutive or intermittent periods we deem necessary;
C. Select items, products and other materials, services, equipment, operations and supplies for test of content and evaluation purposes to make certain that they are satisfactory and meet our quality control provisions and performance standards;
D. Interview your personnel, customers, and vendors; and
E. Inspect and copy any books, records and documents related to the operation of the franchise and any other franchise information we may require.

You and anyone acting as your agent will cooperate fully with us and our agents in connection with these inspections, observations, and interviews. You expressly waive any rights of privacy or confidentiality you have with your personnel, customers, and vendors in reference to these inspections, observations and interviews. Despite the foregoing, our reviews and inspections of your operations do not replace your duty to supervise your own business operations and workers.

5.2.4 You will comply with all applicable ordinances, regulations, bylaws, laws, and statutes. You will not permit unlawful activities in the Franchise and will not sell, exchange, offer, hold, show, rent, or permit to be sold, exchanged, offered, held, shown, or rented any material or service you know or reasonably suspect to have been obtained in violation of law or to be otherwise illegal.

5.2.5 You will secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchise and will operate the Franchise in full compliance with all applicable ordinances and regulations, including all government laws and regulations relating to occupational hazards and health, EEOC laws, Americans with Disabilities Act, copyright laws protecting owners of artistic works, consumer protection, trade regulations, workers compensation, unemployment insurance and withholding, and payment of federal and state income taxes, social security taxes and sales, use and property taxes. You will furnish to us within 120 days after the receipt of equipment, a copy of a receipt for the payment of all use taxes, personal property taxes, and like taxes or assessments.

5.2.6 You will comply with the following additional standards:

A. You will not offer, sell or dispense any products or services or activities other than those we specifically recognize and approve in writing.
B. You, at your expense, will maintain the Franchise and equipment and furnishings in good repair, attractive appearance, and sound operating condition in compliance with the Operations Manual. At our request, you will make necessary repairs in order to protect the reputation of the Marks. You will commence all repairs and changes within a reasonable time after notice from us, and you will proceed with due diligence until completion. If you

do not maintain the Franchise as required, after notice to you, we at our option, may make the necessary maintenance and repairs and charge the cost to you. If we make or direct the making of repairs, we will not incur any liability to you, including liability for interruption of your business during the course of making the maintenance and repairs.

C. You must operate the Office during regular business hours and on the business days each week as we may reasonably require from time to time, taking into account industry norms and patient demand. Your regular hours and days of operation are subject to our prior approval and may not be materially changed without our prior written consent. You may close the Office for holidays, staff vacations, or other reasons as we may reasonably approve or prescribe, including those designated in the Operations Manual. The Operations Manual may also specify the maximum number of business days the Office may be closed each calendar year for vacations and holidays. Any such closures must not unreasonably interfere with patient care or the efficient operation of the Office. All operating hours and days are subject to the terms and conditions of any applicable lease or occupancy agreement governing the Office location.

D. You must comply with our patient warranty requirements described in the Operations Manual. For example, for a cash paying patient, we may require you to redo work or provide a refund if dental work is broken or damaged within a specified period. We may change warranty requirements at our discretion.

E. If you will provide services outside the scope of "general dentistry" (as we reasonably define in our Operations Manual), then any changes you wish to make to our general staff scheduling guidelines will be subject to our prior approval.

F. To the extent permitted by applicable law, you are prohibited from hiring associate dentists during the first six (6) months of business operations without our prior approval (or such other period as we may reasonable designate).

5.3 **Our Intellectual Property**.

5.3.1 You agree that the Marks, Operations Manual, System, and other intellectual property are our sole and exclusive property. Except for the Franchise granted to you by this Agreement, nothing in this Agreement or any other agreement will give you or others any right, title, or interest whatsoever in or to the Marks, Operations Manual, or System. Your license to use the Marks is non-exclusive. We, in our sole discretion, may operate under the Marks and may grant licenses to others to use the Marks on any terms and conditions we deem appropriate. In those states and nations where applicable, you agree to execute on request all documents necessary to record you as a registered user of the Marks. You will not use the Marks as part of any electronic mail address or in any electronic mail message except in accordance with the Operations Manual and only for purposes of the franchise.

5.3.2 You will immediately notify us of any infringement of, or challenge to, your use of the Marks or any marks identical to or confusingly similar to the Marks (or any of our other intellectual property), including any claims of infringement or unfair competition. While we anticipate making reasonable efforts to protect your rights to use the Marks (and other intellectual property), we will have sole discretion to take or not to take action, as we deem appropriate. We will not be required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks (or other intellectual property) or if the proceeding is resolved unfavorably to you. If we undertake the defense or prosecution of any litigation or administrative action involving you or any litigation or administrative action involving the Marks, other intellectual property, or the System, you agree to execute any and all documents and to do all acts and things that in the opinion of our counsel are necessary or advisable to carry out the defense or prosecution. This may be done either in our name or in your name, as we will elect.

5.3.3 You will modify or discontinue use of any franchise names or Marks (or other intellectual property) or will use one or more substitute names or marks (or other intellectual property), if we so direct in writing at any time at your sole expense. Under no circumstances will we be liable to you for any damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the Marks (or other intellectual property) will apply with equal force to any modified or substituted names or marks (or other intellectual property).

5.3.4 You will not contest, directly or indirectly: our ownership, title, right, or interest in the Marks, the Operations Manual, other intellectual property, or the System; or our exclusive right to register, use, or license others to use the Marks, Operations Manual, other intellectual property, and System. You will not advertise or use the Marks without following our then-current guidelines and requirements. These may include, but will not be limited to, the placement of appropriate © or ® copyright and registration marks, or the designations TM or SM, where applicable.

5.3.5 Any and all goodwill associated with the Marks (or our other intellectual property), including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law. You appoint us as your agent and attorney-in-fact to amend or cancel any registered user or business name filings obtained by you or on your behalf that involve or pertain to the Marks.

5.3.6 You will not use the Marks on products or services that come from any source other than us or sources we approve in writing except for products you prepare or produce pursuant to the Operations Manual and the System.

5.3.7 We make no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of the Marks or our other intellectual property.

5.3.8 We and you will use reasonable best efforts to continuously improve the products, processes and services used in the System and to develop new products, processes and services for use as part of the System. All the improvements, inventions and developments you make, develop or create for use in the System will be our property (or that of our parent or an affiliate) and we alone (or our parent or an affiliate) will hold any patent, trademark registration or other form of protection for those improvements, inventions, developments, processes, methods and practices.

5.4 **You Will Not Use Names or Marks in Combination**. Except as provided in this Agreement, you will not use or give others permission to use the Marks, or any colorable imitation of them, combined with any other words or phrases. You and your owners, officers, and agents will not form or participate in the formation of any company, firm, corporation, or other entity having a name containing the words of the Marks. You may not combine or associate any name or symbol of the Marks with any other name or word in any advertising or sign. The Marks must be used in exact conformity with specifications we set in the Operations Manual.

5.5 **Marks, Operations Manual, and System May Be Changed**.

5.5.1 You acknowledge that the Marks, Operations Manual, and System, including any future amendments or modifications to them, have substantial value, and that the conditions, restrictions, covenants not to compete, and other limitations imposed by this Agreement are necessary, equitable, and reasonable for the general benefit of you, us, and others enjoying any lawful economic interest in the Marks, Operations Manual, and System.

5.5.2 We may change or modify any part of the Marks, Operations Manual, or System periodically at our sole discretion. You will accept, use, and protect, for the purposes of this Agreement, all changes and modifications as if they were a part of the Marks, Operations Manual, and System at the time this Agreement is executed. You will bear all costs and expenses which may be reasonably necessary as a result of such changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, or detriments related to of these changes or modifications.

5.5.3 Complete and detailed uniformity of the Marks, Operations Manual, and System under the varying conditions to be experienced by our franchisees may not be possible or practicable. Therefore we reserve the right, at our discretion, to accommodate your special needs, or those of any other of our franchisees. These needs may result from the peculiarities of a particular site or location, density of population, business potential, populations of trade area, existing business practices, requirements of local law or local customers, landlord requirements, or any other condition which we deem to be important to the successful operation of the franchisee's business. We may allow certain franchisees to depart from normal system standards and routines to experiment with or test new products, equipment, designs, and procedures. In no event will any variance or testing be deemed a waiver of any of our rights, or an excuse for you to not perform any of your duties under this Agreement. We may require you at any time to commence full compliance with the Operations Manual and the System. We will not be required to grant any variance to you under any circumstances. You will not require us to disclose or grant to you a like or similar variation.

5.6 **Confidential Information**.

5.6.1 You specifically acknowledge that we will provide to you valuable information regarding our System for the operation of your Franchise, which may include information regarding our operational, sales, promotional and marketing methods and techniques, operating procedures, recipes, processes, practices, lists of suppliers, customer lists, manuals, communications methods, accounting and reporting methods, use of proprietary software, marketing and sales techniques and strategies ("**Confidential Information**"). Any and all information, knowledge and know how, not generally known about the System will be deemed Confidential Information.

5.6.2 You acknowledge that unauthorized disclosure or use of our Confidential Information would harm our goodwill associated with our Marks and System and would harm our other franchisees. Unless the Franchisor otherwise agrees in writing, during the term of this Agreement and forever after its expiration, transfer or termination, you will not use or disclose any Confidential Information except as required for the establishment and operation of your Franchise as authorized by us.

5.6.3 Confidential Information loses that status if: (1) You can demonstrate that such information has become generally known or easily accessible other than by your breach of this Agreement; or (2) You are legally compelled to disclose such information in judicial or administrative proceedings, provided you have notified the Franchisor prior to disclosure and shall have used your best efforts to obtain and shall have afforded the Franchisor the opportunity to obtain an appropriate protective order or other assurance satisfactory to the Franchisor of confidential treatment for the information required to be so disclosed.

5.6.4 You acknowledge and agree that our System and Confidential Information are and shall continue to be our sole and exclusive property, whether or not disclosed or entrusted to you in connection with your relationship with us. Nothing in this Agreement or any other agreement will give you or others any right, title, or interest whatsoever in or to them. Our Confidential Information shall be considered our trade secrets and shall be entitled to all protections provided by applicable law to trade secrets.

5.6.5 You agree to hold our Confidential Information in the strictest confidence. You agree to exercise the highest degree of care in safeguarding Confidential Information against loss, theft, or other inadvertent disclosure. You agree to fully and strictly adhere to all security procedures we prescribe for maintaining the confidentiality of the information.

5.6.6 You will not reverse engineer, decompile or disassemble any items embodying the System, our Confidential Information, our proprietary software (if any), or any of our other intellectual property, or permit or induce the foregoing. Without limiting the generality of the foregoing, Franchisee will not attempt to decode or decrypt, or derive the source code, techniques, processes, algorithms, know-how or other information from the proprietary software (if any).

5.6.7 The Operations Manual may contain guidelines to protect Confidential Information and trade secrets, including limited access to the information on a need to know basis, locking of offices and computer files, placement of appropriate legends on materials, limited access for copying and scanning, pass-word protection, and encryption. You will conduct periodic meetings with your managers and employees to instruct them on their responsibilities to maintain the confidentiality of our information.

5.6.8 If Franchisee is a business entity, all of Franchisee's owners shall either sign this Agreement directly or sign a Confidentiality and Non-Competition Agreement in the form we specify.

5.6.9 You shall require all of your officers, directors, beneficiaries, independent contractors, agents, representatives, and employees - who may obtain or who are likely to obtain knowledge concerning our Confidential Information and who do not directly sign this Agreement - to sign confidentiality and non-disclosure agreements with provisions similar to those provided in this Agreement (and a non-competition agreements with provisions similar to those provided in this Agreement to the extent permitted by applicable law). We may provide a sample form of agreement for your use, but it is solely your responsibility to ensure that such agreement complies with applicable law in your jurisdiction. We must be described as a third-party beneficiary on such agreements so that we may enforce such agreements (unless we specify otherwise).

5.6.10 If you become aware of any actual or threatened unauthorized use or disclosure of our Confidential Information, then you will promptly and fully advise us in writing of all related facts known to you. You will cooperate with us in all ways we reasonably request to prevent or stop any such unauthorized use or disclosure.

5.6.11 We may disclose financial performance information regarding your Franchise operations in our franchise disclosure documents and elsewhere at our discretion. You hereby consent to the disclosure of such information. You agree to provide such information to us promptly upon request.

5.7 **In-Term Non-Competition Covenant**.

5.7.1 In express consideration for and during the term of this Agreement, neither you nor your owners, directors, officers, successors, agents, or representatives will directly or indirectly (such as through another individual or entity or otherwise) participate as an owner, director, officer, employee, consultant, franchisor, licensor, franchisee, licensee, distributor, advisor or agent, or serve in any other capacity in any business that offers dental-related services or dental-related products, or any business that offers (as its primary business) products or services that are essentially the same as, or substantially similar to, the products and services that are part of the System. We may waive this covenant only in writing.

5.7.2 You will assure that you and your owners, directors, officers, successors, agents, and representatives, during the term of this Agreement and for a period of two years after expiration or termination of this Agreement do not divert or directly or indirectly attempt to divert any of our business or any of our customers to any competing establishment.

5.7.3 To the extent the following restrictions and prohibitions are permitted by applicable law, you will assure that you and your owners, directors, officers, successors, agents, and representatives, during the term of this Agreement and for a period of two years after expiration or termination of this Agreement do not employ or seek to employ any person we employ or any other person who is at that time operating or employed by or at any of our franchises or company-owned outlets, or otherwise directly or indirectly induce these persons to leave their employment. This provision is not valid in the State of Washington or any other state that prohibits employee non-solicitation clauses in franchise agreements.

5.7.4 The provisions relating to interests in any other business will not apply to your ownership of outstanding securities of any corporation whose securities are publicly held and traded; provided that you hold these securities for investment purposes only and that your total holdings do not constitute more than 5% of the outstanding securities of the corporation.

5.8 **Participation in the Actual Operation of the Business**.

5.8.1 You will diligently, faithfully, and honestly perform your obligations pursuant to this Agreement. You will use your best efforts to develop, promote, and enhance your Franchise. You will not engage in any activity or business enterprise that conflicts with these obligations.

5.8.2 Each of your Clear Lakes Dental franchises must be staffed by at least one dentist (either you or an employee) at all times (equivalent to at least one full-time dentist). We reserve the right to modify this rule at our reasonable discretion.

5.8.3 You must hire a Dental Operations Manager (DOM) to handle day-to-day operations of your business. As the franchise owner, it is ultimately your responsibility to comply with the Franchise Agreement. The DOM shall not have any equity interest in your franchise business entity.

5.9 **Computer Systems**.

5.9.1 You must purchase and use computer hardware and software (including software as a service subscriptions and point of sale system) (collectively "**Computer Systems**") that strictly conform to our specifications (and must purchase them from our designated or approved supplier(s) if applicable). You must comply with any separate software or other license agreement that we or our designee uses in connection with providing services to you.

5.9.2 You must purchase from our approved or designated suppliers (as we designate) security and surveillance cameras and other hardware and software in compliance with our standards and specifications.

5.9.3 You must have or purchase a printer, scanner, telephones, and high-speed internet, all of which must meet our minimum specifications.

5.9.4 You must have the capability to accept debit and credit card payments from your patients subject to our minimum standards and specifications. We reserve the right to require you to use a designated merchant processing service.

5.9.5 We will have full ability to access your data, Computer Systems and related information by means of direct access whether in person or by electronic means.

5.9.6 We may require reasonable changes, replacements, or additions to the Computer Systems. If we require any such changes, replacements, or additions, you must comply with such requirements within a reasonable period at your sole expense.

5.9.7 You acknowledge your understanding that Computer Systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, and attacks by hackers and other unauthorized intruders. We do not guarantee that information or communication systems that we or others supply will not be vulnerable to such issues, and it is your responsibility to protect your business from such issues. You should also take reasonable steps to verify that others with whom you communicate and do business have reasonable protection from such issues. This may include taking reasonable steps to secure your Computer Systems (including firewalls, password protection, and anti-virus systems) and to maintain backup systems.

5.10 **Working Capital Requirements**. At all times during the term of this Agreement, you must maintain and employ as much working capital as may be required to enable you to properly and fully perform all your duties, obligations, and responsibilities.

5.11 **Notice of Court Action**. You will notify us in writing within five (5) days of the commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court, agency or government instrumentality that may adversely affect your operation of or the financial condition of the Franchise.

5.12 **Products and Suppliers**.

5.12.1 You must purchase all goods and services needed for the operation of your Franchise either from us, our affiliates, one or more exclusively designated suppliers, our approved suppliers, or subject to our standards and specifications, as we will designate. You must purchase items that bear the Marks from us or designated suppliers. We may private label proprietary items and supplies. We retain the right to make a reasonable profit on any items, supplies and materials you buy from us or our affiliates. We may also make a reasonable profit on supplies we purchase in bulk quantities and sell to you.

5.12.2 You must sell, offer for sale, distribute or deliver only such services or products that meet the specifications and standards of quality and quantity in the Operations Manual. You must sell or offer to sell all approved items and services. You must refrain from deviating from our standards and specifications and must discontinue selling or offering for sale any such items as we may, at our discretion, disapprove in writing at any time. You will use commercially reasonable efforts and good faith to promote and sell the products and services.

5.12.3 We may require you to use approved suppliers, or we may designate a single source of supply, for any goods or services for your Franchise. All specifications that we require of you and lists of approved and exclusively designated suppliers will be included in the Operations Manual. We will use our best judgment to set and modify specifications in order to maintain the integrity and quality of the franchise system.

5.12.4 EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY US, WE MAKE NO EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE PRODUCTS AND

SERVICES WE OR OUR AFFILIATES PROVIDE. ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT RESTRICTED TO, THE IMPLIED WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY DISCLAIMED. UNDER NO CIRCUMSTANCES WILL OUR LIABILITY IN CONNECTION WITH ANY PRODUCTS OR SERVICES EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE, LICENSE FEE, OR SUBSCRIPTION FEE PAID BY YOU FOR THE PRODUCTS OR SERVICES. IN NO EVENT WILL WE BE LIABLE TO ANY PARTY, INCLUDING BUT NOT LIMITED TO, YOU AND YOUR CUSTOMERS, FOR ANY TORT DAMAGES OR INDIRECT, SPECIAL, GENERAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL, ARISING IN CONNECTION WITH THE USE (OR INABILITY TO USE) THE PRODUCTS OR SERVICES FOR ANY PURPOSE WHATSOEVER, EVEN IF WE ARE AWARE OR HAVE BEEN ADVISED OF THE POSSIBILITY OF POTENTIAL LOSS OR DAMAGES.

5.12.5 Except for items and services that we require you to purchase from us, our affiliates, or our exclusively designated suppliers:

With advance written notice, you may request our approval to obtain products, supplies or materials from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the items from these other sources meet our specifications and standards. These specifications and standards will relate to quality and the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may require that samples from any supplier be delivered to a designated independent testing laboratory for testing prior to approval and use. You will reimburse us for the actual cost of the tests. In addition, we reserve the right to charge a reasonable fee for each request for approval if you make such requests more than three times during any 30-day period. We will license any supplier that can meet or exceed our quality control and confidential requirements and standards, for a reasonable license fee, to produce and deliver products to you but to no other person. Our confidential manufacturing requirements, equipment, designs, and systems will be disclosed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently adhere to our standards, requirements and testing procedures; will maintain the confidentiality of the designs and systems; and will adequately supply your reasonable needs. We may require a confidentiality and non-disclosure agreement signed by the proposed supplier prior to release of any Confidential Information. We will not unreasonably withhold approval of a supplier you propose. We will endeavor notify you in writing of the approval or disapproval of any supplier you propose within 30 days of our receipt from you of your written notice of request for approval. If we do not reply within the 30-day period, then the supplier will be deemed not approved.

5.12.6 You acknowledge that while you may propose alternate suppliers for products and services, the proposed suppliers may not qualify. You further acknowledge that our approved suppliers may be the only source of supply for products and services required in the Franchise.

5.12.7 We or our agents may inspect any proposed or approved manufacturer's, supplier's or distributor's facilities and products to assure proper production, processing, storing, and transportation. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier or distributor. Should we determine from any inspection that a manufacturer, supplier or distributor fails to meet our specifications and standards, we will give written notice describing this failure to you and to the manufacturer, supplier or distributor, together with a notice that unless the failure or deficiency is corrected within 30 days, the manufacturer, supplier or distributor will no longer be approved.

5.12.8 One of the potential benefits that may accrue to you and all our other franchisees is the economy of mass purchasing power potentially made available through us. Your failure to pay or repeated delay to make prompt payment in accordance with the terms of the invoices and statements for payments due on your purchases of any items, or your misdirection of supplies or other abuse of our approved suppliers, distributors and manufacturers, will result in a loss of credit standing and goodwill and benefits otherwise available to us and our other franchisees. You expressly agree to promptly pay all such invoices and statements in accordance with their terms.

5.12.9 We may obtain money, goods, services, or other benefits from persons and entities with whom you do business, on account of that business with you. These may include rebates, refunds, commissions, co-operative payments, or discounts.

5.12.10 There are no required quotas as to quantity of purchases you must make from us or from approved vendors. You must only have enough equipment, supplies, and inventory on hand to meet customer demand.

5.12.11 If you purchase items or services from us or our affiliates, then you must make payment when you place your order. Any items or services goods sold, licensed, or leased by or through us or our affiliates to you will be sold, licensed, or leased in accordance with the terms expressly set forth in the Operations Manual or as otherwise provided for in writing by us or the manufacturer of the products and goods.

5.12.12 You must comply with all of the obligations and requirements imposed upon you by the manufacturers or distributors of the products.

5.13 **Non-Disparagement**. You will assure that you and your owners, directors, officers, successors, agents, and representatives, during the term of this Agreement and thereafter, do not (1) do or perform, directly or indirectly, any act injurious or prejudicial to our goodwill associated with the Marks and/or System; or (2) disparage or defame us, our Marks, or our franchise system in any manner (orally, in writing, or otherwise).

6 RENEWAL, TERMINATION AND INTERIM MANAGEMENT

6.1 Renewal of Franchise.

6.1.1 Renewal Franchise Agreement. If you are not in breach, you may renew the Franchise for periods of five (5) years under the terms of our then-current Franchise Agreement forms. These forms may vary materially from this Agreement. Royalty Fees, Brand Development Fees, and other fees will be set at the then prevailing rates and terms. Your failure or refusal to execute the renewal Franchise Agreement forms within 30 days after delivery to you may be regarded as an election by you not to renew. Upon renewal, the Franchise Territory may be modified and its geographic area may be reduced or expanded to meet our then-current franchise market penetration and demographic standards.

6.1.2 Additional Conditions for Renewal. To renew, you must comply with the following additional conditions:

A. You will exercise your renewal option by giving written notice to us. The notice must be given at least three months, but no earlier than six months, before the end of the franchise term established by this Agreement.

B. You will pay us a $5,000 renewal fee to help defray our time and expenses related to the

renewal.

C. You must execute a general release, in a form we prescribe, following applicable law, to release us from any claims you may have against us.

D. Before renewal, you and your designated manager will attend and successfully complete any retraining program we prescribe in writing. This will be done at your expense, including transportation, meals, lodging, and our then-current training fee.

E. You will refurbish, remodel, and replace the Office, fixtures, equipment, and signage to conform to the then-current Operations Manual and System standards.

F. We may refuse to renew this Agreement if you fail to satisfactorily comply with this Agreement. The determination of satisfactory compliance will be within our exclusive discretion in good faith. If we refuse to renew, you must continue to perform under this Agreement until its expiration.

6.1.3 Continuation. You have no automatic right to continue operation of the Franchise following expiration or termination of this Agreement. If you continue to operate the Franchise with our express or implied consent following the expiration or termination of this Agreement, the continuation will be a month-to-month extension of this Agreement. This Agreement will then be terminable by either party upon 30 days' written notice. Otherwise, all provisions of this Agreement will apply while operations continue. Upon termination of this Agreement under this section, all post-termination covenants and obligations in this Agreement will apply.

6.2 **Termination by You**. You may terminate this Agreement if you comply with the terms of this Agreement and if we substantially breach any material provision of this Agreement and fail within 30 days after receipt of written notice specifying the breach. However, if such breach cannot reasonably be cured within 30 days after delivery of notice of breach, then we must undertake within 10 days after delivery of such notice of breach and continue, until completion, efforts to cure such breach. Termination will be effective 10 days after you deliver to us written notice of termination for our failure to cure within the allowed period.

6.3 **Termination by Us**.

6.3.1 Default with Opportunity to Cure. You agree that it will be a **default constituting a substantial breach of a material provision of this Agreement pursuant to relevant law, thus establishing good cause for termination of this Agreement** and any other franchise and related agreements between the parties if you (or your owners, officers, or key employees) breach any term or provision of this Agreement and do not cure the breach (or reasonably begin to cure and diligently pursue the cure until the breach is remedied) within 30 days after receipt of our written notice to cure. Termination will occur immediately upon delivery to you of our written notice of termination for failure to cure within the allowed time frame.

6.3.2 Termination Without Opportunity to Cure. You agree that it will be a **default constituting a substantial breach of a material provision of this Agreement pursuant to relevant law, thus establishing good cause for us to immediately terminate this Agreement** and any other franchise and related agreements between the parties without other cause, and without giving you an opportunity to cure, if you (or your owners, officers, or key employees):

A. Fail to pass the initial training program. (See Section 3.1 above);

B. Fail to open the Franchise for business by the Opening Deadline. (See Section 4.1 above);

C. Fail to operate the Franchise continuously and actively for five or more consecutive days or any period for which it would be reasonable under the facts and circumstances for us to

conclude that you do not intend to continue the Franchise;

D. Receive three or more notices to cure defaults during any consecutive 12-month period whether or not you cured such defaults;

E. On three or more occasions fail to report monthly Gross Revenue on time, understate monthly Gross Revenue by more than 2%, or distort other material information;

F. Falsify data in reports or intentionally understate Revenue or other information reported to the Franchisor;

G. Make or have made any material misrepresentation or misstatement on the franchise application or with respect to ownership of the Franchise. If you misrepresented yourself and are a competitor of ours or a competitor of an affiliate of ours, we may keep your entire initial franchise fee, cancel training and terminate this Agreement;

H. Are convicted of or plead guilty or no contest to a felony, or any other crime that is reasonably likely to adversely affect the System, the Franchise, or the goodwill associated with the Marks or the franchise system (as we determine at our sole discretion);

I. Within a period of 10 days after notification of noncompliance, fail to comply with any federal, state or local law or regulation applicable to the operation of the Franchise;

J. Fail to pay any Initial Franchise Fee, Royalty Fee, Brand Development Fee or any other fees or amounts owed pursuant to this Agreement within five days after receipt of written notice that the fees or amounts are overdue;

K. Operate the Franchise in a manner that creates an imminent danger to public health or safety;

L. Fail to comply with any of the confidentiality, non-disclosure, non-diversion of business, or non-competition covenants of this Agreement, including but not limited to obligations and restrictions described in Sections 5.6 and 5.7;

M. Attempt to transfer all or any portion of this Agreement, the Office, substantial assets of the Franchise business, or ownership or control of you or to fractionalize any of the rights granted to you pursuant to this Agreement in violation of Section 7.1;

N. Deny us the right to audit your books and records, inspect the Franchise, or access your computer systems and information, as permitted under this Agreement;

O. Engage in any conduct that is reasonably likely, at our sole opinion, to adversely affect the System, the Franchise, or the goodwill associated with the Marks or the franchise system; or

P. Attempt to unilaterally repudiate this Agreement or the performance or observance of any of its terms, conditions, covenants, provisions or obligations by any conduct evidencing your intention to no longer comply with or be bound by this Agreement.

6.3.3 Automatic Termination Without Notice or Opportunity to Cure. This Agreement will automatically terminate without notice or an opportunity to cure if you:

A. Become insolvent, make a general assignment for the benefit of creditors, have a receiver appointed to administer or take possession of any part of the franchise or your assets, or admit to not being able to meet your obligations as they become due or become bankrupt, or become subject to any chapter of the United States Bankruptcy Code, unless you:

(1) timely undertake to reaffirm the obligations under this Agreement;
(2) timely comply with all conditions as legally may be imposed by us upon such an undertaking to reaffirm this Agreement; and
(3) timely comply with such other conditions and provide such assurances as may be required in relevant provisions of the United States Bankruptcy Code;

provided, however, that we and you acknowledge that this Agreement constitutes a personal service contract and that we have relied to a degree and in a manner material to this Agreement upon the personal promises of you and/or your directors, officers, shareholders or partners, as the case may be, to participate personally on a full-time basis in the management and operation of the franchise, and, consequently, we and you agree that any attempt by any other party, including the trustee in bankruptcy or any third party, to assume or to accept an assignment of this Agreement will be void.

or

B. Allow the Franchise, Office or franchise assets to be seized, taken over, or foreclosed by a creditor, lien holder, or lessor; let a final judgment against you remain unsatisfied for 30 days (unless a supersedeas or other appeal bond is filed); or allow a levy of execution upon the Franchise or upon any property used in the Franchise, that is not discharged by means other than levy within five days of the levy.

6.4 **Time Frames Subject to Applicable Laws**. The provisions of this Agreement may state periods of notice less than those required by applicable law. They may provide for termination, cancellation, non-renewal or the like other than according to applicable law. They will be extended or modified to comply with applicable law. Also, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

6.5 **Certain Post-Termination Obligations**. Substantial damages that are difficult to determine at the date of execution of this Agreement will accrue to us if you do not comply with any of the following requirements upon expiration or termination of this Agreement. Upon expiration or termination of this Agreement, you will:

6.5.1 Immediately cease using the Marks (or any names or marks deceptively similar to them), the Operations Manual and the System.

6.5.2 Completely de-identify the Office (unless we exercise our option to purchase the franchise under Section 6.5.7 below). De-identification will consist of removal of all signs; modification or remodeling of all identifying architectural features; repainting as necessary to no longer use the color scheme used in our franchise system; and any other steps necessary (at our reasonable discretion) to effectively distinguish the Office from our Marks and proprietary designs, trade dress, and other intellectual property.

6.5.3 Return to us all copies of the Operations Manual. Return to us all records, files, instructions, correspondence, and materials in your possession or control related to the System. You will give us a complete and accurate summary of your advertisers, customers and leads, including their names, addresses, telephone numbers and related file records. You will assist us in every way possible to bring about a complete and effective transfer of your franchise business to us or to our designated franchisee.

6.5.4 Authorize business telephone, internet, email, social media providers, electronic network, directory and listing entities to transfer all numbers, email addresses, domain names, locators, directories and listings to us or our designee. Notify them of the termination of your right to use the Franchise names and Marks. You authorize the transfer of your business telephone numbers and directory listings and internet addresses, email addresses, domain names and locators to us or our designated franchisees. You appoint us as your agent and attorney-in-fact to effect the transfer of these telephone numbers and directory

listings and domain names and internet directory listings to us. You agree that we will be treated as the subscriber for the telephone numbers and directory listings. We will have full authority to instruct the applicable telephone, directory and listing companies on the use and disposition of the telephone listings and numbers. You release and indemnify these companies from any damage or loss because they follow our instructions.

6.5.5 Pay to us within seven days all Royalty Fees, Brand Development Fees, and other sums you owe. These sums will include all damages, costs and expenses, including reasonable attorneys' fees and collection costs, we incur because of your breach. These sums will include all costs and expenses, including reasonable attorneys' fees, we incur in obtaining injunctive, appellate, or other relief to enforce the provisions of this Agreement.

6.5.6 Abide by all provisions of this Agreement that expressly or by reasonable implication are intended to apply after expiration or termination of this Agreement, including provisions related to non-use and non-disclosure of Confidential Information and non-competition. You will immediately return to us all of our Confidential Information you have received, including any items that embody the Confidential Information. You acknowledge that you have no continuing ownership interest in the Confidential Information.

6.5.7 At our option, do some or all of the following:

A. Remove all Franchise-related equipment, furnishings, and inventory from the Office;

B. Sell to us (or our designee) all (or such portion as we designate) of your Franchise-related equipment, supplies, and inventory. The purchase price will be fair market value for equipment, supplies and furnishings, and your invoice cost for inventory less a 10% restocking charge. We will not be liable for payment to you for intangibles, including goodwill;

C. Assign to us ownership and control of any domain name, website, online presence or account you own or control related to the Franchise;

D. Sell to us or our designee your interest in the Franchise, the Office, if any, and all related equipment, fixtures, signs, real estate leases, equipment leases, personal property, and customer data and accounts (to the extent permitted by applicable laws, rules and regulations), free and clear of all liens, restrictions or encumbrances. You agree, at our election, to assign your leasehold interest in the Office to us, or to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease.

   i. We will have the right to elect this option by written notice to you within 30 days of expiration or termination of this Agreement. If we elect this option, then the parties will make good faith efforts to agree on a purchase price and payment terms within 10 days after such notice. If the parties cannot agree within the 10-day period, then fair value will be determined by appraisal as provided in Section 7.6 (entitled "Appraisals").

   ii. We will have the unrestricted right to assign this option to purchase.

   iii. 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; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

   iv. We will have the right (but not the obligation) to appoint an interim manager to operate the business, for our own account, from the date of

expiration or termination of this Agreement until we or our designee acquires the Franchise under this paragraph.

6.5.8 Upon termination for any reason, you will return to us all proprietary and confidential materials, including customer lists and data, keys, codes, signage, advertising and marketing materials, service agreements and other forms, printed files, security codes, and the like as may be described in the Operations Manual. If you fail to return or cease use of any of these items, we may enter your Office without being guilty of trespass or any other tort to remove and retain the items. You will pay to us, on demand, any expenses we incur in trying to remove or collect such items or in attempting to have you cease use of them.

6.5.9 Damages and Liquidated Damages. Upon termination pursuant to any default by Franchisee, Franchisee agrees to pay Franchisor, all actual and consequential damages and any costs and expenses (including reasonable attorneys' fees) incurred by Franchisor as a result of such default and termination. Franchisee acknowledges and agrees that it does not have the right to terminate this Agreement, except as provided in Section 6.2, or as otherwise agreed in writing by the parties, and that any termination of this Agreement by Franchisee that is not in accordance with the terms of Section 6.2, or any termination of this Agreement by Franchisor in accordance with its terms, may result in lost future revenue and profits to Franchisor, harm to the goodwill associated with the Marks, and increased costs to Franchisor to re-develop or re-franchise the market in which the Franchise is located.

Accordingly, in the event that Franchisee terminates this Agreement other than in accordance with the terms of Section 6.2, or if Franchisor terminates this Agreement pursuant to its terms, then Franchisee shall pay to Franchisor within fifteen (15) days of such termination as liquidated damages, (and not as a penalty), an amount equal to Royalty Fees, Brand Development Fees, and other ongoing fees Franchisee should have paid, had this Agreement not be terminated, for the lesser of (1) 12 months, or (2) the number of months remaining on the term of this Agreement. Such payment will be calculated based on the average Royalty Fees, Brand Development Fees, and other ongoing fees Franchisee paid (or if unpaid, payable) during the immediately preceding 12-month period (or shorter period if you will have operated for less than 12 months).

The parties hereby acknowledge and agree that the actual damages that would be incurred by Franchisor in the event of any breach or early termination of this Agreement by Franchisee would be difficult to calculate and that the liquidated damages provided for in this Agreement are fair and reasonable under the circumstances. The parties further acknowledge and agree that the liquidated damages specified in this Section are only intended to compensate Franchisor for the early termination of this Agreement and Franchisor's loss of revenue resulting therefrom, but not for any other breach of this Agreement by Franchisee or any other damages incurred by Franchisor, and all remedies applicable thereto remain available to Franchisor.

6.6 **We May Assign Franchise Territory Upon Termination**. Upon expiration or termination of this Agreement, we may immediately license or franchise the Franchise Territory to another person or may operate Clear Lakes Dental businesses within the Franchise Territory.

6.7 **Post-Term Non-Competition Covenant**. This covenant will apply for two (2) years after termination, expiration or transfer of this Agreement. In express consideration for this Agreement, you will assure that you and your owners, LLC managers, directors, officers, successors, agents, and others occupying similar positions will not directly or indirectly (such as through another individual or entity or otherwise) participate as an owner, director, officer, employee, consultant, franchisor, licensor, franchisee, licensee, distributor, advisor or agent, or serve in any other capacity in any business that offers dental-

related services or dental-related products, or any business that offers (as its primary business) products or services that are essentially the same as, or substantially similar to, the products and services that are part of the System. This covenant applies within the Franchise Territory, within a 10-mile radius of the Franchise Territory, and within a 10-mile radius of any location or franchise territory where we operate or have granted the franchise to operate a Clear Lakes Dental business. We may waive this covenant only in writing.

6.8 **Interim Management**. To protect the System, the Marks, the Confidential Information, and the goodwill associated with the same, Franchisor may (but is not obligated to) assume interim management of the Franchise for any of the following reasons: (a) after Franchisor has given Franchisee written notice that Franchisee is in default under this Agreement and during the pendency of any cure period or in lieu of immediately terminating this Agreement; (b) you are absent or incapacitated because of illness or death; (c) your business activities are having, or are likely to have, a negative impact upon the value of our Marks, goodwill, or the franchise system (as we determine at our sole discretion); (d) we determine that significant operational problems require us to temporarily operate the Franchise; or (e) while your Franchise is not being managed by a competent and trained manager after your Death or Disability (as defined in Section 7.3 below). If Franchisor elects to assume interim management of the Franchise, then: (i) Franchisor's election will not relieve Franchisee of Franchisee's obligations under this Agreement; (ii) Franchisor will not be liable for any debts, losses, costs or expenses incurred in the operation of the Franchise during any interim management period; (iii) Franchisor will have the right to charge a reasonable fee for the management services; and (iv) Franchisee hereby agrees to indemnify, defend and hold harmless Franchisor and its interim manager(s) from and against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with the interim management of the Franchise, other than those arising solely from the gross negligence or willful misconduct of Franchisor.

7 TRANSFER

7.1 Transfer by You.

7.1.1 We enter this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of you (or your owners if you are a business entity). Your rights and obligations under this Agreement are exclusive to you. Except as expressly permitted by this Agreement, you, your owners and others claiming an interest in the Franchise shall not voluntarily or involuntarily sell, transfer, assign, encumber, give, lease, or sublease, or allow any other person to conduct business in or through (collectively called "**Transfer**") the whole or any part of: (1) this Agreement; (2) the Office; (3) substantial assets of the Franchise business; (4) ownership or control of Franchisee. Any attempted Transfer without our prior written consent will be a breach of this Agreement.

7.1.2 We need not consent to any proposed Transfer before the date the Franchise opens for business; or to a competitor of ours; or if we reasonably believe the purchase price is excessive or if we believe based upon a review of the transferee's operational and business plans that the transferee's business operations might not be beneficial on a cash flow or financial basis (because we will have a strong and vested interest in the financial viability and ongoing management abilities of the transferee).

7.1.3 You recognize that there are many subjective factors that comprise the process by which we select a suitable franchise owner. While we will exercise our discretion reasonably, our consent to a Transfer by you will remain a subjective determination and will include, but not be limited to, the following conditions. Before the effective date of a Transfer we approve:

A. The transferee must assume your Franchise obligations. You will remain bound by all

covenants in this Agreement that expressly or by reasonable implication are intended to apply after Transfer of your Franchise rights, including covenants related to non-use and non-disclosure of Confidential Information, post-term non-competition, non-use of the Marks, and similar covenants.

B. You will pay all ascertained or liquidated debts concerning the Franchise.

C. You may not be in breach of this Agreement or any other agreement between the parties.

D. The transferee will pay for and complete to our exclusive satisfaction the training programs we then require of new franchisees or otherwise show to our satisfaction sufficient ability to successfully operate the Franchise.

E. You or the transferee will pay a Transfer Fee of 10% of the gross transfer price (excluding the price of real property) (or $2,500 if the owners of an entity franchisee are transferring less than a controlling interest in the entity). This fee will reimburse us for our reasonable legal, accounting, credit check, and investigation expenses that result from the Transfer, as well as the mandatory training program for the transferee (as applicable).

F. You will pay us a 10% commission on the gross Transfer price (excluding the price of real property) if we obtain the transferee for you.

G. The transferee will execute all documents we then require of new franchisees. This includes a new franchise agreement in the form we then are using. The new franchise agreement may contain economic and general terms that are materially different from those contained in this Agreement. The term of the new agreement will be for the unexpired term of this Agreement or for a new full term as we will elect. You must ask us to provide the prospective purchaser with our current form of disclosure document required by the applicable federal or provincial/state registration and disclosure laws. We will not be liable for any representations you make apart from those contained in our disclosure document.

H. The transferee will meet our standards for quality of character, financial capacity, and experience required of a new or renewing franchisee. You will provide information we require to prove the transferee meets our standards.

I. If permitted by applicable law, you and your owners, LLC managers, officers, directors, and individuals occupying similar positions will execute a general release in our favor. The release will be in a form we prescribe, following applicable law, to release any claims you may have against us and our parent, subsidiaries, affiliates, owners, officers, directors, agents, representatives, and employees. This will include claims arising under federal, state and local laws, rules and ordinances arising out of, or connected with, the offer, sell and performance of this Agreement or any other agreement between the parties.

J. If the Initial Franchise Fee has not yet been paid in full, it must be paid in full prior to the date of Transfer.

K. If the lease or sublease for the Franchise Premise requires, the lessor or sublessor must have consented to the assignment or sublease of the Office to the transferee. All fixtures, furnishings and equipment at the Office must be in good working order and free of operational defects. It will be your responsibility to bring all fixtures, furnishings and equipment to proper working order before the date of Transfer.

L. You will enter into an agreement to subordinate, to the transferee's obligations to us (including the payment of all franchise fees), any obligations of the transferee to make installment payments of the purchase price to you. The form of this subordination is subject to our approval.

M. You will deliver to the purchaser the Operations Manual and all other manuals and materials we provided to you for use in the Franchise, including all materials bearing the Marks and our advertising, promotional and training materials.

N. You or the transferee will refurbish, remodel, and replace the Office, fixtures, equipment, and signage to conform to the then-current Operations Manual and System standards.

7.1.4 Upon our granting of approval for the Transfer, you will ensure that the Transfer is effected in compliance with the requirements of all federal, state, and local laws, including applicable tax and bulk sales legislation, and with the applicable requirements of the lease of the Office.

7.1.5 With our prior written consent, you may Transfer your rights and obligations under this Agreement to a business entity in which you continuously own 100% of the issued and outstanding shares of each class of stock or other evidence of ownership. The entity must be newly organized with its activities confined exclusively to act as the Franchisee under this Agreement. The entity must agree in writing to be bound by the terms of this Agreement. You will remain a party to this Agreement and therefore personally, jointly and severally liable in all respects under this Agreement.

7.1.6 You may offer your securities or partnership interests to the public, by private offering, or otherwise, only with our prior written consent. Consent may not be unreasonably withheld. All materials required for the offering by federal or state law will be submitted to us for review before filing with any government agency. Any materials to be used in any exempt offering will be submitted to us for review prior to their use. No offering by you will imply (by use of the Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities. You and all other participants in the offering must fully indemnify us concerning the offering. For each proposed offering, you will pay to us the amount necessary to reimburse us for our reasonable costs and expenses associated with reviewing the proposed offering, including legal and accounting fees. You will give us at least 60 days' written notice before the effective date of any offering or other transaction covered by this subsection.

7.1.7 You may not grant sub-franchises or similar franchise rights to others.

7.1.8 Our consent to a proposed Transfer will not be a waiver of any claims we may have against you or your owners, or a waiver of our right to demand exact compliance with this Agreement. Our consent to a Transfer will not constitute or be interpreted as consent for any future Transfer.

7.1.9 You will comply with and help us to comply with any laws that apply to the Transfer, including state and federal laws governing the offer and sale of franchises.

7.1.10 If you are a business entity, your ownership certificates and/or operating agreements will clearly state that assignment or transfer of ownership interests is subject to the restrictions imposed upon assignments by this Agreement.

7.2 **Transfer by Us**.

7.2.1 We shall have the right to sell all or any part of our assets, including the Marks or other intellectual property, and our interest in, and rights and obligations under this Agreement in our sole discretion. Without limiting the generality of the foregoing, we may sell the System to one or more third parties, may go public, may engage in a placement of some or all of our securities, may merge, acquire other entities or be acquired by other entities, or may undertake a refinancing, recapitalization, re-organization, leveraged buyout or other economic or financial restructuring. We will not be required to remain in any particular form of business.

7.2.2 As for any or all of these sales, assignments and dispositions, you waive any claims, demands or damages arising from or related to the loss of the Marks (or any variation of them) or the loss of association with or identification as part of our franchise system.

7.3 **Your Death or Disability**.

7.3.1 In the case of your death or permanent disability or incapacity (such that you are unable to perform your functions as franchisee as determined by Franchisor at its reasonable discretion) if you are an individual, or of any general partner of you if you are a partnership, or of any member or shareholder owning 50% or more of you if you are a limited liability company or corporation or other entity (your "**Death or Disability**"), the executor, administrator, conservator, or other personal representative of the deceased or permanently disabled person, or the remaining owners, must appoint a competent manager within a reasonable time, not to exceed 30 days after the date of Death or Disability. The appointment of this manager is subject to satisfactory completion of our required training program(s).

7.3.2 In addition to the right to appoint a temporary manager as described in Section 6.8 (entitled "Interim Management"), the following will apply in case of Death or Disability. Within 180 days of the event, the heirs, beneficiaries, devisees or legal representatives of that individual may:

A. Apply to us for the right to continue to operate the Franchise for the duration of the term of this Agreement. The right to continue will be granted upon the fulfillment of all of the conditions set forth in Section 7.1, except that no transfer fee will be required; or
B. Transfer your interest according to the provisions of Section 7.1. If a proper and timely application for the right to continue to operate has been made and rejected, the 180 days within which to transfer will be computed from the date of rejection.

7.3.3 If a suitable transferee purchaser is not found within 180 days from the date of Death or Disability, we may at our sole option enter into a contract to purchase the Franchise. We will have the right to elect this option by written notice to you within 60 days of the expiration of the 180-day period. If we elect this option, then the parties will make good faith efforts to agree on a purchase price and payment terms within 10 days after such notice. If the parties cannot agree within the 10-day period, then fair value will be determined by appraisal as provided in Section 7.6 (entitled "Appraisals").

7.3.4 If the provisions of this Section 7.3 have not been fulfilled within the time provided, at our option, all rights licensed to you under this Agreement will immediately terminate and revert to us.

7.4 **First Right of Purchase**.

7.4.1 Before soliciting offers from others, you will notify us in writing if you desire to effectuate a Transfer (defined in Section 7.1). You will give us sufficient information and documentation to allow us to analyze the status and value of your business. We will notify you of our election or waiver of our option to purchase within 30 days after our receipt of your written notification and due diligence information. Our failure to notify you within the 30-day period will be deemed a waiver of our option. If we offer you an amount that you do not agree to, you may try to sell to a third party but on no better terms for the purchaser than we offered to you. If you later receive an offer from a third-party purchaser on better terms than we offered to you, you are obligated to re-offer to us pursuant to Section 7.5 (Right of First Refusal). Before any Transfer, you must comply with Section 7.1 (Transfer by You) and Section 7.5 (Right of First Refusal). If you do not complete a transaction with a third party within six months, you agree we will again have the right of first purchase before any subsequent contemplated transaction (notwithstanding any prior waiver).

7.4.2 We may elect to purchase all of the franchise business regardless of your intent to sell, assign or transfer a lesser interest. We can choose to pay the purchase price in cash up front or by industry-standard monthly payments that amortize the principal amount with interest calculated at the prime rate plus 1% as of the date of purchase.

7.5 **Right of First Refusal**.

7.5.1 If you receive a bona fide offer from a third party acting at arm's length to purchase the Franchise, a majority interest in ownership of you, or substantially all of the assets of the Franchise, which offer is acceptable to you or to your owners, we will have the right of first refusal to purchase at the bona fide price on the same terms and conditions as offered to you. We may substitute cash for any other form of consideration contained in the offer. Our credit will be deemed to be equal to the credit of any proposed purchaser. At our option, we may pay the entire purchase price at closing. Within 10 days after receipt by you of an acceptable bona fide offer, you will notify us in writing of the terms and conditions of the offer. You will give us sufficient information and documentation to allow us to analyze the status and value of your business. We may exercise this right of first refusal within 30 days after receipt of notice from you and due diligence information.

7.5.2 If the interest which is the subject of the third party's offer involves less than all of the ownership interest, then in our sole option, our right of first refusal will apply to the entire ownership interest. In such case, the consideration to be received, as set forth in the offer shall be divided by the percentage interest subject to the offer and the resulting quotient shall be the price to be paid for the entire ownership interest. Terms and conditions for the purchase of the entire ownership interest shall be as similar to the terms and conditions set forth in the offer as practicable, except for the substitute provisions noted above in this subsection.

7.5.3 If we do not exercise our right of first refusal within the 30-day period, you may make the proposed transfer to a third party. The transfer will not be at a lower price nor on more favorable terms than disclosed to us. Any transfer will be subject to Section 7.1 (Transfer by You). If the Franchise is not transferred by you within six months from the date it is offered to us, or if any material change is made in the terms of the proposed sale, then you must re-offer to transfer to us before a transfer to a third party.

7.6 **Appraisals**.

7.6.1 This Section 7.6 will apply to any other provisions of this Agreement that require determination of value by appraisal. The fair value of the relevant asset(s) will be determined by a single appraiser selected by you from a list of two appraisers provided by us. Franchisor and Franchisee will equally share the cost of the appraisal. The parties may then present evidence of the value of the relevant asset(s). For purposes of Section 4.2 (entitled "Real Property Security Assignments") and Section 6.5.7(d) (our right to acquire your franchise upon termination or expiration), the appraiser must *exclude* from its decision any amount or factor for the "goodwill" or "going concern" value. For purposes of Section 7.3.3 (our right to acquire your franchise upon your Death or Disability), the appraiser may *include* in its decision a factor for the "goodwill" or "going concern" value of the franchise.

7.6.2 Any time within 30 days after receiving the appraiser's decision, at our option we may enter into the transaction at the price determined by the appraiser.

7.6.3 For purposes of Section 6.5.7(d) (our right to acquire your franchise upon termination or expiration) and Section 7.3.3 (our right to acquire your franchise upon death or permanent disability or incapacity), terms of payment will be 10% of the purchase price payable upon contract signing, the balance payable in 60 equal monthly payments of principal payments with interest calculated at the prime rate published by our principal bank at time of execution of the purchase contracts. For purposes of Section 4.2 (entitled "Real Property Security Assignments"), fair terms for the lease and purchase payment terms for all related equipment, fixtures, signs, equipment leases and personal property will be determined by the

appraiser.

8 INDEMNIFICATION, INSURANCE, CONDEMNATION AND CASUALTY

8.1 Indemnification.

8.1.1 Franchisee shall defend, hold harmless and indemnify Franchisor, its officers, directors, owners, agents, representatives, employees, landlords, related companies, and assigns (each an "**Indemnified Party**" and collectively "**Indemnified Parties**") from any and all losses, claims, damages, liabilities, or expenses of any kind or nature, including fines, penalties, interest, attorneys' fees, and all other types of costs or expenses (collectively "**Claims**"), arising directly or indirectly from the establishment or operation of the franchise business, the Office, and the acts or omissions (whether or not negligent or wrongful) of Franchisee or of any of Franchisee's manager(s), employees, agents, or representatives, including but not limited to acts or omissions in connection with the performance or breach of any obligation under this Agreement. Without limiting the foregoing, this indemnity will apply to claims that we (or one or more other Franchisor Indemnified Parties) were negligent or failed to train, supervise or discipline you, and to claims that you, your owners, employees, brokers or your independent contractors are our (or another Indemnified Party's) employees, agents are part of a common enterprise with us (or another Indemnified Party), including claims regarding violations of labor or employment laws or regulations. Without limiting the foregoing, this indemnity will apply to claims arising from or related to your Office and/or your personnel, which pertain to violations of the Health Insurance Portability and Accountability Act (HIPAA), state medical practice restrictions and requirements, corporate practice of medicine prohibitions, medical board rules and requirements, and any other laws, rules, and regulations. The obligations under this Section shall survive the expiration or termination of this Agreement.

8.1.2 You will defend the Indemnified Parties at your own expense in any legal or administrative proceeding subject to this Section 8.1. The defense will be conducted by attorneys we approve. Our approval will not be unreasonably withheld. You will immediately pay and discharge any liability rendered against any Indemnified Party in any proceeding, including any settlement that we approve in writing. You will not settle any claim against any Indemnified Party without our prior written approval. In our sole discretion and upon prior written notice to you, we may settle or defend any claims against any Indemnified Party at your expense, including attorneys' fees that we pay or incur in settling or defending. Promptly upon demand, you will reimburse us for any and all legal and other expenses we reasonably incur in investigating, preparing, defending, settling, compromising or paying any settlement or claim, including monies that we pay or incur in settling or defending such proceeding.

8.2 Insurance.

8.2.1 During the term of this Agreement, Franchisee shall maintain in force policies of insurance with the following minimum limits of coverage for each Franchise, issued by licensed insurers approved by Franchisor:

A. Broad form commercial general liability coverage, on an occurrence form (including premises and operations, products and completed operations, personal & advertising injury, broad form contractual, and employers liability and products liability), against claims for bodily injury, personal injury, including death, and property damage with minimum limits of not less than $1,000,000 per occurrence and $3,000,000 aggregate for each coverage;

B. All risk property insurance including equipment breakdown for the full replacement cost sufficient to cover all business personal property including contents, leasehold

improvements, furniture, fixtures, equipment, and signs;

C. Loss of income including extra expense insurance with sufficient limits to cover all ongoing expenses, including future profits, royalty fees, advertising contributions, ordinary payroll for competent personnel and other fixed expenses for a minimum of 24 months from the date of loss;

D. Plate glass insurance (if applicable);

E. Worker's compensation and employer's liability insurance in statutory amounts;

F. Unemployment insurance and state disability as required by governing laws;

G. Employment practices liability insurance with reasonable minimum limits of coverage (we reserve the right to designate minimum limits);

H. Business automobile liability, including bodily injury and property damage coverage for all owned, non-owned and hired vehicles, with limits of not less than $1,000,000 for injuries to persons resulting from any one accident, and $500,000 for property damage resulting from any one accident;

I. Commercial umbrella liability insurance with limits not less than $3,000,000 each occurrence. The umbrella liability will be on a following form basis of the underlying policies (commercial general liability, premises and operations, products and completed operations, personal and advertising injury, automobile and employers liability);

J. Blanket employee dishonesty coverage with minimum limits of not less than $50,000;

K. Monies and securities (crime) coverage with limits of not less than $10,000 inside limit and $5,000 outside limit;

L. Cyber and privacy liability with minimum limits of $25,000, including crisis management and data extortion expense; and

M. Dental malpractice liability insurance with a minimum insurance coverage amount of $1,000,000 per claim and $3,000,000 in the aggregate, or higher limits if required by law.

8.2.2 Franchisee shall also maintain such additional insurance as is necessary to comply with all legal requirements concerning insurance as well as any other insurance required by Franchisee's landlord. Franchisor may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time (upon 60 days' advance notice), including higher liability limits, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

8.2.3 Each insurance policy shall: (1) name Franchisor and each of its affiliates, directors, agents and employees (as may be specified by Franchisor) as additional insureds (except for worker's compensation and employer's liability insurance coverage) on a primary, non-contributory basis and provide a waiver of subrogation rights against Franchisor; (2) provide for 30 days' prior written notice to us of any material modification, cancellation, or expiration of the policy; and (3) provide that coverage applies separately to each insured. In the case of property insurance, the Franchisor parties shall be named as their interests may appear. Insurance carriers must be authorized to do business in the state where your Office is located, be rated at least A-X with A.M. Best and approved by us. At our discretion, we may require you to purchase your insurance from a specific insurance carrier. Upon request, you must provide us with proof of insurance in compliance with this Agreement.

8.2.4 Certificates shall provide 30 days' notice prior written notice to Franchisor of any material modification, cancellation, or expiration of the policy, and due in our office 30 days prior to expiration and coverages listed above.

8.2.5 Franchisee shall provide Franchisor with evidence of the insurance required at least fifteen (15) days before the Franchise opens. Franchisee shall provide Franchisor with a complete copy of each

insurance policy no later than thirty (30) days after delivery of the original proof of insurance, if required by Franchisor. Prior to the expiration of each insurance policy term, Franchisee shall furnish Franchisor with evidence of each renewal or replacement insurance policy to be maintained by Franchisee for the immediately following term and evidence of the payment of the premium thereof. If Franchisee fails or refuses to maintain required insurance coverage or to furnish satisfactory evidence thereof and the payment of the premiums thereof, Franchisor may, at Franchisor's option, and in addition to Franchisor's other rights and remedies hereunder, obtain such insurance coverage on Franchisee's behalf and Franchisee shall fully cooperate with Franchisor in its effort to obtain such insurance policies, promptly execute all forms or instruments required to obtain or maintain any such insurance, allow any inspections of the Office which are required to obtain or maintain such insurance and pay to Franchisor on demand any costs and premiums incurred by Franchisor. If Franchisee fails to purchase or maintain any insurance required by this Agreement or fails to reimburse Franchisor for its purchase of insurance on Franchisee's behalf within fifteen (15) days of delivery to Franchisee of Franchisor's written demand for reimbursement, then Franchisor may terminate this Agreement upon notice of termination without opportunity to cure.

8.2.6 The maintenance of sufficient insurance coverage shall be Franchisee's responsibility. Nothing contained in this Agreement will be construed as a representation or warranty by us that the minimum insurance coverage we specify will insure you against all insurable risks or amounts of loss that may or can arise out of or in connection with the operation of your franchise business.

8.2.7 Franchisee's obligations to maintain insurance coverage as herein described shall not be affected in any manner by reason of any separate insurance maintained by Franchisor nor shall the maintenance of such insurance relieve Franchisee of any indemnification obligations under this Agreement.

8.3 **Condemnation**. You will give us notice of any proposed taking through the exercise of the power of eminent domain within 10 days of your first knowledge of the proposed taking. If the Office or a substantial part of it is to be taken, the Office may be relocated within the Franchise Territory or elsewhere with our prior written approval. The relocated Office may not infringe on the protected rights of any other franchisee pursuant to our specifications and contractual obligations. Relocation must be completed and franchise business operations recommenced within a reasonable time after the closing of the initial Office (but in any event, within one year after closing of the Office). The new franchise location will become the Office licensed under this Agreement. If a condemnation takes place and a new franchise location does not open within the timeframe prescribed above, then Franchisor may terminate this Agreement effective 30 days after written notice to you.

8.4 **Casualty**.

8.4.1 If the Office is damaged by fire or other casualty, you will repair the damage as soon as commercially practicable. If the damage or repair requires the closing of the Franchise, you will:

A. immediately notify us;
B. repair or rebuild the Office following our specifications; and
C. re-open the Franchise for continuous business operations as soon as commercially practicable (but in any event, within one year after closing of the Office). You will give us not less than 30 days advance notice of the date of reopening.

8.4.2 If the Office does not re-open within one year, then Franchisor may terminate this Agreement effective 30 days after written notice to you.

8.5 **Proceeds From Insurance**. The proceeds from any business interruption insurance you receive will be included in Gross Revenue.

9 MISCELLANEOUS

9.1 Notices.

9.1.1 All notices required by this Agreement will be in writing. They may be sent by certified or registered mail, postage prepaid and return receipt requested. They may be delivered by Federal Express, or other reputable air courier service, requesting delivery with receipt on the next business day. They may be sent by e-mail (provided that the sender confirms the e-mail by sending an original confirmation copy by expedited delivery service or certified or registered mail within three business days after transmission). Notices will be delivered to you at the Office, to us at our headquarters or to other locations specified in writing. Notices may be delivered and receipted to you personally at any location.

9.1.2 Notices sent by certified or registered mail will be deemed to have been delivered and received three business days following the date of mailing. Notices sent by Federal Express, or other reputable air courier service will be deemed to have been received one business day after placement requesting delivery on the next business day. Notices sent by e-mail will be deemed to have been delivered upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail as provided above).

9.2 **Business Name**. You will execute any documents we may direct, to be retained by us until this Agreement ends, to evidence that you abandon, relinquish, and terminate your right or interest you may claim in or to the Marks.

9.3 Relationship of the Parties.

9.3.1 Independent Contractor Relationship. You are and will remain an independent contractor. You and we are not and will never be considered joint venturers, partners, employees, or agents one for the other. Neither will have the power to bind nor obligate the other except as otherwise outlined in this Agreement. No representation will be made by either party to anyone that would create any apparent agency, employment, or partnership. Each will hold the other safe and harmless from each other's debts, acts, omissions, liabilities, and representations. You acknowledge that you are not in a fiduciary relationship with us.

9.3.2 Display. In all public and private records, documents, relationships, and dealings, you will show that you are an independent owner of the Franchise. You will prominently indicate on your letterheads, business forms, business cards, email signatures and similar mediums that you are our licensed franchisee by using language saying that you operate an independently owned Franchise. You will prominently display, by posting of a sign within public view, on or in the Office, a statement that clearly indicates that your franchise business is independently owned and operated by you as a franchisee and not as our agent.

9.3.3 Your Employees.

A. We will not directly control (hire, fire, schedule, direct, supervise, discipline, or set wages for) your employees.
B. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local labor laws and functions of the franchise business, including

without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, scheduling, supervision, and discipline of employees, paid or unpaid, full or part-time, and its independent consultants.

C. You will maintain employee records to show clearly that you and your employees are not our employees.

D. You are responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits. You must display your entire business entity's name, not just the licensed brand, on your payroll checks.

E. You will indemnify, defend, and hold us legally harmless from any of your violations of federal, state or local labor laws or similar laws. You acknowledge that you have had ample opportunity to investigate these and other laws applicable to your business with your own independent legal counsel before signing this Agreement.

F. You must place a prominent, boldface statement at the top of your employee applications that the applicant is applying to work for you, not for us. We do not provide sample employment applications for your use with your employees. You should acquire such forms from independent sources of your choice.

G. We do not post job openings at your franchise on our website or otherwise. We do not coordinate the sharing of employees among franchisees.

H. We do not provide sample employee handbooks for your use with your employees. You should develop these with independent sources of your choice.

9.3.4 Email Accounts. You acknowledge that you will have no expectation of privacy in your business email accounts. If we do access such email accounts and their contents, it is solely for our benefit and not for your benefit. Such access is not for the purpose of assisting you with, or supervising, your business operations or workers. We will not have any obligation to monitor any of your email activity. You must include in your email signature in each email communication the following language or similar language as we may direct: "*[your corporate entity or individual name]* independently owns and operates this Clear Lakes Dental franchise."

9.4 **Waiver**. A waiver of any breach of any provision, term, covenant, or condition of this Agreement will not be a waiver of any subsequent breach of the same or any other provision, term, covenant, or condition. Any waiver of any provision of this Agreement must be set forth in writing and signed by the party granting the waiver. Customs or practices of the parties in variance with the terms of this Agreement will not constitute a waiver of our right to demand exact compliance with the terms of this Agreement. Our delay, waiver, forbearance, or omission to exercise any power or rights arising out of any breach or default by you of any of the terms, provisions, or covenants of this Agreement, will not affect or impair our rights and will not constitute a waiver by us of any right or of the right to declare any subsequent breach or default. Our subsequent acceptance of any payment due to us will not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

9.5 **Time Is of the Essence**. Time is of the essence of this Agreement.

9.6 **Documents**. You and your owners, officers, and directors agree to execute and deliver any documents that may be necessary or appropriate during the term and upon expiration or termination of this Agreement to carry out the purposes and intent of this Agreement. Upon the expiration, termination or transfer of this Agreement, if you do not execute any document necessary in our judgment to comply with the requirements of this Agreement, then by this Agreement, you irrevocably nominate, constitute and appoint the person then serving as our President, Managing Member, LLC Manager or similar position as your attorney-in-fact to so execute that document in your name and on your behalf.

9.7 **Construction**.

9.7.1 Entire Agreement. This document, including any exhibits attached to this Agreement and the documents referred to in this Agreement, will be construed together and constitute the entire agreement between the parties. Except as expressly and otherwise provided in this Agreement, this Agreement may be modified only by a written instrument signed by the parties. No previous communications, negotiations, course of dealing or usage in the trade not specifically set forth in this Agreement will be admissible to explain, modify, or contradict this Agreement. Nothing in the Agreement is intended to disclaim the representations we made in the franchise disclosure document that we delivered to you.

9.7.2 Format. All words in this Agreement include any number or gender as the context or sense of this Agreement requires. The words "will" and "must" used in this Agreement indicate a mandatory obligation. In this Agreement, *including* means "including but not limited to" unless expressly stated otherwise. All captions and headings are for reference purposes only and are not part of this Agreement. The recitals set forth in this Agreement are specifically incorporated into and constitute a part of the terms of this Agreement.

9.7.3 Interpretation.

9.7.3.1 The rule of construction that a written agreement is construed against the party preparing or drafting such agreement will specifically not be applicable to the interpretation of this Agreement.

9.7.3.2 If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement.

9.7.3.3 If there is any typographical, word processing, printing or copying error in this Agreement, the error will be interpreted and corrected consistent with the following order of interpretation:

A. The content and expressed intent and exhibits of our franchise disclosure document previously delivered to you.
B. The content and expressed intent of franchise agreements we have executed with our other franchises within the same reasonable timeframe to this Agreement.

9.7.4 Severability. If any part of this Agreement is declared invalid, that declaration will not affect the validity of the remaining portion, which will remain in full force and effect as if this Agreement had been executed with the invalid portion omitted. Provided, however, that if Franchisor determines that the finding of invalidity materially and adversely affects the basic consideration of this Agreement, Franchisor may, at its option, terminate this Agreement.

9.7.5 Varying Forms of Agreement. You are aware that some present and future Clear Lakes Dental franchisees may operate under different forms of agreement and, consequently, that our obligations and rights in respect to our various present and future franchisees may differ materially in certain circumstances.

9.8 **Additional Provisions Regarding Covenants**.

9.8.1 Your Acknowledgments. You acknowledge the following regarding the covenants in Section 5.6 (Confidential Information), Section 5.7 (In-Term Non-Competition Covenant), and 6.7 (Post-

Termination Non-Competition Covenant): (1) the time, content and geographical restrictions are fair and reasonable; (2) your observance of the covenants will not cause you any undue hardship or impair your ability to obtain employment commensurate with your abilities; and (3) your knowledge of the System would cause our franchise system serious injury and loss if you use the knowledge to the benefit of a competitor or to compete with us or our franchisees.

9.8.2 Lawful Scope. If, for any reason, any provision set forth in Section 5.6 (Confidential Information), Section 5.7 (In-Term Non-Competition Covenant), 6.7 (Post-Termination Non-Competition Covenant), or any similar covenant in this Agreement exceeds any lawful scope or limit as to duration, geographic coverage, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to such Sections as if the resulting covenant were separately stated in this Agreement. You further acknowledge and agree that we will have the right, at our sole discretion, to reduce the scope of any of the aforementioned covenants. We may do so without your consent, effective immediately upon our written notice to you. You must comply with any covenant that pertains to you as we so modify it.

9.8.3 Liquidated Damages. The parties agree that Franchisor would not have an adequate remedy at law for any breach or nonperformance of the terms of the covenants (each a "**Covenant**") in Section 5.6 (Confidential Information), Section 5.7 (In-Term Non-Competition Covenant), or 6.7 (Post-Termination Non-Competition Covenant). Therefore, upon violation of a Covenant, Franchisee agrees to pay Franchisor $50,000 for each violation as fair and reasonable liquidated damages, but not as a penalty. The parties acknowledge and agree that: (1) it would be difficult to calculate with certainty the amount of damage that Franchisor will incur upon the violation of a Covenant; (2) the liquidated damages specified in this subsection are only intended to compensate Franchisor for the damage that Franchisor will incur upon the violation of a Covenant, but not for any other breach of this Agreement by Franchisee or any other damages incurred by Franchisor, and all remedies applicable thereto remain available to Franchisor; and (3) if a court determines that this liquidated damages clause is unenforceable, then Franchisor may pursue all remedies available at law or in equity, including consequential damages.

9.9 **Dispute Resolution and Enforcement**.

9.9.1 Disputes. The mediation and arbitration provisions of this Agreement do not apply to controversies, disputes, or claims related to or based on (1) improper use of the Marks [including those based on the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.)] or any of the Franchisor's other intellectual property; (2) the violation by Franchisee (or any related individual or entity) of any of the restrictive covenants in this Agreement, which include but are not limited to restrictive covenants under the following sections of this Agreement: Section 5.6 (Confidential Information); Section 5.7 (In-Term Non-Competition Covenant); and Section 6.7 (Post-Term Non-Competition Covenant); or (3) collection of delinquent payments from you. The mediation and arbitration (if applicable) provisions of this Agreement shall apply to all other controversies, disputes, or claims between the parties (and/or their respective affiliates, owners, officers, directors, LLC managers, agents, guarantors, and/or employees) arising out of or related to: (a) this Agreement or any other agreement between Franchisee and Franchisor; (b) the franchise relationship between Franchisor and Franchisee; (c) the offer and sale of the Franchise; (d) the validity of this Agreement or any other agreement between Franchisee and Franchisor; or (e) any System standard (referred to herein as "**Disputes**").

9.9.2 Mediation. Before taking any other legal action, the parties agree to participate in good faith mediation in accordance with the mediation procedures of the American Arbitration Association or of any similar organization that specializes in the mediation of commercial business disputes. The party

demanding mediation must provide written notice to the other party of the demand for mediation. If the other party does not respond to the mediation demand within 30 days of written notice, or indicates a refusal to participate in mediation, then the party providing notice may proceed with other forms of dispute resolution. The parties agree to equally share the costs of mediation. Injunctive relief and or claims of specific performance sought pursuant to or authorized by this Agreement, are not subject to, nor can be avoided by, the mediation terms of this Agreement, and may be brought in any court of competent jurisdiction.

9.9.3 Binding Arbitration. If the parties are unable to resolve a Dispute by mediation as provided above, then such Disputes are subject to binding arbitration. The following provisions will apply to such arbitration:

A. Arbitration will be administered by the American Arbitration Association in accordance with its commercial arbitration rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Arbitration will be before a single arbitrator. To the extent reasonably possible, the arbitrator will be required to have at least five years of experience in franchise law.

B. The arbitrator will have power and jurisdiction to decide the controversy or dispute solely according to the express provisions of this Agreement. The arbitrator may not alter, amend, delete, or add to the provisions of this Agreement by implication or otherwise.

C. The provisions of this Section 9.8.2 (Binding Arbitration) will be construed as independent of any other covenant or provision of this Agreement; provided that if a court of competent jurisdiction determines that any of the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law. Notwithstanding any provision of this Agreement relating to the laws under which this Agreement will be governed by and construed under, all issues relating to its appropriateness for arbitration or the enforcement of the agreement to arbitrate contained in this Agreement will be governed by the Federal Arbitration Act (9 U.S.C. §1 et seq.) and the federal common law of arbitration.

9.9.4 Injunctive Relief and Specific Performance. No provision in this Agreement will limit either party's right to seek and obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. Without limiting the generality of the foregoing, you acknowledge that any violation by you of the covenants in Section 5.6 (Confidential Information), Section 5.7 (In-Term Non-Competition Covenant), Section 6.7 (Post-Termination Non-Competition Covenant), or similar covenants in this Agreement would result in irreparable injury to us for which no adequate remedy at law may be available. Accordingly, you consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of such covenants. We will not be required to post a bond as a condition for the granting of injunctive relief.

9.9.5 Governing Law. This Agreement is accepted by us in the State of Minnesota and will be governed by the substantive laws of Minnesota without regard to Minnesota choice of law provisions. Following are exceptions to this choice of laws provision:

A. Minnesota laws will not prevail to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.).

B. Any law of the State of Minnesota that regulates the sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

C. No antitrust, implied covenant, unfair competition, fiduciary, or any similar doctrine of law statute, law or regulation of Minnesota (or any other state) is intended to be made applicable to this Agreement unless it would otherwise apply absent this paragraph.

The foregoing will not be construed as a waiver of any of your rights under any applicable franchise registration, disclosure or relationship law of another territory, state or commonwealth.

Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Minnesota, will be construed and enforced according to the laws of that state.

9.9.6 Venue. All controversies, disputes, or claims related or arising from this Agreement or the relationship between the parties will be mediated, arbitrated, tried, heard, and decided (as applicable) in the county in which our headquarters are then located (currently Hennepin County, Minnesota) or the nearest Federal District Court, which the parties agree is the most convenient venue for these purposes. The parties acknowledge and agree that this location for venue is reasonable and the most beneficial to the needs of, and best meets the interest of, all of the members of Franchisor's franchise system.

9.9.7 Attorneys' Fees. The prevailing party in any arbitration, insolvency proceeding, bankruptcy proceeding, suit, or action to enforce this Agreement will recover its arbitration, proceeding, and court costs and reasonable attorneys' fees. These will be set by the arbitration, proceeding or court, including costs and attorneys' fees on appeal or review from the arbitration, proceeding, suit, or action. Prevailing party means the party who recovers the greater relief in the proceeding.

9.9.8 Waivers of Certain Kinds of Damages. YOU HEREBY WAIVE ANY AND ALL CLAIMS FOR PUNITIVE, INDIRECT, SPECIAL, GENERAL, INCIDENTAL, CONSEQUENTIAL, OR SIMILAR TYPES OF DAMAGES AGAINST US OR ANY OF OUR OWNERS, OFFICERS, DIRECTORS, LLC MANAGERS, AGENTS, REPRESENTATIVES, AFFILIATES, PARENTS, SUBSIDIARIES, AND EMPLOYEES.

9.9.9 Waiver of Jury Trial. Each party irrevocably waives any right to a jury trial, with respect to any dispute arising out of or relating to this Agreement to the fullest extent permitted by applicable law.

9.9.10 Remedies. No right or remedy conferred upon us is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy. The following provisions are in addition to all other remedies available to us at law or in equity:

A. We may employ legal counsel or incur other expense to collect or enforce your obligations or to defend against any claim, demand, action or proceeding because of your failure to perform your obligations. Legal action may be filed by or against us and that action or the settlement of it may establish your breach of this Agreement. If either event occurs, we may recover from you the amount of our reasonable attorneys' fees and all other expenses we incur in collecting or enforcing that obligation or in defending against that claim, demand, action or proceeding.

B. You agree that the existence of any claims you may have will not constitute a defense to the enforcement by us of any of the covenants of this Agreement related to confidentiality and non-competition.

C. If you materially breach any of the terms of this Agreement, we have the right to appoint a receiver to take possession, manage and control assets, collect profits, and pay the net income for the operation of the Franchise as ordered by a court of jurisdiction. The right to appoint a receiver will be available regardless of whether waste or danger of loss or

destruction of the assets exists, and without the necessity of notice to you.

D. If you materially breach any of the terms of this Agreement, you irrevocably nominate, constitute and appoint the person serving as our President, Managing Member, LLC Manager or similar position to be your attorney-in-fact so to act in your name and on your behalf.

E. If you materially breach any of the terms of this Agreement, or upon expiration or termination of this Agreement, at our election and without waiving any claims for default or breach and without prior notice to you or resort to legal process, we may enter upon any premises using the reasonable force as is necessary in the circumstances, without being guilty of trespass or liable to you or the property owner for the entry, for the purposes of securing the return of our property, the performance of your obligations of discontinuance and the protection of our rights.

F. We will have the option (but not the obligation) to cure your breaches at your expense.

G. If Franchisee breaches any of the terms of this Agreement, and Franchisor delivers to Franchisee a notice of default, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any products or services for which Franchisor is an approved supplier to Franchisee, until such time as Franchisee corrects the breach.

H. If any payments to us, our affiliates or approved vendors are late by more than 15 business days, we may order all product deliveries withheld from you until the payments are received.

9.10 **Cross-Defaults**. If you; any of your owners, officers or key employees; any entity with majority common ownership to you (if you are an entity); or any entity you own violate any material provision of any other franchise or similar agreement with us, that breach will be considered a breach of this Agreement and of the other agreements. We then may terminate or otherwise enforce this Agreement and the other agreements.

9.11 **Successors and Assigns**. This Agreement benefits and binds the respective heirs, executors, administrators, successors, and permitted assigns of the parties. Except as provided in the immediately preceding sentence, the parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third party will have the right to claim the benefit of any provision of this Agreement as a third-party beneficiary of that provision.

9.12 **Counterparts and Electronic Signatures**. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, will constitute an original. Execution of this Agreement via DocuSign or other reputable e-signature services shall constitute valid and legally binding execution.

9.13 **Withholding Consent**. Our consent, whenever required by this Agreement, will be at our sole and absolute discretion unless expressly stated otherwise herein and may be withheld if you are in breach of this Agreement. In this Agreement, the phrase "at our discretion" or similar wording shall mean "at our sole and absolute discretion."

9.14 **Joint and Several Liability**. If, at any time during the term of this Agreement, the Franchisee consist of two or more persons or entities (whether acting in partnership or otherwise and whether or not all have signed this Agreement), the rights, privileges and benefits granted to Franchisee in this Agreement may only be exercised and enjoyed jointly, and Franchisee's obligations, liabilities and responsibilities under this Agreement will be joint and several obligations of each such person and entity. However, Franchisor may, at its option, rely on the direction, consent, waiver or other action of any one

such person or entity and any such direction, consent, waiver or other action will bind all such persons and entities.

9.15 **Personal Guaranty**. If you are a business entity, all of your owners (and principal officers, if we so require) must either sign this Agreement as direct parties or sign a personal guaranty in a form we specify at the time this Agreement is signed. This constitutes a material obligation under this Agreement.

9.16 **Force Majeure**. In the event that either party shall be delayed, hindered in, or prevented from the performance of any act required under this Agreement by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of utilities, restrictive governmental laws or regulations, riots, insurrection, war, epidemic or pandemic, Acts of God, or any reason of a like nature, not the fault of the party delayed in performing work or doing acts required under the terms of this Agreement, then performance of such act shall be excused for the period of such delay; provided that the provisions of this section shall not operate to excuse you from timely payment of any monetary obligations under this Agreement.

9.17 **We May Investigate**. We may conduct investigations and make inquiries of any person or persons we, in our reasonable judgment, believe appropriate concerning the credit standing, character, and professional and personal qualifications of you and your owners, officers, directors, LLC managers, and persons occupying similar positions or performing similar functions. You authorize us to conduct these investigations and to make these inquiries. We agree to comply with the requirements of laws that apply to these investigations and inquiries.

9.18 **Your Additional Representations and Acknowledgments**. You make the following representations and acknowledgments to us:

9.18.1 Receipt of Disclosure Documents. You have received our franchise disclosure document at the earlier of (1) the first personal meeting with us (if required in your state); or (2) 14 calendar days before signing any franchise or related agreement or making any payment with the franchisor or an affiliate in connection with the franchise sale (or 10 business days if required in your state). In addition, you acknowledge either:

A. Receipt of this Agreement containing all substantive terms at the time of delivery of the franchise disclosure document; or

B. If we unilaterally and materially altered the terms and conditions of our standard franchise agreement or any related agreements attached to the franchise disclosure document (in connection with properly amending our franchise registration in the relevant state(s)), you acknowledge that you received a complete and final copy of this Agreement and its exhibits not less than seven calendar days before you signed this Agreement.

9.18.2 You Have Read and Understand this Agreement. You have read and understand this Agreement. You understand and accept the terms, conditions and covenants contained in this Agreement. They are necessary to maintain our high standards of quality, service and uniformity at all franchises. They protect and preserve the goodwill of the Marks and the confidentiality and value of the System. You have received advice from advisors of your own choosing regarding all pertinent aspects of this Franchise and the franchise relationship created by this Agreement. You believe you have made a good decision for yourself (or your partners or your business entity) based upon what you believe is your ability to run and control a business of your own.

9.18.3 Speculative Success. The success of your franchise is speculative and depends, to a large

extent, upon your ability as an independent businessperson. You recognize that the business venture contemplated by this Agreement involves business risks. We do not make any representation or warranty, express or implied, as to the potential success of the Franchise.

9.18.4 Independent Investigation, No Projections or Representations. You have entered this Agreement after conducting an independent investigation of us and of the franchise we offer. You have not relied upon any representation as to gross revenues, volume, cost savings, potential earnings or profits which you in particular might realize. Except as outlined in Item 19 of our franchise disclosure document, we expressly disclaim the making of, and you acknowledge that you have not received, any representation, warranty, or guarantee, express or implied, concerning the potential revenues, cost savings, volume, profits, or success of the business venture contemplated by this Agreement. You acknowledge that neither we, nor any of our officers, directors, shareholders, employees, agents or servants, made any other representation about the business contemplated by this Agreement or that are not expressly set forth in this Agreement or our franchise disclosure document to induce you to accept this Franchise and execute this Agreement. Any oral representations made by our representatives to you, whether or not set forth in earlier versions of our standard form franchise agreement, have either been ratified by us by including the representations in this document or have been disavowed by excluding them from this Agreement.

9.18.5 No Review of Business Plans or Loan Applications. Prior to your execution of this Agreement, we have not given you any advice or review of any of your business plans or third-party loan applications related to your purchase of and proposed operation of the Franchise. We do not receive or review business plans and loan applications before a franchisee signs the relevant franchise agreement. We have strongly recommended that you retain and work with your own independent accountant and financial advisors to fully review all financial aspects of your potential franchise investment for you. You acknowledge that we will not provide financial assistance to you and that we have made no representation that we will buy back from you any products, supplies, or equipment you purchase in connection with your franchise.

9.18.6 Health and Full-Time Participation. You acknowledge that a Clear Lakes Dental business involves hard work and sometimes long hours, similar to most small businesses that are owner-operated. We have not represented that this business is going to be easy for you, your partners, officers or directors. You represent that you or your principals are in good health and able to devote your best efforts in the operations of your Franchise and/or that you have the business management skills necessary to successfully hire a general manager to run the day-to-day operations of your Franchise (to the extent permitted by this Agreement).

9.18.7 Investigate Applicable Laws. You have had ample opportunity to investigate laws applicable to your business with your own independent legal counsel before signing this Agreement.

9.18.8 No Representations, Projections, or Warranties by Franchisor. WE HAVE NOT MADE ANY REPRESENTATIONS, PROMISES, GUARANTEES, PROJECTIONS, OR WARRANTIES OF ANY KIND TO YOU, YOUR OWNERS, OR THE GUARANTORS TO INDUCE THE EXECUTION OF THIS AGREEMENT OR CONCERNING THIS AGREEMENT EXCEPT AS SPECIFICALLY SET FORTH IN WRITING IN THIS AGREEMENT AND IN OUR FRANCHISE DISCLOSURE DOCUMENT THAT WE DELIVERED TO YOU. YOU ACKNOWLEDGE THAT NEITHER WE NOR ANY OTHER PARTY HAS GUARANTEED YOUR SUCCESS IN THE BUSINESS CONTEMPLATED BY THIS AGREEMENT.

9.19 **Security Interest**. Subject to applicable state law, you grant to us a security interest in all tangible and intangible assets of the Franchise (and products and proceeds of them) as security for your

obligations under this Agreement. This includes, without limitation, furniture, fixtures, equipment, supplies, inventory, leasehold interests, leasehold improvements, appliances, contract rights, accounts receivable, deposit accounts, customer lists/information/accounts, telephone numbers, websites, domain names, social media accounts, books and records, general intangibles, money, instruments, chattel paper, documents, business name and other intellectual property, together with all after-acquired property, accessories, substitutions, additions, replacements, parts and accessions affixed to or used in connection therewith and the proceeds, products, rents, and profits of all the foregoing, and under any other business name you may use and wherever you may locate the assets of the business. (To clarify, the foregoing sentence does not: (1) permit you to do business in connection with your Franchise using any marks other than the Marks licensed to you hereunder; (2) relocate the Franchise Premises or assets without our prior approval as required hereunder; or (3) permit you to operate a competing business during or after the term of this Agreement in violation of any covenants hereunder.)

If you own the Franchise Premises, you will not mortgage, pledge, or otherwise assign as security the premises during the term of this Agreement without our prior written approval.

You agree that we may prepare and file all instruments or documents necessary to consummate or perfect any such security interest, including a UCC Financing Statement. Upon request, you will execute and file such instruments or documents as needed. You acknowledge that we may file a copy of this Agreement as a financing statement for that purpose.

9.20 **Terrorism, Convictions, Immigration Status**. You represent to us, unconditionally without reservation, that:

A. Neither you, nor any of your owners, officers or employees, nor any of their respective spouses, children, or parents, nor anyone who has an interest in or who will manage the franchise, nor any of your affiliated entities ("**Interested Party(ies)**"): supports terrorism; provides money or financial services to terrorists; receives money or financial services from terrorists; or is engaged in terrorism, or any activity, organization, or plan with a terrorist. For purposes of this Agreement, "terrorist(s)" includes any person or organization on any current U.S. government list of persons and organizations that support terrorism as provided by law. You represent that neither you nor any Interested Party is on any such list(s).

B. Neither you nor any Interested Party has engaged in or been convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes, and each is eligible under applicable U.S. immigration laws to communicate with, lawfully reside in, and travel to the United States to fulfill your obligations under your agreements with us.

C. You and all Interested Parties are in the United States lawfully, have legal residence in the United States, and are lawfully permitted to work in the United States.

9.21 **No Guarantee of Income or Refund if Not Satisfied**. Without limiting the generality of the foregoing, you acknowledge that we have not guaranteed that you will derive income from the Franchise that exceeds the price you paid for the Franchise; or that we will refund all or part of the price you paid for the Franchise, or repurchase any of the products, equipment, supplies or chattels supplied by us (as applicable), if you are unsatisfied with the Franchise.

9.22 **Varying Forms of Agreement**. You are aware that our present and future franchisees may operate under different forms of agreement and, consequently, that our obligations and rights in respect to our various present and future franchisees may differ materially in certain circumstances.

[SIGNATURES APPEAR ON THE NEXT PAGE.]

The parties have executed this Agreement on the day and year first above written.

Franchisor: CLEAR LAKES DENTAL FRANCHISE LLC

By: _____

Print Name: _____

Title: _____

Franchisee:

IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER ENTITY: THIS AGREEMENT MUST BE SIGNED BY A COMPANY OFFICER OR OWNER AUTHORIZED TO SIGN ON BEHALF OF THE COMPANY. ADDITIONALLY, THE AGREEMENT OR A SEPARATE PERSONAL GUARANTY MUST BE SIGNED BY ALL OWNERS (AND PRINCIPAL OFFICERS, IF WE SO REQUIRE) OF THE COMPANY AS INDIVIDUALS.

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

EXHIBIT 1
to
FRANCHISE AGREEMENT

OFFICE AND TERRITORY

Office. The Office is located at the following address *(this blank will be completed by us once the Office has been approved if not approved at the time of signing the Franchise Agreement)*:

_____.

Franchise Territory. The Franchise Territory is defined as follows *(this blank will be completed by us once the Franchise Territory has been designated if not designated at the time of signing the Franchise Agreement)*: _____.

[Attached is a map delineating the Franchise Territory.]

* * *

[Search Area. If either the Office or the Franchise Territory has not been determined when this Agreement is executed, you are responsible for selecting the site for your Office within the following "**Search Area**": _____.

Franchisor does not grant territorial protections or exclusivity in the Search Area. Franchisor does grant certain territorial protections in the Franchise Territory as described in the Franchise Agreement.]

Miscellaneous. The Franchise Territory and your franchise site must be in the United States of America, legally available pursuant to state and federal franchise and business opportunity disclosure and registration laws and pursuant to our contractual commitments (including those with our other franchisees) and in compliance with our franchise placement, market development and demographic criteria.

Except as specifically outlined or forbidden in the relevant Franchise Agreement, there are no understandings oral or written concerning the future placement of outlets by any party and concerning any territory protections granted to you.

EXHIBIT 2
to
FRANCHISE AGREEMENT

LEASE ADDENDUM

This Lease Addendum has been entered this _____ day of _____, 20____. It is by and between _____, ("***Landlord***") and _____ (jointly and severally "***Tenant***").

On or about _____, 20____, Landlord and Tenant executed a lease agreement (the "***Lease***") by which Tenant leased from Landlord real property for Tenant's operations of a Clear Lakes Dental franchise at the following location: _____ (the "***Office***").

On or about _____, 20___, Tenant and CLEAR LAKES DENTAL FRANCHISE LLC (the "***Franchisor***") executed a franchise agreement (the "***Franchise Agreement***") for Tenant to operate a Clear Lakes Dental franchise at the Office.

Landlord and Tenant desire to execute this addendum to the Lease to give Franchisor certain rights to the Office as required by the Franchise Agreement.

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. **Use of Office**. Landlord acknowledges and agrees that the Office may be used only for the operation of a Clear Lakes Dental facility. Landlord permits Tenant to use and display the following service marks, trademarks, and commercial logos: Clear Lakes Dental and all other marks that Franchisor has developed or develops in the future for a Clear Lakes Dental facility.

2. **Landlord Reports and Disclosures to Franchisor**. Tenant acknowledges and agrees that Landlord may, upon Franchisor's written request, disclose to Franchisor all reports, information, or data in Landlord's possession respecting sales made in, upon, or from the Office and Tenant's business operations.

3. **Assignment to Franchisor**. Anything contained in the Lease to the contrary notwithstanding, Landlord agrees that without Landlord's consent, the Lease and Tenant's right, title and interest, may be assigned by Tenant to Franchisor, without cost or penalty. Without the need for additional consent from Landlord or Tenant, Franchisor (or Franchisor's designee) will have the right, at Franchisor's election, to assume the Lease and the leasehold interest in the Office, upon termination or expiration of Tenant's Lease or Franchise Agreement. This option may be exercised by Franchisor within 30 days of such termination or expiration by Franchisor's delivery of written notice of the same to Landlord. Upon such assignment, Franchisor (or its designee) shall not assume obligations and liabilities of Tenant arising before the date of assignment as such obligations and liabilities will remain with Tenant. Franchisor will have the right to appoint an interim manager to operate the business, for Franchisor's own account, from the date of expiration or termination of the Franchise Agreement until Franchisor or its designee acquires the franchise and assumes the Lease as described in this Section.

4. **Franchisor's Interim Management Rights**. To protect the Franchisor's system, trademarks, confidential information, and the goodwill associated with the same, Franchisor may (but is not obligated to) assume interim management of the Franchise at the Office for any of the following reasons: (a) after Franchisor has given Tenant written notice that Tenant is in default under the Franchise Agreement and

during the pendency of any cure period or in lieu of immediately terminating the Franchise Agreement; (b) Tenant is absent or incapacitated because of illness or death; (c) Tenant's business activities are having, or are likely to have, a negative impact upon the value of Franchisor's Marks, goodwill, or the franchise system (as Franchisor determines at its sole discretion); (d) Franchisor determines that significant operational problems require it to temporarily operate the Franchise; or (e) upon the death or permanent disability of the Tenant (or any general partner of Tenant or of any member or shareholder owning 50% or more of Tenant) as provided in the Franchise Agreement. If Franchisor elects to assume interim management of the Franchise, then: (i) Franchisor's election will not relieve Tenant of Tenant's obligations under the Franchise Agreement; (ii) Franchisor will not be liable for any debts, losses, costs or expenses incurred in the operation of the Franchise during any interim management period; (iii) Franchisor will have the right to charge a reasonable fee for the management services; and (iv) Tenant hereby agrees to indemnify, defend and hold harmless Franchisor and its interim manager(s) from and against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to, attorneys' fees) incurred in connection with the interim management of the Franchise, other than those arising solely from the gross negligence or willful misconduct of Franchisor.

Franchisor's interim management of the Franchise will not operate as an assignment to Franchisor of the lease or any sublease of franchise property. Franchisor will have no responsibility for payment of any rent or other charges owing on any lease.

5. **Tenant's Default; Notice to Franchisor**. Landlord will give written notice to Franchisor (concurrently with the giving of notice to Tenant) of any breach by Tenant under the Lease. Franchisor will have the right (but not obligation), in Franchisor's sole discretion, to cure any breach at Tenant's expense within 15 business days after the expiration of the period in which Tenant had to cure the default. Notice will be sent to the following address, or to the address Franchisor may, from time to time, specify in writing to Landlord:

CLEAR LAKES DENTAL FRANCHISE LLC
125 Little Canada Road
Little Canada, MN 55117

6. **Office De-identification**. Upon termination, expiration, or non-renewal of the Lease or Franchise Agreement, Landlord authorizes Tenant to de-identify the Office in compliance with the Franchise Agreement. If Tenant fails to do so, Landlord gives Franchisor the express right to de-identify the Office. For example, de-identification may consist of removal of all signs; modification or remodeling of all identifying architectural features; repainting as necessary to no longer use the color scheme used by Franchisor; and any other steps necessary (in Franchisor's reasonable discretion) to effectively distinguish the Office from Franchisor's proprietary designs, marks, and trade dress.

7. **Renewal, Extension, or Cancellation of the Lease**. Landlord will not extend, renew, or cancel the Lease without Franchisor's prior written consent, which consent will not be unreasonably withheld.

8. **Third Party Beneficiary**. Tenant and Landlord acknowledge and agree that Franchisor is a third-party beneficiary of this Addendum, and Franchisor is entitled to all rights and remedies conferred upon Franchisor under this Addendum (which Franchisor may enforce directly against Tenant or Landlord, with or without the consent or joinder of Tenant). Notwithstanding anything contained in this Addendum, Franchisor will have no liability under the Lease or this Addendum unless Franchisor expressly enters into a written agreement with Landlord.

IN WITNESS, the parties have executed this Addendum on the day and year first above written.

Landlord: _____

Signed By: _____

Printed Name: _____

Title: _____

Tenant: _____

Signed By: _____

Printed Name: _____

Title: _____

EXHIBIT 3
to
FRANCHISE AGREEMENT

MULTIPLE FRANCHISE PURCHASE ADDENDUM

This Multiple Franchise Purchase Addendum ("***Addendum***") is entered into as of _____, 20___, between CLEAR LAKES DENTAL FRANCHISE LLC, a Minnesota limited liability company ("***we/us***"), and _____ and _____ ("***you***").

1. **Simultaneous Multiple Franchise Purchase**. The parties have contemporaneously executed ***[#]*** Franchise Agreements, including this Agreement, as part of a multiple franchise purchase.

2. **Development Area**. If the Office has not been determined when this Agreement is executed, you are responsible for selecting the site for your Office within the following "***Development Area***":

_____
_____
_____
_____

You will not receive territorial protections for the Development Area. We and our affiliates will have the right to operate or grant to others the right to operate outlets within the Development Area. Upon termination of expiration of this Addendum (under Section 8 below), your rights with respect to the Development Area will automatically terminate.

3. **Office and Franchise Territory**. The Franchise Territory for each franchise will be designated by us before you open each relevant Office. The Franchise Territory and your Office must be in the United States of America, legally available pursuant to state and federal franchise and business opportunity disclosure and registration laws and pursuant to our contractual commitments (including those with our other franchisees) and in compliance with our franchise placement, market development and demographic criteria.

4. **No Other Understandings**. Except as specifically outlined or forbidden in the relevant Franchise Agreement, there are no understandings oral or written concerning the future placement of outlets by any party and concerning any territory protections granted to you.

5. **Franchise Opening Schedule**. You will commence in good faith to perform your obligations under the relevant franchise agreements and commence full and continuous operation of the relevant Franchise within the following time periods after execution of this Agreement (the "***Development Schedule***"):

END OF DEVELOPMENT PERIOD	NEW FRANCHISES TO BE OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF FRANCHISES TO BE OPENED AND CONTINUOUSLY OPERATED
First Franchise: Within 12 Months of Franchise Agreement Effective Date	1	1
Second Franchise: Earlier of 12 Months After Opening First Franchise or 12 Months After Deadline for Opening First Franchise	1	2
Third Franchise: Earlier of 12 Months After Opening Second Franchise or 12 Months After Deadline for Opening Second Franchise	1	3

Time is of the essence of this Development Schedule.

In the event that you do not comply with the above Franchise opening and continuous operation requirements, we will have the right to terminate your Development Area and any of your franchise agreements representing franchises that have not yet opened for business. Any failure to commence operation caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond your reasonable control (not including financial circumstances) will be excused for a period of time that we deem reasonable under the circumstances.

6. **Payment of Initial Franchise Fees**. You shall pay 100% of the Initial Franchise Fee for the first Franchise and 60% of the Initial Franchise Fees for each additional Franchise at the time you contemporaneously sign the multiple Franchise Agreements. You will pay the 40% unpaid balance of the initial franchise fees under the relevant franchise agreements upon signing a lease for the Office for each relevant Franchise. The Initial Franchise Fees we collect are not refundable under any circumstances.

7. **Training for First Franchise**. We will have no obligation to provide franchise training to you at our expense except for the first Franchise you open.

8. **Termination and Expiration**. This Addendum will expire at the earlier of the following: (1) the opening of your last Franchise under your Development Schedule; or (2) the termination of this Addendum under to the terms and conditions of this Addendum or the Franchise Agreement. If you do not comply with the Development Schedule, we will have the right to terminate this Addendum and any of your Franchise Agreements representing Franchises that have not yet opened for business. Such termination will be effective upon written notice to you. However, your Franchise Agreement(s) and Territory(ies) for each of your operating Franchises will remain in force.

9. **Defined Terms**. All capitalized terms contained in this Addendum that are not defined in this Addendum will have the meaning ascribed to them in the Franchise Agreement.

("we/us"): **CLEAR LAKES DENTAL FRANCHISE LLC**

By: _____

Print Name: _____

Title: _____

(jointly and severally "you"):

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

EXHIBIT 4
to
FRANCHISE AGREEMENT

CONSENT, WAIVER, AND RELEASE FOR TRAINING

This Consent, Waiver and Release for Training (this "***Agreement***") is entered into by and between _____ ("***Trainee***") and CLEAR LAKES DENTAL FRANCHISE LLC, a Washington limited liability company ("***Franchisor***") and the franchisee of the Franchisor in whose premises ("***Office***") Trainee receives any part of her/his/its training under Trainee's Franchise Agreement ("***Office Owner***").

Recitals:

Trainee recognizes and acknowledges the value of receiving part of Trainee's training under Trainee's Franchise Agreement in an actual Clear Lakes Dental office owned and operated by another Clear Lakes Dental franchisee. "***Trainee***" as used in this Agreement shall include any employee(s) of franchisee who obtain training, if applicable.

Agreement:

1. **Covenants and Commitments by Trainee**. In consideration of the value of the on-location training, Trainee covenants and agrees as follows:

1.1 Trainee is not and will not be or become an employee of Office Owner unless by a separate written agreement. Trainee is not and will not be or become an employee of Franchisor.

1.2 Trainee covenants and agrees to not sue or make any claim, including under any federal, state or local statute or ordinance, for any compensation for services or for any benefits.

1.3 Trainee shall not make any statement(s) or representation(s) inconsistent with this Agreement.

1.4 Trainee hereby assumes the risk of injury or death arising out of Trainee's presence on the Office premises of Office Owner and agrees to defend, hold harmless and indemnify Franchisor and Office Owner from and against all claims, demands, damages, injuries or settlements arising out of or related to Trainee's training on the premises of Office Owner, excepting only for intentional or grossly negligent acts of Franchisor or Office Owner.

1.5 Trainee hereby assumes the risk of injury or death to others arising out of any negligent or intentional acts of Trainee while on the Office premises of Office Owner and agrees to defend, hold harmless and indemnify Franchisor and Office Owner from and against all claims, demands, damages, injuries or settlements arising out of or related to Trainee's training on the premises of Office Owner caused in whole or in part by Trainee's negligent or intentional acts.

1.6 Trainee consents to having some or all of Trainee's training occur on the premises of Office Owner.

1.7 Trainee is advised to consider Office Owner's methods and procedures, in light of Trainee's own study of the Manual(s), as one way of operating the business. Trainee is solely responsible for Trainee's conduct of Trainee's business. If Trainee is in doubt as to the appropriateness of a procedure or manner of operating the business, Trainee shall obtain clarification from the Franchisor directly. Patient care, clinical services, and dental services are determined solely by the dentist providing the services. Trainee understands that it would not be a defense to a later breach of contract notice that she/he/it acted consistently with what Office Owner did.

2. **Covenants and Commitments by Office Owner**. Office Owner covenants and agrees as follows:

2.1 Office Owner shall not be or become an employer of Trainee unless by separate written agreement. Office Owner is not and will not be or become an employee of Franchisor.

2.2 Office Owner covenants and agrees to not sue or make any claim, including under any federal, state or local statute or ordinance, for any compensation for services or for any benefits.

2.3 Office Owner shall not make any statement(s) or representation(s) inconsistent with this Agreement.

2.4 Office Owner hereby assumes the risk of injury or death arising out of Trainee's presence on the Office premises of Office Owner and agrees to defend, hold harmless and indemnify Franchisor from and against all claims, demands, damages, injuries or settlements arising out of or related to Trainee's training on the premises of Office Owner, excepting only for intentional or grossly negligent acts of Franchisor.

2.5 Office Owner hereby assumes the risk of injury or death to others arising out of any negligent or intentional acts of Office Owner and agrees to defend, hold harmless and indemnify Franchisor from and against all claims, demands, damages, injuries or settlements arising out of or related to Trainee's training on the premises of Office Owner caused in whole or in part by Office Owner's negligent or intentional acts.

2.6 Office Owner consents to having some or all of Trainee's training occur on the premises of Office Owner.

2.7 Office Owner will make best efforts to teach Trainee the operation of the Office in accordance with the current version of the Manual(s) (with respect to administrative, business, and related matters) and to remind Trainee that, if Trainee has questions about the proper procedure under the Manual(s) to obtain clarification from the Franchisor. Office Owner reaffirms its obligation to operate its Office in compliance with the Manual(s) as provided in Office Owner's Franchise Agreement.

3. **Covenants and Commitments by Franchisor**. Franchisor undertakes as follows: Franchisor will be responsible for determining whether Trainee has achieved a level of competency sufficient to satisfy the training requirement under the Trainee's Franchise Agreement.

By signing below, the parties each hereby agree to be bound by this Agreement.

Executed this _____ day of _____, 20____.

Office Owner: _____

By: _____

Name: _____

Title: _____

Date: _____

[Signatures continue on the next page.]

Trainee(s): _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

The undersigned employee manager(s) of Trainee hereby agree(s) to be bound by the foregoing Agreement.

Signed: _____

Print Name: _____

Date: _____

Address: _____

_____

Signed: _____

Print Name: _____

Date: _____

Address: _____

_____

[Signatures continue on the next page.]

Franchisor: CLEAR LAKES DENTAL FRANCHISE LLC

By: _____

Name: _____

Title: _____

Date: _____

Exhibit C to Clear Lakes Dental Franchise Disclosure Document

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

The following table reflects our Agents for Service of Process and the Relevant State Franchise Authorities. We may not be registered to offer and sell franchises in all of these states:

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
CALIFORNIA	California Commissioner of Financial Protection and Innovation: Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 Sacramento: 2101 Arena Boulevard Sacramento, California 95834-2036 San Diego: 1350 Front Street San Diego, CA 92101-3697 San Francisco: One Sansome Street, Suite 600 San Francisco, CA 94105-2980 Toll-Free Number: 1-866-275-2677	Commissioner of California Department of Financial Protection and Innovation320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 Toll-Free Number: 1-866-275-2677
CONNECTICUT	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232
FLORIDA	[Not Applicable]	Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, Florida 32399-0800 (850) 922-2770
HAWAII	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Chief, Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, IL 62706 (312) 814-3892

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
INDIANA	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottowa 670 Law Building Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance 1200 N Street Suite 311 P.O. Box 95006 Lincoln, Nebraska 68509 (402) 471-3445
NEW YORK	New York Secretary of State 99 Washington Avenue Albany, NY 12231	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8285
NORTH DAKOTA	North Dakota Securities Commissioner Fifth Floor 500 East Boulevard Bismarck, ND 58505	Franchise Examiner Office of Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
RHODE ISLAND	Director of Rhode Island Department of Franchise Regulation Division of Securities Suite 232 Providence, RI 02903 (401) 222-3048	Associate Director and Superintendent of Securities Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	Ryan C. Combe Registered Agent 2181 Combe Road Ogden, Utah 84403	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater, WA 98501 (360) 902-8760	Administrator Dept. of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street, NW Washington, D.C. 20580 (202) 326-3128

Exhibit D to Clear Lakes Dental Franchise Disclosure Document

CONDITIONAL ASSIGNMENT

_____ ("you") operate your franchise business at _____. In consideration of the granting of a franchise to you and other valuable consideration given by **CLEAR LAKES DENTAL FRANCHISE LLC**, a Minnesota limited liability company ("we/us"), you assign to us all of the following to the extent they relate to the franchise or include our brand: business telephone numbers; business telephone and internet listings; websites, website addresses, and domain names; social media accounts and content; and business email addresses and accounts. The immediately preceding sentence does not grant you rights beyond those expressly granted by the franchise agreement or our franchise operations manual. We will hold this assignment, and will deliver it to interested third parties, only upon expiration or termination of the Franchise Agreement between us and you dated _____.

DATED this ____ day of _____, 20____.

("we/us"): **CLEAR LAKES DENTAL FRANCHISE LLC**

By: _____

Title: _____

(jointly and severally "you"):_____

Signature: _____

Print Name: _____

Signature: _____

Print Name: _____

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

Exhibit E to Clear Lakes Dental Franchise Disclosure Document

CANCELLATION OF ASSUMED BUSINESS NAME

Pursuant to the provisions of relevant state laws concerning the registration and use of assumed or fictitious business names, the undersigned applicant, being a franchisee of CLEAR LAKES DENTAL FRANCHISE LLC, submits the following to evidence its intent to abandon, relinquish and terminate its right to use the business name "**Clear Lakes Dental**":

1. Name of Applicant who is Using the Assumed or Fictitious Business Name:

   _____

   _____

   a(an) individual/partnership/corporation organized and doing business under the laws of the State of

   _____

2. Date When Original Assumed or Fictitious Business Name was Filed by Applicant:

   _____

3. Address of Applicant's Registered Office in the State of: _____

   _____

   _____

   _____

4. Please cancel the Applicant's registration to use the name **Clear Lakes Dental.**

DATED: _____

Applicant:

Company Name: _____

By: _____

Name: _____

Title: _____

Date: _____

Exhibit F to Clear Lakes Dental Franchise Disclosure Document

AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER

CLEAR LAKES DENTAL FRANCHISE LLC
125 Little Canada Road
Little Canada, MN 55117
443-759-0910

I (we) hereby authorize CLEAR LAKES DENTAL FRANCHISE LLC (the "Company") to initiate Electronic Funds Transfer charges to my (our) bank account (indicated below) for payment of my (our) monthly Royalty and Brand Development Fees owed by me (us) to the Company on or near the 5th day of each month (or such other dates as the Company may reasonably prescribe in its Franchise Operations Manual). This Authorization will remain in full force and effect until Company receives written confirmation of termination of this Authorization via certified letter.

Financial Institution Name: _____

Account Number: _____

Branch Name: _____

Address: _____

City:_____ State:_____ ZIP:_____

I further certify that I have received a copy of the Authorization for my files.

Company Name: _____

By: _____

Name: _____

Title: _____

Individuals:

Signature: _____

Print Name: _____

Signature: _____

Print Name: _____

Effective Date: _____

[FORM CONTINUES ON THE FOLLOWING PAGE.]

Please attach a voided blank check for verification purposes.

[VOIDED CHECK]

Exhibit G to Clear Lakes Dental Franchise Disclosure Document

CONFIRMATION OF ADDITIONAL REPRESENTATIONS AND TERMS

CLEARK LAKES DENTAL FRANCHISE LLC ("we/us"), through the use of this Confirmation of Additional Representations and Terms form, desires to verify certain information about the sales process and to confirm any additional commitments or terms beyond those contained in our standard franchise agreement contained in our current franchise disclosure document (the "**Disclosure Document**"), including any oral statement, representation, promise or assurance made during the negotiations for the purchase of a Clear Lakes Dental franchise by any director, officer, employee, agent or representative of Clear Lakes Dental (each, a "Representative")

Description of Representations

1. Describe any promises, agreements, contracts, commitments, representations, understandings, "side deals" or other promises that have been made to or with you by us or our Representatives with respect to any matter not expressly contained in the Franchise Agreement. This includes, but is not limited to, any representations or promises regarding advertising, marketing, site location, operational assistance, or other services, or if not, write "None":

_____

_____

_____

2. Describe any oral, written, or visual claim or representation, promise, agreement, contract, commitment, understanding or otherwise which contradicts or is inconsistent with the Disclosure Document or the Franchise Agreement that has been made to you by us or our Representatives, or if not, write "None":

_____

_____

_____

3. Describe any oral, written, visual, or other claim or representation has been made to you by us or our Representatives, which states or suggests any actual, average, projected or forecasted sales, gross receipts, operating costs, revenues, income, profits, expenses, cash flow, tax effects, earnings, or otherwise, that is different from or in addition to what is contained in the Franchise Disclosure Document – including Item 19, or if not, write "None":

_____

_____

_____

4. Describe any statement, promise or assurance made by us or our Representatives concerning the likelihood of success that you should or might expect to achieve from developing and operating a Clear Lakes Dental franchise, or if not, write "None":

_____

_____

_____

5. Describe any statement, promise or assurance concerning the advertising, marketing, training, support services or assistance that Clear Lakes Dental will furnish you that is contrary to, or different from, the information contained in the Franchise Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement or promise in the space provided below, or if not, write "None".

_____

_____

_____

6. Describe any other statement, promise or assurance concerning any other matter related to a Clear Lakes Dental franchise that is contrary to, or different from, the information contained in the Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement, promise or assurance in the space provided below, or if not, write "None".

_____

_____

_____

Franchisee:

Company Name: _____

By: _____

Name: _____

Title: _____

Date: _____

Franchisee's Individual Owners and Officers:

Signature: _____

Print Name: _____

Position with Company: _____

Date: _____

Signature: _____

Print Name: _____

Position with Company: _____

Date: _____

Exhibit H to Clear Lakes Dental Franchise Disclosure Document

FORM OF GENERAL RELEASE

The Franchise Agreement provides that the franchisee must sign a General Release in a form satisfactory to the franchisor in certain circumstances, such as upon transfer or renewal of the franchise. Following is a form of General Release that is subject to change.

FORM OF GENERAL RELEASE

This General Release Agreement ("Agreement") is made this ____ day of _____, 20____. It is among CLEAR LAKES DENTAL FRANCHISE LLC ("Franchisor"), _____ and _____ (jointly and severally "Franchisee") and _____ and _____ (jointly and severally "Transferee").

RECITALS

On or about ____ day of _____, 20___, Franchisor and Franchisee entered into a Clear Lakes Dental Franchise Agreement (the "Franchise Agreement[s]") for the operation of a Clear Lakes Dental franchise at the following location: _____.

[NOTE: Describe the circumstances relating to the release, such as circumstances related to transfer or renewal of the franchise and relevant agreement dates.]

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

[1. Renewal of Franchise Agreement. The parties covenant and agree:

A. The Franchise Agreement, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties is terminated. The provisions of the Franchise Agreement concerning your obligations upon termination and renewal will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.

B. Contemporaneously with execution of this Agreement, you agree to execute our current franchise agreement forms. These forms may vary materially from the Franchise Agreement. Fees will be set at the currently prevailing rates and terms. The Office must remain at the location designated in the Franchise Agreement unless we otherwise approve in writing.

C. You will reimburse us for the following reasonable out-of-pocket costs we incur concerning the renewal:
_____.

D. You will refurbish, remodel, and replace the Office, fixtures, and equipment to conform to the current Operations Manual and System. This includes:
_____.

E. You or your designated manager will attend and successfully complete the following retraining programs at your expense, including travel, meals, lodging, and our current training fee of $_____:
_____.]

[1. Franchise Transfer. The Parties covenant and agree:

A. The Franchise Agreement between Franchisor and Franchisee, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties are terminated, as between them, except as otherwise provided in this Agreement.

B. Franchisor enters into this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of Transferee.

C. All obligations of Franchisee in connection with the Franchise Agreements and the franchises are assumed by the Transferee. Franchisee will remain bound by its covenants in the Franchise Agreements that neither it nor its owners, officers, partners, or other persons enumerated in the Franchise Agreements will disclose confidential information nor compete with Franchisor or Franchisor's franchisees.

D. [All now ascertained or liquidated debts in connection with the franchise have been paid by Franchisee.] [Franchisee owes $--- in current obligations and will owe additional funds for franchise fees, Brand Development Fees, and product purchases through the closing of this transfer transaction. Franchisee will pay all sums due to Franchisor and to product suppliers within 10 days of the relevant invoice or due date. All other now ascertained or liquidated debts in connection with the franchises have been paid by Franchisee.]

E. Franchisee is not in default in any way under the Franchise Agreements or any other agreement between it and Franchisor.

F. Transferee will pay for and complete to Franchisor's exclusive satisfaction the training programs now required of new franchisees. [Transferee has completed to Franchisor's satisfaction the training programs now required of new franchisees.] [Transferee has demonstrated to Franchisor's satisfaction sufficient ability to successfully operate the franchise]. Franchisee or Transferee have submitted to Franchisor, upon execution of this Agreement, a Transfer Fee in the amount of $---. Franchisor acknowledges receipt of this Fee in consideration for Franchisor's legal, accounting, credit check, training and investigation expenses incurred as a result of this transfer. [In addition, Franchisee has paid to Franchisor, contemporaneous with execution of this Agreement, a ___ percent commission on the gross transfer price (excluding the price of real property), in the amount of $___. Franchisor acknowledges receipt of this amount in consideration for having obtained Transferee for Franchisee.]

G. Transferee will execute all documents Franchisor or Franchisee may reasonably require to complete the transfer and assumption of the franchise, including but not limited to execution of a new franchise agreement in the form currently being used by Franchisor. The new franchise agreement may contain economic and general terms which are materially different from those contained in the Franchise Agreement.

H. Transferee has met the standards established by Franchisor for quality of character, financial capacity and experience required of a new or renewing Clear Lakes Dental franchisee. Franchisee and Transferee have provided to Franchisor such information as Franchisor reasonably requested to evidence that Transferee meets these standards.

[I. The lessor or sublessor of the Office has consented to the assignment or sublease of the Office to Transferee.]

J. Franchisee and Transferee agree to subordinate to Transferee's obligations to Franchisor (including, without limitation, the payment of all franchise fees) any obligations of Transferee to Franchisee.

K. Transferee will assume possession and control of the equipment, furnishings, signs, supplies, inventory, advance paid deposits and other personal property and fixtures located on the Office, except as follows:

_____

_____

L. Franchisee will properly operate the franchises and maintain the Office in clean and proper working

order and will continue the employment of all current employees until Transferee assumes control of the businesses and [relocates] the Office.

M. Franchisee will maintain a sufficient inventory and sufficient supplies on hand to provide for normal business operations through the second day after Transferee assumes control of the businesses and the Office, except as follows:

_____

_____

Transferee agrees to place orders with product suppliers to maintain the inventory and supply levels following the closing of this transaction.

N. Franchisee and Transferee have entered into this Agreement for the transfer of Franchisee's rights under the Franchise Agreements after their own independent investigation. The transfer of the franchise rights and the amount of consideration for them have been determined by them independently. Franchisee and Transferee acknowledge that they have not relied upon any representation, warranty, promise or other consideration from or by Franchisor in entering into this Agreement or in evaluating the advisability of the transfer or the value of the franchises, any of the franchise rights or the franchise locations.

[O. Transferee will refurbish and remodel the Office, and will refurbish, remodel and/or replace the fixtures, equipment and signage to conform to the current Operations Manual and Method of Operation within 90 days of transfer. This includes: _____.]

P. Franchisee acknowledges that Franchisor has been and is authorized to release to Transferee any and all information maintained by Franchisor relating to the franchised business and the Franchise Agreement.

[NOTE: The following Section 2 is for franchise transfers but not for franchise renewals:]

[2. Franchisee to Cease Using Trade Names, Marks, and Logos. Upon completion of the transfer, Franchisee will immediately cease using Franchisor's trade names, service marks, logos, and other marks, symbols or materials indicating that Franchisee is or was related to Franchisor in any way, except as otherwise provided in writing. Franchisee acknowledges that all such names, service marks, logos, and symbols are the exclusive property of Franchisor and that Franchisee has been allowed to use them, only in conjunction with the franchise relationship as outlined in this Agreement. Franchisee will remain jointly and severally bound to comply with the covenants in the Franchise Agreement which expressly or by reasonable implication are intended to apply to Franchisee after termination of the Franchise Agreement, including any applicable non-disclosure requirements. Franchisee will immediately:

A. deliver to Transferee or Franchisor all copies of the Operations Manuals, training materials, and all other franchise-related materials in Franchisee's custody, control or possession (or destroy such materials if requested by Franchisor);
B. take action as required to transfer to Transferee all registrations relating to the use of all assumed names;
C. notify the telephone company and all listing agencies of the transfer of Franchisee's rights to use the franchise names and logos and classified and directory listings of the franchise;
D. cease use of the franchise trademarks, service marks, trade names, copyrights, and other intellectual or intangible property; and
E. refrain from doing business in any way that might tend to give the public the impression that Franchisee still is or was a franchisee in the franchise system.]

3. Communication of Confidential Information. Neither Franchisee nor its owners, officers, directors, or other persons enumerated in the Franchise Agreements will communicate or divulge to any person or entity the contents of this Agreement, the contents of the Franchise Agreement, the substance of the Clear Lakes Dental franchise operations manuals, or any other nonpublic information related to the operation of the Clear Lakes Dental franchise system. Franchisee represents and warrants that neither it nor any listed individual has communicated or divulged any such information to anyone prior to the date of this Agreement. This Section shall not reduce the scope of the confidentiality and non-disclosure obligations and restrictions in the Franchise Agreement; Franchisee will continue to comply with such obligations and restrictions.

[Nothing contained in this Agreement will preclude Franchisor or Franchisee from disclosing the fact of this Agreement or the amount paid by Transferee to Franchisor or to Franchisee.]

4. Release.

A. General. In consideration of the covenants and understandings set forth in this Agreement, Franchisee (for itself and on behalf of its affiliates, subsidiaries, divisions, successors, assigns, owners, officers, directors, LLC managers, employees and agents) ("***Releasing Parties***") does release and forever discharge and covenants not to sue Franchisor (and its affiliates, subsidiaries, divisions, successors, assigns, owners, officers, directors, LLC managers, employees and agents) ("***Released Parties***") from all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute (each a "***Claim***" and collectively "***Claims***"), including but not limited to Claims arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of the Franchise Agreement and any related agreements between the parties through the date of this Agreement (except provisions in the Franchise Agreement concerning Franchisee's obligations upon termination).

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages, but any further losses and damages not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof.

The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, through the date of this Agreement, including, but not limited to, economic loss.

[In consideration of the covenants and understandings set forth in this Agreement, Transferee does release and discharge Franchisor and its current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of Transferee's existing franchise or license agreement(s) with us and any related agreements between the parties and out of any other action or relationship between the parties arising prior to the date of this Agreement.

Transferee represents that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, arising directly or indirectly out of Transferee's existing franchise or license agreement(s) with us and the relationship between the parties through the date of this Agreement, including, but not limited to, economic loss.]

B. Waiver of Statute. With the advice of legal counsel, the Releasing Parties expressly waive any statute, legal doctrine or other similar limitation upon the effect of general releases. If applicable, the parties waive the benefit of California Civil Code Section 1542, which states: A GENERAL RELEASE

DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

C. Covenant Not to Sue. The Releasing Parties covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any of the Released Parties with respect to any Claim.

[D. Certain Obligations Not Released. The parties agree that the provisions of the Franchise Agreement concerning the obligations of Franchisee upon termination will continue in full force and effect. Without limiting the generality of the foregoing, Franchisee shall be liable to Franchisor for royalties and any other fees that accrue prior to the Effective Date.]

E. Releasing Parties' Acknowledgments. EACH OF THE RELEASING PARTIES HEREBY ACKNOWLEDGE THAT THEY HAVE READ THIS RELEASE THOROUGHLY AND FULLY UNDERSTAND IT; THEY ARE VOLUNTARILY EXECUTING THIS RELEASE; THEY HAVE GRANTED THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE BEFORE EXECUTING THIS RELEASE; AND THEY ARE AWARE THAT BY SIGNING THIS RELEASE THEY ARE WAIVING CERTAIN LEGAL RIGHTS THAT THEY MAY HAVE AGAINST THE RELEASED PARTIES.

5. Indemnification. Franchisee, for themselves and their heirs, successors, representatives, assigns, subsidiaries, divisions, and agents and each of them, agree to indemnify and hold harmless Franchisor and its affiliates, subsidiaries, divisions, successors, assigns, officers, directors, employees and agents and each of them against any liabilities, losses, damages, deficiencies, claims, costs, expenses, actions, suits, proceedings, investigations, demands, assessments, judgments, and costs of any nature resulting, directly or indirectly, from the operation of the franchise by Franchisee or Franchisee's agents or employees. This Section shall not reduce the scope of the indemnities found in the Franchise Agreement.

6. Miscellaneous Provisions.

A. Entire Agreement. This writing is the entire agreement between the parties and may not be modified or amended except by written agreement signed by the parties.

B. Joint and Several Liability. If Franchisee consists of more than one individual or entity, then their liability under this Agreement will be joint and several.

C. Waiver. No waiver of any covenant or breach of this Agreement will be a waiver of any subsequent breach of the same or any other covenant or authorize the subsequent breach of any covenant or condition.

D. Time of Essence. Time is of the essence of this Agreement.

E. Injunctive Relief. In addition to other remedies available at law or in equity, any party may seek and obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any covenant contained in this Agreement.

F. Dispute Resolution. If a dispute arises, before taking any other legal action, the parties agree to participate in good faith mediation in the county in which our headquarters are then located (currently Hennepin County, Minnesota) in accordance with the mediation procedures of the American Arbitration Association or of any similar organization that specializes in the mediation of commercial business disputes. The party demanding mediation must provide written notice to the other party of the demand for mediation. If the other party does not respond to the mediation demand within 30 days of written notice, or indicates a refusal to participate in mediation, then the party providing notice may proceed with other forms of dispute resolution. The parties agree to equally share the costs of mediation. Injunctive relief

and or claims of specific performance sought pursuant to or authorized by this Agreement, are not subject to, nor can be avoided by, the mediation terms of this Agreement, and may be brought in any court of competent jurisdiction.

G. Costs and Attorneys' Fees. The prevailing party in any suit or action to enforce this Agreement will be entitled to recover its arbitration and court costs and reasonable legal fees to be set by the court, including costs and legal fees on appeal.

H. Governing Law and Venue. This Agreement is accepted in the State of Minnesota and will be governed by the laws of Minnesota, which laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws. This choice of laws will not include and does not extend the scope of application of the Minnesota franchise or business opportunity laws (if any). Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Minnesota, will be construed and enforced according to the laws of that state. All issues or disagreements relating to this Agreement, will be tried, heard, and decided in in the county in which our headquarters are then located (currently Hennepin County, Minnesota).

I. Successors and Assigns. This Agreement will benefit and bind the respective heirs, executors, administrators, successors, and assigns of the parties.

J. Legal Representation. The parties acknowledge they have been represented by counsel and have been advised of the significance and ramifications of executing this Agreement.

K. Counterparts and Electronic Signatures. This Agreement may be executed simultaneously in counterparts, each of which will be deemed an original, but all of which, together, will constitute one and the same instrument. Execution of this Agreement via DocuSign or any other reputable e-signature service will constitute valid and enforceable execution.

L. Definition of "Including." In this Agreement, *including* means "including but not limited to" unless expressly stated otherwise.

[7. Effective Date. The effective date of this Agreement shall be the date the last party signs.]

IN WITNESS WHEREOF, the parties have executed this Agreement.

Franchisor: CLEAR LAKES DENTAL FRANCHISE LLC

By: _____

Name: _____

Title: _____

Franchisee:

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

Transferee:

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

Instructions for signatures (above) for "Franchisee" and "Transferee": If you are a corporation, limited liability company or other business entity, then this Agreement should be signed by a company officer or owner authorized to sign on behalf of the company. Additionally, this Agreement must be signed by all officers and owners of the company as individuals.

Exhibit I to Clear Lakes Dental Franchise Disclosure Document and Franchise Agreement

PERSONAL GUARANTY

THIS PERSONAL GUARANTY (this "**Guaranty**") is given this _____ day of _____, 20___, by _____

_____, jointly and severally (collectively, the "**Guarantors**").

1. General. In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (including its exhibits) of even date (the "**Agreement**") by CLEAR LAKES DENTAL FRANCHISE LLC, a Minnesota Limited Liability Company (the "**Franchisor**"), with _____ a _____ [corporation/limited liability company] (the "**Franchisee**"), each of the undersigned ("**Guarantor(s)**") personally and unconditionally (a) guarantees to the Franchisor, and its successor and assigns, that the Franchisee will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement and its exhibits, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including but not limited to the provisions related to confidentiality and non-disclosure of confidential information, non-competition, use of trademarks and other intellectual property, monetary obligations, dispute resolution, and indemnification. In this Guaranty, "Agreement" includes the Franchise Agreement and its exhibits and attachments as presently constituted and as they may be renewed, extended or modified.

2. Certain Waivers. Each of the undersigned waives: (1) acceptance and notice of acceptance by the Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right the undersigned may otherwise have to require that an action be brought against the Franchisee or any other person as a condition of liability; (5) the defense of the statute of limitations in any action under this Guaranty or for the collection of any indebtedness or the performance of any obligation guaranteed by this Guaranty; and (6) any and all other notices and legal or equitable defenses to which it may be entitled.

3. Certain Consents and Agreements. Each of the undersigned consents and agrees that: (1) each Guarantor's liability under this undertaking is direct, immediate, and independent of the liability of, and is joint and several with, the Franchisee and the other owners of the Franchisee; (2) the undersigned will render any payment or performance required under the Agreement upon demand if the Franchisee fails or refuses punctually to do so; (3) the liability of each of the undersigned is not contingent or conditioned upon pursuit by the Franchisor of any remedies against the Franchisee or any other person (including others of the undersigned); (4) the Franchisor may proceed against the Guarantor without having commenced any action, or having obtained any judgment, against the Franchisee; (5) the liability of each of the undersigned will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which the Franchisor may grant to the Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, or any amendment to the Agreement, none of which shall in any way modify or amend this Guaranty, which shall be continuing; (6) neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this Guaranty nor any remedy for the enforcement of this Guaranty will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release, or limitation of the liability of the Franchisee or its estate in bankruptcy or of any remedy for the enforcement of this Guaranty, resulting from the operation of any present or future provision of the U.S. Bankruptcy

Code or other statute, or from the decision of any court or agency; and (7) any obligations or debt owing from Franchisee to the undersigned shall be subordinate to Franchisee's obligations under the Agreement and this Guaranty.

4. Miscellaneous.

4.1 Guarantor further agrees to reimburse the Franchisor for all costs and expenses which the Franchisor may incur in the enforcement of any of its rights under this Guaranty, including reasonable attorneys' fees.

4.2 Nothing in this Guaranty shall be deemed or taken to be a condition or limitation of any of the rights of the Franchisor against the Franchisee.

4.3 This Guaranty shall continue in full force and effect until all of the obligations of the Franchisee have been satisfied.

4.4 The terms and provision of this Guaranty shall be binding upon and inure to the benefit of the successors and assigns of the Guarantor and Franchisor.

4.5 No provision of this Guaranty or right of Franchisor hereunder can be waived or modified, nor can Guarantor be released from Guarantor's obligations hereunder, except by a writing duly executed by Franchisor.

4.6 This Guaranty may be assigned by Franchisor concurrently with the transfer or assignment of the License Agreement, and, when so assigned, Guarantor shall be liable to the assignees without in any manner affecting the liability of Guarantor hereunder.

4.7 Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

4.8 This Guaranty shall be governed by and construed in accordance with the laws of the State of Minnesota. In any action brought under or arising out of this Guaranty, Guarantor hereby consents to the jurisdiction of any competent court within the county in which our headquarters are then located (currently Hennepin County, Minnesota) and hereby consents to service of process by any means authorized by Minnesota law.

4.9 This Guaranty shall constitute the entire agreement of Guarantor with respect to the subject matter hereof, and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Franchisor unless expressed herein.

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

GUARANTOR(S):	PERCENTAGE OWNERSHIP IN FRANCHISEE:
Signed: _____ Print Name: _____	_____%
Signed: _____ Print Name: _____	_____%

Exhibit J to Clear Lakes Dental Franchise Disclosure Document and Franchise Agreement

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This Confidentiality and Non-Competition Agreement (this "***Agreement***") has been entered effective on the following date: _____. It is by and between CLEAR LAKES DENTAL FRANCHISE LLC, a Minnesota limited liability company ("***Franchisor***" and "***we/us***") and _____ ("***you***").

RECITALS

A. We own valuable goodwill and have valuable Confidential Information (defined below), and distinctive business format and color scheme and utilize distinctive, uniform business formats, recipes, signs, equipment, layouts, systems, methods, procedures, designs and marketing and advertising standards and formats (the "***System***"). The Confidential Information and System are connected with the development and operation of Clear Lakes Dental businesses.

B. Franchisor and _____ ("***Franchisee***") signed that certain franchise agreement ("***Franchise Agreement***") on or about _____ [DATE]. The Franchise Agreement requires the Franchisee's owners, officers, directors, and persons occupying similar positions (who may obtain or who are likely to obtain knowledge concerning our Confidential Information) to execute a confidentiality and non-competition agreement.

AGREEMENT

Therefore, in consideration of the mutual promises and covenants contained in the Franchise Agreement and herein, the parties agree as follows:

1 PROTECTION OF CONFIDENTIALITY

1.1 **Confidential Information Defined**. In this Agreement, "Confidential Information" shall mean:

a) Any information that relates to our proprietary ideas, trade secrets, business, products, technology, customers, finances, plans, proposals, or practices of us, including, but not limited to, plans and specifications for new products, discoveries, ideas, know-how, research and development, inventions, techniques, marketing strategies, customer lists, financing sources and suppliers, non-public financial information, budgets, data, and projections;
b) Our proprietary information and information we mark or designate as confidential;
c) Information, whether or not in written form and whether or not designated as confidential, which is known to you as being treated by us as confidential;
d) Information provided to us by third parties, which we are obligated to keep confidential.

The Confidential Information shall include information in any form in which such information exists, whether oral, written, video, digital, electronic, or other format or medium.

Confidential Information loses that status if: (1) The information becomes publicly available (unless because you breached this Agreement); (2) You get it without restriction from a third party who had the right to disclose it without restriction; or (3) You develop it independently, or already knew it when we gave it to you.

1.2 **Our Exclusive Property**. You acknowledge and agree that our System and all Confidential Information is and shall continue to be our sole and exclusive property, whether or not disclosed or entrusted to you in connection with your relationship with us. Nothing in this Agreement will give you or others any right, title, or interest whatsoever in or to them. The Confidential Information shall be considered our trade secrets and shall be entitled to all protections provided by applicable law to trade secrets.

1.3 **Safeguard of Confidential Information**. You agree to exercise the highest degree of care in safeguarding Confidential Information against loss, theft, or other inadvertent disclosure. You agree to accord to the Confidential Information the same degree of care and use the same confidentiality protection practices as you exercise or employ with respect to your confidential or proprietary information (but no less than a reasonable degree of care). This includes obligating employees and consultants who receive Confidential Information to covenants of confidentiality and non-use.

1.4 **Notice**. You agree that if you or your employees and agents are served with any subpoena or other compulsory judicial or administrative process calling for production of Confidential Information, you will immediately notify us in order that we may take such action as we deem necessary to protect our interests. You agree to execute any and all documents and to do all acts and things in the opinion of our counsel are necessary or advisable to protect our interests.

2. COVENANT OF NON-DISCLOSURE. You specifically acknowledge that you will receive valuable specialized and Confidential Information, including information regarding our operational, sales, promotional and marketing methods and techniques and the System. You agree not to disclose Confidential Information to any third party and to limit disclosure within your association to designated employees approved by us. Disclosures to designated employees will be done on a "need to know" basis to the extent necessary for them to perform the duties of their employment with you. Unless required by court order or applicable law, you agree not to copy, download, send, or divulge any Confidential Information directly or indirectly to any other person or enterprise outside of our franchise system. You will never communicate, divulge, or use in any manner, either for your benefit or the benefit or any other person, persons, partnerships, associations, companies or corporations any Confidential Information or proprietary information, knowledge or know-how concerning the System or any information we have communicated to you in written, verbal or electronic form, including intranet passwords, for the operation of your business.

3 COVENANT OF NON-USE. You agree not to use Confidential Information or the System, except as authorized by us. You will obligate your owners, board of directors, your employees, and your agents to the same non-use covenant. We must approve in writing any use of Confidential Information or System by you or your owners or your directors or employees.

4 RETURN OF CONFIDENTIAL INFORMATION. You agree that all originals and copies of records, data, reports, documents, lists, plans, drawings, correspondence, memoranda, notes, and other materials related to or containing any Confidential Information, in whatever form they exist, whether written, visual, audio, video, or other form of media, shall be our sole and exclusive property. Upon cessation of your association with Franchisee, or upon our earlier request, you will promptly return to us (or irretrievably delete or destroy) all documents or other tangible property that contains Confidential Information.

5 NON-COMPETITION COVENANT.

5.1 Covenant. During the term of your association with Franchisee and for two years thereafter, you will not directly or indirectly (including by or through any other person or entity) participate as an owner, director, officer, employee, consultant, licensor, licensee, distributor, or agent, or serve in any other capacity in any business engaged in the offer, sale, or promotion of: dental-related services or dental-related

products, or any business that offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the System.

5.2 Geographic Scope. During the term of your association with Franchisee, the covenants described in Section 5.1 above shall apply worldwide. During the two-year period after your association with Franchisee, such covenants will apply within the Territory (as defined in Franchisee's Franchise Agreement), within a 10-mile radius of the Territory, and within a 10-mile radius of any location or designated territory where we operate or have granted the franchise to operate a Clear Lakes Dental business.

6 NON-DIVERSION OF BUSINESS. To the extent the following restrictions and prohibitions are permitted by applicable law, during the term of your association with Franchisee and for two years thereafter, you will not:

A. divert or attempt to divert any of our business or any of our customers to any competing establishment;

B. do anything harmful to our goodwill associated with the Marks and System; or

C. employ or seek to employ any person we employ or any other person who is at that time employed by any of our franchises.

7 REMEDIES: INJUNCTION AND DAMAGES. You acknowledge that any disclosure of Confidential Information will cause irreparable harm to us. You agree that it may be difficult to measure damage to us from any breach by you or your employees and agents of this Agreement. You agree that monetary damages may be an inadequate remedy for any such breach. Accordingly, you agree that if you breach or take steps preliminary to breaching this Agreement, we shall be entitled, in addition to all other remedies we may have at law or in equity, to a restraining order, temporary and permanent injunctive relief, specific performance, or other appropriate equitable relief, without showing or proving that we actual sustained any damage.

8 MISCELLANEOUS

8.1 Duration. The obligations set forth in this Agreement related to non-disclosure and non-use of Confidential Information will continue during and beyond the term of your relationship with the Franchisee and for as long as you possess any Confidential Information in any manner.

8.2 Waiver. A waiver of any breach of any provision, term, covenant, or condition of this Agreement will not be a waiver of any subsequent breach of the same or any other provision, term, covenant, or condition. Any waiver to this Agreement's provisions must be made in signed writing by the granting party.

8.3 Governing Law. This Agreement will be governed by the substantive laws of Minnesota without regard to Minnesota choice of law provisions. Minnesota laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.). This choice of laws will not include and does not extend the scope of application of any Minnesota franchise or business opportunity laws except as they may otherwise apply pursuant to their terms and definitions. Any portion of this Agreement that requires enforcement in any other jurisdiction and is enforceable under the laws of that jurisdiction but not of Minnesota, will be construed and enforced according to the laws of that jurisdiction.

8.4 Venue. The venue for any action or legal proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement will be in the county in which our headquarters are then located (currently Hennepin County, Minnesota). Each of the parties waives any objection to this venue provision.

8.5 Injunctive Relief and Specific Performance. Either party may obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement.

8.6 Remedies Not Exclusive. No right or remedy conferred upon either party is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy.

8.7 Attorneys' Fees. The prevailing party in any arbitration, insolvency proceeding, bankruptcy proceeding, suit, or action to enforce this Agreement will recover its arbitration, proceeding, and court costs and reasonable attorneys' fees. These will be set by the arbitration, proceeding or court, including costs and attorneys' fees on appeal or review from the arbitration, proceeding, suit, or action. "Prevailing party" means the party who recovers the greater relief in the proceeding.

8.8 Lawful Scope. If, for any reason, any provision set forth in this Agreement exceeds any lawful scope or limit as to duration, geographic coverage, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law.

IN WITNESS, the parties have executed this Agreement on the date written above.

Franchisor: CLEAR LAKES DENTAL FRANCHISE LLC

By: _____

Name: _____

Title: _____

Date: _____

You: _____

Signed: _____

Name: _____

Title/Position with Franchisee:

_____

Date: _____

Acknowledged by Franchisee:

_____

By: _____

Name: _____

Title: _____

Date: _____

Exhibit K to Clear Lakes Dental Franchise Disclosure Document

If you are purchasing a new franchise at a new location (as opposed to purchasing a franchise at an existing location from one of our affiliates or franchisees), then the Franchise Agreement requires you to sign a Consulting Agreement in a form we specify. Following is a form that is subject to change.

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT ("**Agreement**") made and entered into this ___ day of _____, 20___, by and between CLEAR LAKES DENTAL FRANCHISE, LLC, a Minnesota limited liability company ("**CLDF**") and _____ (hereinafter referred to as "**Franchisee**").

RECITALS

WHEREAS, CLDF and Franchisee have entered into a franchise agreement of even date herewith (the "**Franchise Agreement**"); and

WHEREAS, as a result of the expenditure of substantial time, effort and money, CLDF and its affiliates have developed significant skills in the development of dental offices providing full dental services to the general public ("**Dental Offices**"). Franchisee's anticipated new dental office is referred to herein as the "**Dental Office**";

WHEREAS, this Agreement relates solely to the development and buildout of a new Dental Office and does not pertain to the purchase of any existing practice in the CLDF system;

WHEREAS, pursuant to the Franchise Agreement, Franchisee is required to enter into this Agreement in order to maintain CLDF's high standards of quality and appearance in the development and buildout of its Dental Office.

NOW, THEREFORE, the parties hereto, intending to be legally bound in consideration of the mutual agreements, covenants and promises contained herein, the obligations of the parties, the benefits to be derived and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, agree as follows:

1. Engagement of CLDF.

Franchisee hereby engages CLDF to provide consulting services, as an independent contractor, to Franchisee relating to the development and buildout of a new Dental Office. Such consulting services may vary based on the needs of the Franchisee. CLDF will reasonably determine in good faith the specific services to be provided, how those services will be provided (including format and medium), and when they will be provided. CLDF shall not have the obligation to provide services on-site or in-person at Franchisee's location. Services may include, but are not limited to, some or all of the following:

(1) Advise on the location and lease terms;
(2) Consulting on the layout and pricing for an architect;
(3) Consulting on general contractor bids;

(4) Suggesting changes to materials (flooring, cabinets, etc.) to help lower build costs;
(5) Checking on the construction schedule;
(6) Advising on initial staffing needs; and
(7) Assistance with registering for software/systems.

("**Consulting Services**"). CLDF accepts this engagement and may designate one or more affiliates to perform any or all of the Consulting Services on its behalf.

2. Duties of CLDF.

CLDF shall provide Consulting Services to Franchisee upon request or as determined reasonable by CLDF. Franchisee acknowledges that CLDF and its affiliates provide consulting services to other parties and may not be immediately available. CLDF will make reasonable efforts to respond promptly, but shall not be liable for any actual or consequential damages caused by delays or limitations in providing services.

3. Duties of Franchisee.

3.1 Franchisee shall pay CLDF a Consulting Fee of $350,000 upon execution of this Agreement. This Consulting Fee is non-refundable under any circumstances, regardless of the extent of services rendered.

3.2 Franchisee shall fully and timely perform all obligations under the Franchise Agreement. CLDF's obligations hereunder may be suspended during any default by Franchisee.

3.3 Franchisee shall indemnify, defend, and hold harmless CLDF, its affiliates, officers, directors, employees, agents, successors, and assigns from and against any and all claims, liabilities, losses, damages, demands, actions, costs, and expenses (including reasonable attorneys' fees) arising out of or relating to: (a) CLDF's performance of the Consulting Services; (b) any act or omission by Franchisee; or (c) Franchisee's breach of this Agreement or the Franchise Agreement. This indemnity shall survive the termination or expiration of this Agreement.

4. Term and Termination.

This Agreement shall expire upon the opening of the Dental Office. It shall terminate earlier if either party terminates the Franchise Agreement pursuant to its terms. Either party may terminate this Agreement if the other party materially defaults under this Agreement and does not cure such default within 10 days of written notice from the non-breaching party. Termination releases CLDF from its obligations hereunder but does not release Franchisee from its obligations.

5. Relationship of the Parties.

CLDF and its affiliates are independent contractors. Nothing herein shall be construed to create an employment, agency, partnership, or joint venture relationship. CLDF shall not be liable for the debts or obligations of Franchisee.

6. Intellectual Property and Confidentiality.

All methods, materials, trade secrets, and other information provided by CLDF are the sole property of CLDF and are confidential. Franchisee shall not disclose or use any such information except as expressly authorized in writing by CLDF.

7. Further Actions.

The parties agree to take all reasonable actions and sign documents necessary to carry out the purpose of this Agreement.

8. Binding Effect.

This Agreement shall bind and benefit each party and their successors and permitted assigns. Franchisee may not assign this Agreement without CLDF's prior written Consent.

9. Waiver.

No waiver of a breach will be construed as a waiver of any other breach. Failure to insist on strict compliance with any term will not constitute a waiver of that term. All waivers must be in writing.

10. Force Majeure.

CLDF shall not be liable for delays or failures caused by events beyond its reasonable control.

11. Severability.

If any provision is invalid or unenforceable, the remaining provisions will remain in effect. The severability provision of the Franchise Agreement shall also apply here.

12. Governing Law, Venue, and Attorneys' Fees.

This Agreement shall be governed by Minnesota law. Venue for any dispute shall lie exclusively in state or federal courts located in Hennepin County, Minnesota. In the event of any suit, action or proceeding to interpret or enforce this Agreement, the prevailing party will be entitled to its attorney's fees, costs, and out-of-pocket expenses, at arbitration or trial, and on appeal.

13. Mediation.

Except for claims by CLDF relating to intellectual property, confidentiality, or collection of amounts owed, any dispute shall first be submitted to non-binding mediation in Hennepin County, Minnesota, with a mutually agreed mediator.

14. Waiver and Release.

The parties acknowledge that the Franchise Agreement governs the franchise relationship. Nothing in this Agreement shall be construed to diminish, modify, or override the Franchisee's sole authority and responsibility under the Franchise Agreement to determine the means and methods by which it operates the franchised business, including how it achieves the CLDF's brand standards. Franchisee hereby waives, releases, and discharges CLDF and its affiliates, officers, directors, employees, and agents from any and all claims, demands, or causes of action, known or unknown, arising out of or relating to the Consulting Services, except in cases of CLDF's gross negligence or willful misconduct.

15. Miscellaneous.

This Agreement is the result of negotiations initiated by the Franchisee. This is the entire agreement between the parties with respect to its subject matter. Each party represents it is duly authorized to execute this Agreement. All signatures are genuine and the Agreement is entered into voluntarily and without duress.

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

CLDF: CLEAR LAKES DENTAL FRANCHISE LLC

By: _____

Print Name: _____

Title: _____

Franchisee:

Entity Name: _____

By: _____

Print Name: _____

Title: _____

Individual(s):

Signature: _____

Print Name: _____

Signature: _____

Print Name: _____

Exhibit L to Clear Lakes Dental Franchise Disclosure Document

OPERATIONS MANUAL TABLE OF CONTENTS

Table of Contents

Notes:

- The franchisor uses videos in lieu of a written Operations Manual.
- The approximate length of each video is in bold. The time-stamps next to specific topics indicate at which point in the video each segment begins.
- Patient care, clinical services, and dental services are determined solely by the dentist providing the services. Any information in the videos that touches on these issues is optional and is not intended to exert any control over such issues.

An Introduction for New Franchisee **22 Minutes**

Part 1

1:24 Dental Labs
3:11 In-House Referrals
4:25 Team Member Positions
8:03 Leadership / Conflict Resolution

Part 2

10:40 Other Ideas For More Production
11:52 Palliative Treatment
13:37 Limited Exam
14:19 Same Day Dentistry
14:45 [D9920] Child Behavior Management
16:05 Dentures - It's a Must!
17:32 Hero Dentistry
18:45 Additional Methods & Ideas to Increase Production

Marketing **12 Minutes**

0:59 Public Relations
3:57 Facebook Ads
6:54 Google Ads
9:27 Analytics

Systems Auditor **10 Minutes**

0:29 Some of the Main Topics & Goals by the System Auditing Team
1:13 Keeping All Practices as Identical as Possible
2:04 Establishing a Clear Line of Communication Between the Clinic DOM & System Auditing Team
3:43 Upholding CL's Image to Both the Public & Team Members
5:25 Providing the Dentist & DOM Direct Feedback via a Walkthrough Checklist Report
6:06 Standardizing Protocols Based on Clear Lakes Dental Systems
7:16 Understanding the Importance of Opportunity Cost
7:48 Always Taking Suggestions to Improve our CLD Systems

Hiring Process **6 Minutes**

0:23 CLD Hiring Template
0:28 Interview
1:01 Job Offer
1:46 Paperwork
2:52 Official Start Date
3:14 Probation
3:29 Confirmed Employment
4:03 Hiring Tips

Position-Specific Employee Training

Basic Information **37 Minutes**

0:39 Basic Navigation of Fuse
3:49 Adult Prophy
9:48 Restorations
15:27 Extractions
19:05 Endodontic Therapy
23:27 Crowns
25:20 Pulpotomy
28:58 Palliative Treatments
31:10 Dentures
33:26 Intro to Insurance

Part 1 - Customer Service **7 Minutes**

0:47 General Points
2:21 Patient Interactions

Part 2 - Answering the Phone **16 Minutes**

0:06 Touchpoints
4:48 Step by Step Instructions
9:55 PCC Scorecard Evaluation

Part 3 - HIPAA **12 Minutes**

0:06 HIPAA / HIPAA Privacy Rule / HIPAA Security Rule Defined
2:26 Information Sharing Consent Form
4:55 Release of Records
5:28 HIPAA Example Scenarios
9:27 Summary

Exhibit M to Clear Lakes Dental Franchise Disclosure Document

LISTS OF CURRENT FRANCHISED OUTLETS

As of April 30, 2025:

Name	Address	Telephone Number
CLD - Eden Prairie MN, LLC and Rakshya Shrestha	964 Prairie Center Drive Eden Prairie, MN 55344	952-641-6228
CLD – RICHFIELD MN, LLC, David Park, and Uyen Pham	704 W 66th St Richfield, MN 55423	612-915-0015
CLD - ROBBINSDALE MN, LLC Contact: Dr. Matthew Ang	4080 W. Broadway Ave., Suite 300 Robbinsdale, MN 55422	763-712-3214
CLD - Rochester MN, LLC, David Park, and Iyad Alyo	2765 Commerce Drive NW Rochester, MN 55901	507-218-8815
GLatus CLD ESP LLC Contact: Dr. Gregory Latus	1550 White Bear Ave Saint Paul, MN 55106	651-788-7045

LIST OF AFFILIATE-OWNED OUTLETS

As of April 30, 2025:

Name	Address	Telephone Number
CLD – Brooklyn Park MN, LLC	7710 Brooklyn Blvd., Floor 1 Minneapolis, MN 55443	651-292-9331
CLD – Coon Rapids MN, LLC	3790 Coon Rapids Blvd. Coon Rapids, MN 55433	763-200-5280
LUNA LAND DENTAL, CORP. and David Park	1399 S. Robert St West St. Paul, MN 55118	651-318-0988

Exhibit N to Clear Lakes Dental Franchise Disclosure Document

STATE LAW ADDENDUM TO FDD AND FRANCHISE AGREEMENT

Michigan

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are included in these franchise documents, the provisions are void for Michigan franchisees and cannot be enforced against Michigan franchisees. These provisions are:

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise investment law. This will not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if:

(i) The term of the franchise is less than 5 years, and

(ii) The franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise, or the franchisee does not receive at least six months' advance notice of the franchisor's intent not to renew the franchise.

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

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

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

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

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

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

A franchisor whose most recent financial statements are unaudited and show a net worth of less than $100,000 will, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of the escrow. Any questions regarding this notice should be directed to the Department of the Michigan Attorney General, 6520 Mercantile Way, Suite 3, Lansing, Michigan 48913; (517) 373-3800.

The name and address of the franchisor's agent in Michigan authorized to receive service of process is:

Michigan Department of Commerce
Corporation and Securities Bureau
Office of Franchise and Agent Licensing
6546 Mercantile Way
P. O. Box 30222
Lansing, Michigan 48910

Minnesota

Minnesota law prohibits requiring a franchisee to waive his or her rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes; provided, that this part will not bar a voluntary arbitration of any matter if the proceeding is conducted by an independent tribunal under the rules of the American Arbitration Association. (Minn. Rules 2860.4400(J)).

FDD Item 17; FA Sections 6.1, 6.3 and 7.1

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given **90** days' notice of termination (with **60** days to cure) and **180** days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

FDD Item 17; FA Sections 6 and 9

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

FDD Item 13; FA Section 5

Minnesota Statutes Section 80C.20, Subdivision 1(g) allows the Minnesota Commissioner of the Department of Commerce to issue a cease and dismiss order or issue an order denying, suspending or revoking any registration, amendment or exception on finding any of the following . . . that the method of sale or proposed method of sale of franchises or the operation of the business of the franchisor or any term or condition of the franchise agreement or any practice of the franchisor is or would be unfair or inequitable to franchisees. Pursuant to this section, the Commissioner requires all franchisors registering in the state of Minnesota to state that the franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logo types or other commercial symbols or indemnify the franchisee from any loss, cost or expenses arising out of any claim, suit or demand regarding the use of the name. We intend to comply with the Minnesota statute and to protect the franchisee's rights and indemnify the franchisee for any losses to the full extent required by relevant state law.

FDD Item 17, FA Sections 6, 7 and 9

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release. The general release provisions in the Franchise Agreement are void and unenforceable in the state of Minnesota.

FA Section 9

Pursuant to Minnesota Statutes Section 80.C.21, this section will not in any way abrogate or reduce any rights of the franchisee as provided for in Minnesota Statutes, Chapter 80.C, including, but not limited to, the right to submit matters to the jurisdiction of the courts in Minnesota.

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.

South Dakota

FDD Item 5 and FA Section 2.1

All initial franchise fees will be due and payable only after the franchisor has fulfilled all initial obligations owed to the franchisee under the franchise agreement or other documents and the franchisee has commenced doing business pursuant to the franchise agreement.

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.

Wisconsin

With respect to franchise agreements governed by Wisconsin law, the following shall supersede any inconsistent provision:

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, nonrenewal or substantial change in the competitive circumstances of a dealership agreement without good cause. The Law further provides that 90 days' prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. Item 17 of the Disclosure Document and the corresponding section of the Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions in the Franchise Agreement that are inconsistent with that Law. Wis. Stats. Ch. 135, the Wisconsin Fair Dealership Law.

It is agreed that the applicable foregoing state law addendum for the state of _____, if any, supersedes any inconsistent portion of the Franchise Agreement (to which this addendum is attached) of this same date, and of the Franchise Disclosure Document. All terms of the Franchise Agreement, including these State Law Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed, to the extent that they are valid requirements of an applicable, effective, and enforceable state law. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of the jurisdictional requirements of the relevant state's franchise laws, without considering this addendum.

DATED this ___ day of _____, 20____.

("we/us"): CLEAR LAKES DENTAL FRANCHISE LLC	("you"): _____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
	Signed Personally: _____
	Print Name: _____

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:

State	Effective Date
Michigan	Pending
Minnesota	September 9, 2025
South Dakota	Pending
Wisconsin	Pending

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.

Exhibit P to Clear Lakes Dental Franchise Disclosure Document

RECEIPT

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If CLEAR LAKES DENTAL FRANCHISE LLC offers you a franchise, it must provide this franchise 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. New York and Rhode Island law require delivery at the earlier of the first personal meeting or at least 10 business days, and Michigan and Wisconsin law require delivery at least 10 business days, before signing/paying.

If CLEAR LAKES DENTAL FRANCHISE LLC does not deliver this franchise disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit C.

The name, principal business address, and telephone number of each franchise seller offering the franchise are David Park, President and CEO, and Matthew Park, CFO and Business Manager, CLEAR LAKES DENTAL FRANCHISE LLC, 125 Little Canada Road, Little Canada, MN 55117, 443-759-0910.

Our authorized agents for service of process are identified on Exhibit C to this Franchise Disclosure Document.

Date of Issuance: **August 21, 2025** (and effective as of the individual state registration dates reflected on the cover page).

I have received a disclosure document dated as indicated above that included the following Exhibits:

A. Financial Statements
B. Standard Franchise Agreement (with State Law Addendum)
C. List of State Agents for Service of Process and State Administrators
D. Conditional Assignment of Phone Number
E. Abandonment, Relinquishment, and Termination of Assumed Business Name
F. Electronic Funds Transfer Authorization
G. Confirmation of Additional Representations and Terms
H. Form of General Release
I. Personal Guaranty
J. Confidentiality and Non-Competition Agreement
K. Form of Consulting Agreement
L. Operations Manual Table of Contents
M. Lists of Current and Certain Former Franchisees
N. State Law Addendum to FDD and Franchise Agreement
O. State Effective Dates

DATED _____

Signatures of All Prospective Franchisees:

Signature: _____ Signature: _____

Print Name: _____ Print Name: _____

Name of Corporation/LLC/Partnership (if applicable): _____

By: _____ Title: _____

KEEP THIS COPY FOR YOUR RECORDS.

Exhibit P to Clear Lakes Dental Franchise Disclosure Document

RECEIPT

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If CLEAR LAKES DENTAL FRANCHISE LLC offers you a franchise, it must provide this franchise 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. New York and Rhode Island law require delivery at the earlier of the first personal meeting or at least 10 business days, and Michigan and Wisconsin law require delivery at least 10 business days, before signing/paying.

If CLEAR LAKES DENTAL FRANCHISE LLC does not deliver this franchise disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit C.

The name, principal business address, and telephone number of each franchise seller offering the franchise are David Park, President and CEO, and Matthew Park, CFO and Business Manager, CLEAR LAKES DENTAL FRANCHISE LLC, 125 Little Canada Road, Little Canada, MN 55117, 443-759-0910.

Our authorized agents for service of process are identified on Exhibit C to this Franchise Disclosure Document.

Date of Issuance: **August 21, 2025** (and effective as of the individual state registration dates reflected on the cover page).

I have received a disclosure document dated as indicated above that included the following Exhibits:

A. Financial Statements
B. Standard Franchise Agreement (with State Law Addendum)
C. List of State Agents for Service of Process and State Administrators
D. Conditional Assignment of Phone Number
E. Abandonment, Relinquishment, and Termination of Assumed Business Name
F. Electronic Funds Transfer Authorization
G. Confirmation of Additional Representations and Terms
H. Form of General Release
I. Personal Guaranty
J. Confidentiality and Non-Competition Agreement
K. Consulting Agreement
L. Operations Manual Table of Contents
M. Lists of Current and Certain Former Franchisees
N. State Law Addendum to FDD and Franchise Agreement
O. State Effective Dates

DATED _____

Signatures of All Prospective Franchisees:

Signature: _____ Signature: _____

Print Name: _____ Print Name: _____

Name of Corporation/LLC/Partnership (if applicable): _____

By: _____ Title: _____

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO CLEAR LAKES DENTAL FRANCHISE LLC, 125 Little Canada Road, Little Canada, MN 55117 (or via electronic means as directed by CLEAR LAKES DENTAL FRANCHISE LLC).