

**FRANCHISE DISCLOSURE DOCUMENT  
(Area Representative)**

	<p>Happie Doggie, LLC a Delaware Limited Liability Company 780 Lynnhaven Parkway Suite 240 Virginia Beach, VA 23452 (855) 825-7387 franchise@hikedoggie.com www.hikedoggie.com</p>
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We offer you a franchise opportunity as an Area Representative within a designated territory to solicit, recruit, and support Hike Doggie Unit Franchisees that offer a dog hiking business that provides transportation and outdoor activities for dogs (the “Area Representative Business”).

The total investment necessary to begin the operation of a Hike Doggie Area Representative Business is \$109,650-\$320,400. This includes \$100,000 to \$300,000 that must be paid to the franchisor or affiliate.

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 Kelly Wyatt at 780 Lynnhaven Parkway, Suite 240 Virginia Beach, VA 23452, telephone 855-825-7387.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date: October 18, 2025, as amended October 24, 2025

## How to Use This Franchise Disclosure Document

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

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

## **What You Need To Know About Franchising *Generally***

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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 Area Representative Agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Virginia. 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 Virginia than in your own state.

2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

3. **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.

**MICHIGAN ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchise'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, logo type, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards;
  - (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 default in the franchise agreement existing at the time of the proposed transfer.

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

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

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to Department of the Attorney General's Office, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 525 W. Ottawa Street, Lansing, Michigan 48913; telephone number (517) 373-7117.

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

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**Exhibits**

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- Exhibit B- List of State Administrators and Registered Agents
- Exhibit C-Area Representative Agreement
  - Schedule 1-Territory
  - Schedule 2-Minimum Requirements
  - Schedule 3-Automatic Bank Draft Authorization
  - Schedule 4-Area Representative Biographical Information Form
  - Schedule 5-State Addenda to the Area Representative Agreement
- Exhibit D-Release
- Exhibit E-List of Area Representatives
- Exhibit F-List of Former Area Representatives
- Exhibit G-Financial Statements
- Exhibit H-Table of Contents of Area Representative Operations Manual
- Exhibit I-State Effective Dates
- Exhibit J-Receipts

## **ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this disclosure document, the terms “we,” “us,” “our” and “Hike Doggie” refer to Happie Doggie, LLC d/b/a Hike Doggie, the Franchisor. The terms “you” and “your” refer to the person or entity that buys this franchise, including any guarantors.

### **The Franchisor**

We are a Delaware Limited Liability Company formed on September 16, 2025. Our principal business address is 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. We do business under our corporate name and the name Hike Doggie.

We began offering Area Representative franchises in October 2025. Pursuant to a separate Franchise Disclosure Document, we began offering unit franchises in October 2025. As of the date of this Disclosure Document, we have 5 Unit Franchisees.

We have not operated an Area Representative business of the type you are being offered, but we do solicit and support unit franchisees. We do not conduct business or offer franchises in other lines of business.

Exhibit B contains our agents for service of process.

### **Parents and Predecessors**

We have two parent companies, Loyalty, LLC (“Loyalty”) and Hike Doggie Franchising, LLC (“HDF”). Loyalty, was formed on November 6, 2017, as a Virginia Limited Liability company. Loyalty’s principal place of business is also located at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. Loyalty does not conduct a business of the type being franchised nor has it offered franchises in any other line of business.

HDF, also our predecessor, is a Colorado limited liability company formed on June 20, 2023, with a principal business address of 505 Washington Avenue, Golden, Colorado 80403. HDF continues to exist as a member of us. HDF offered franchises from January 2024 to September 2025.

### **Affiliates-Hike Doggie, Inc.**

We have an affiliate Hike Doggie, Inc. (“HDI”), formed on February 1, 2016 with a principal business address of 505 Washington Avenue, Golden, Colorado 80403. HDI owns and controls the intellectual property for the Hike Doggie Franchises and licenses it to us. HDI has operated a business of the type being franchised since May 2016. HDI does not offer franchises in any line of business.

## **Affiliates-Other Brands**

We have an affiliate, ATAX LLC d/b/a ATAX, formed on February 20, 2019, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. ATAX offers franchise opportunities for retail tax, bookkeeping and payroll office. ATAX LLC also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2019. As of December 31, 2024, ATAX had 116 Unit franchises and 35 Area Representative franchises.

We have an affiliate, Cooper's Scoopers LLC d/b/a Cooper's Scoopers, formed on December 26, 2024, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Cooper's Scoopers offers franchise opportunities for a professional pet waste management business. Cooper's Scoopers also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2025. As of December 31, 2024, Cooper's Scoopers had no Unit or Area Representative franchises.

We have an affiliate, Loyalty Brokers LLC d/b/a Loyalty Business Brokers, formed December 30, 2020, with a principal place of business at 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Loyalty Business Brokers offers franchise opportunities for business brokerage. Loyalty Brokers LLC also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2022. As of December 31, 2024, Loyalty Business Brokers had 3 Unit franchises and 2 Area Representative franchises.

We have an affiliate, Loyalty Business Services LLC d/b/a Ledgers, formed on October 30, 2019, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Ledgers offers franchise opportunities for compliance, advisory and tax services. Ledgers also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2020. As of December 31, 2024, Ledgers had 2 Unit franchises and had 1 Area Representative franchise.

We have an affiliate, Purely Pet LLC d/b/a Salty Dawg formed on May 20, 2024, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. Salty Dawg offers franchise opportunities for the operation of high-end pet salons providing (A) at present, high-end pet grooming services, retail sales of pet food and pet treats, retail sales of various pet merchandise, and other services related to pet care to pet owners and (B) in the future, may include providing training to groomers and offering groomer certifications. Salty Dawg also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. You will not directly conduct business with this affiliate. This affiliate has offered franchises since August 2024. As of December 31, 2024, Salty Dawg had 2 Unit franchises and 1 Area Representative franchise.

We have an affiliate, Tectum Franchising LLC d/b/a CR3 American Exteriors, formed on July 12, 2022, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach,

VA 23452. CR3 American Exteriors offers franchise opportunities for offering, selling, and performing roofing and remodeling services for commercial and residential customers. CR3 American Exteriors also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2022. As of December 31, 2024, CR3 American Exteriors had 17 Unit franchises and no Area Representative franchises.

We have an affiliate, The Inspection Boys Franchise USA LLC d/b/a The Inspection Boys, formed on December 19, 2020, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, VA 23452. The Inspection Boys offers franchise opportunities for commercial and residential inspection services. The Inspection Boys also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2020. As of December 31, 2024, The Inspection Boys had 16 Unit franchises and 1 Area Representative franchise.

We have an affiliate, Whole PM Holdings LLC d/b/a Whole Property Management, formed April 29, 2025, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. Whole PM Holdings LLC offers unit franchise opportunities for property management services. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2025. As of December 31, 2024, Whole PM Holdings did not have any Unit franchises.

We have an affiliate, Zoomin Groomin USA, LLC d/b/a Zoomin Groomin, formed December 30, 2020, with a principal business address of 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. Zoomin Groomin offers unit franchise opportunities for pet grooming services. Zoomin Groomin also offers franchise opportunities for Area Representatives to recruit and support unit franchisees. You will not directly conduct business with this affiliate. This affiliate has offered franchises since 2020. As of December 31, 2024, Zoomin Groomin USA, LLC had 169 Unit outlets and 37 Area Representative franchises.

None of the Affiliates listed above operate a business of the type being franchised, nor have they offered franchises in any other line of business.

### **The Franchise Offered**

The franchise offered is to establish and operate a Hike Doggie Area Representative Business. You will recruit and support Hike Doggie Unit franchisees in exchange for a portion of the net initial franchise fees (after any third-party broker costs, sales commissions, and Internal Sales Fees) and a portion of the royalties that such Unit franchisees pay in your Territory. Unit franchisees will offer a dog hiking business that provides transportation and outdoor activities for dogs. You will not have management control over Unit franchise sales or operations. Unit franchises are offered in a separate Franchise Disclosure Document and in certain states, we must make a franchise filing and receive approval to offer and sell franchises there before you may offer and sell franchises in those states.

## **Market and Competition**

The general market for recruiting and supporting franchisees in general is well developed. You will focus most of your activity on locating individuals interested in owning their own Hike Doggie Unit franchised business providing a dog hiking business that provides transportation and outdoor activities for dogs and offering support to them. This is a year-round business.

The primary competition comes from other franchisors, franchise brokers, and Area Representatives who also recruit individuals looking to purchase franchise opportunities.

## **Industry-Specific Laws and Regulations**

The offer and sale of franchises is primarily governed by Federal Trade Commission regulation and corresponding state laws. These laws generally require that you deliver to a prospective franchisee a Franchise Disclosure Document at least 14 calendar days before signing of a binding agreement or making any payment to us. You are required to engage in truthful advertising and not make false claims or financial performance representations, except as stated in the Franchise Disclosure Document. In addition, Area Representatives may not make any earnings claims or financial performance representations to prospective franchisees.

In addition, certain states have laws governing the sale of franchises and the relationship between franchisors and franchisees. As an Area Representative, you may not solicit, and Franchisor will not offer, a franchise opportunity in any franchise registration state until we have an effective registration in the respective state. Typically, state relationship laws mandate fair dealing between a franchisor and franchisee, require that a franchisee not be terminated or otherwise lose rights as a franchisee absent good cause, and require that reasonable standards be applied in determining whether to approve the sale or transfer of an existing franchise to a new franchise owner. Under certain state laws (Illinois, New York, and Washington State) you may be required to register as a franchise broker before you may offer or sell franchises to residents of those states or as to territory located in those states. You should investigate the application of these laws further.

Further, to close your purchase of the Area Representative Agreement, you must provide us with a complete Biographical Information Sheet. See Schedule 4 to the Area Representative Agreement. Additionally, we may require you to provide us with an updated biographical information each year.

## **ITEM 2. BUSINESS EXPERIENCE**

Cory Hughes, CEO. Cory Hughes has served as our CEO since October 1, 2025. Mr. Hughes served as COO for Threshold Brands, LLC from August 2023 to May 2025 in Leawood, Kansas. Mr. Hughes also served as Executive Vice President of Operations for Liberty Tax Services from March 2018 to August 2023 in Virginia Beach, Virginia. Mr. Hughes was a Franchisee with Sola Salon Studios from November 2012 until September 2021 in Tulsa, Oklahoma. Mr. Hughes was an Area Representative for Liberty Tax Services from October 2011 to February 2020 in Leawood, Kansas.

Kathleen Allen, Founder & President. Kathleen Allen is our Founder and has served as our President since September 15, 2025. Ms. Allen is also the Founder and President of our affiliate, HDI in Golden, Colorado, and has been since its inception in May 2016. Ms. Allen, our predecessor and parent, has served as President of HDF in Golden, Colorado, since its inception in June 2023.

Abbey Lee, Director of Operations Abbey Lee serves as our Director of Operation since September 15, 2024. Ms. Lee also served as a Member and in Franchise Development of HDF in Golden, Colorado, since June 30, 2023. Ms. Lee has also served as a partner of HDI in Golden, Colorado, since January 2017. She was the Chief People & IT Officer for HDI in Golden, Colorado, from May 2017 to January 2024.

A. William Allen, Director William Allen serves as our Director since September 15, 2025. Mr. Allen has been a member of HDF in Newport Beach, California, since its inception in June 2023. Mr. Allen has been a shareholder and Director of HDI in Newport Beach, California, since its inception in May 2016.

John T. Hewitt, Director. John T. Hewitt has served as our Director since September 15, 2025. Mr. Hewitt also serves as the Chief Executive Officer and Chairman of our parent company, Loyalty and its affiliates in Virginia Beach, Virginia, since September 2017.

### ITEM 3. LITIGATION

**John Hewitt, Chief Executive Officer and Chairman of Loyalty, has been named in the following litigation:**

#### **Pending Actions:**

Ira Lubert and John Martinson v. John T. Hewitt, ATAX, LLC, and Loyalty, LLC (Case No 250503829) filed May 30, 2025, in the Court of Common Pleas of Philadelphia County, Pennsylvania. The Plaintiffs are investors in ATAX, LLC, and claim that they were solicited to invest in ATAX as a qualified opportunity zone business (QOZB), yet it did not qualify as a QOZB. Further, Plaintiffs claim that, as a result of the non-QOZB status, the defendants promised certain changes, some of which defendants have not made, specifically an amendment to ATAX's Operating Agreement and certain financial controls. The Plaintiffs also allege that Hewitt, with the assistance of certain Loyalty employees, made cash withdrawals from ATAX and paid those funds to himself, to Loyalty, and to other Loyalty brand companies without ATAX Board approval. The Plaintiffs sue for (1) Fraud Against Defendant Hewitt, (2) Aiding and Abetting Fraud (Against Defendant Loyalty), (3) Breach of Fiduciary Duty (Against Defendants Hewitt and Loyalty), (4) Conversion (Against Defendants Hewitt and Loyalty), (5) Breach of Contract (Against Defendants Hewitt, Loyalty, and ATAX), (6) Unjust Enrichment (Against Defendants Hewitt and Loyalty), (7) Breach of Virginia Stock Corporation Act (Against Defendants Hewitt and Loyalty), and (8) Violation of Pennsylvania Voidable Transfers Act (Against Defendants Hewitt and Loyalty). Plaintiffs seek a judgment, an order rescinding their investments, redemption of their ownership interests at a fair value, monetary damages in an amount to be determined at trial, fees, and interest. Defendants offered to buy out the Plaintiffs' investments for a profit that would be beneficial to Plaintiffs. Defendants intend to file an

Answer generally denying the allegations and vigorously contesting the claims made. No trial date has been set.

**Concluded Actions:**

*K&A Publicidad, Inc. v. JTH Tax, Inc., d/b/a Liberty Tax Service, Liberty Tax, Inc. d/b/a Siempre Tax and John Hewitt*, (Case No. CL17-4169), filed on September 5, 2017 in the Virginia Beach Circuit Court. Plaintiff is a company owned and controlled by Kirke Franz Szawronski. Plaintiff alleges that it entered into a contract with Liberty to provide promotional and strategic relationship services to help grow the SiempreTax brand. Plaintiff alleged that defendants breached the contract for failure to pay for services and seeks damages. This matter, along with the *Kirke Franz Szawronski* matter described below, settled on January 26, 2019, with Liberty agreeing to pay plaintiff \$50,000 to settle both matters, in exchange for a release.

*Kirke Franz Szawronski v. JTH Tax, Inc., d/b/a Liberty Tax Service, Liberty Tax, Inc., d/b/a Siempre Tax and John Hewitt*, (Case No. CL17-4170), filed on September 5, 2017 in the Virginia Beach Circuit Court. Plaintiff was a former employee and filed a lawsuit claiming breach of employment agreement with Plaintiff by failing to pay 6-months' severance. Plaintiff also asserted a claim for defamation. This matter, along with the *K&A Publicidad, Inc.* matter described above, settled on January 26, 2019, with Liberty agreeing to pay plaintiff \$50,000 to settle both matters, in exchange for a release.

*Asbestos Workers' Philadelphia Pension Fund, derivatively on behalf of Liberty Tax, Inc., v. John Hewitt. Defendant, and Liberty Tax, Inc., Nominal Defendant*, (Case No. 2017-0883), filed on December 12, 2017 in the Court of Chancery of the State of Delaware. Plaintiff alleged that Liberty's former CEO, John T. Hewitt ("Hewitt"), breached his fiduciary duties as an officer based upon certain allegations of misconduct on his part. The Plaintiff also alleged breach of fiduciary duty against Hewitt in his capacity as a director of LT Inc. The Complaint sought compensatory damages and attorney's fees. On December 27, 2017, this action was consolidated with the *Erie County* matter described just below and then continued under the caption *In Re: Liberty Tax, Inc. Stockholder Litigation*.

*Erie County Employees Retirement System, on behalf of Liberty Tax, Inc. v. John T. Hewitt. Defendant, and Liberty Tax, Inc. Nominal Defendant*, Case No. 2017-0914, was filed the Court of Chancery of the State of Delaware on December 22, 2017. Plaintiff also alleged that Hewitt breached his fiduciary duties as an officer based upon certain allegations of misconduct on his part. The Plaintiff also alleged breach of fiduciary duty against Hewitt in his capacity as a director of LT Inc. The Complaint sought to enjoin Hewitt from managing LT's business operations and seeks compensatory damages and attorney's fees. On December 27, 2017, this action was consolidated with another action into *In Re: Liberty Tax, Inc. Stockholder Litigation* (*see below*).

On December 27, 2017, the two above referenced shareholder matters were consolidated with the caption *In Re: Liberty Tax, Inc. Stockholder Litigation*, (Case No. 2017-0883). The Complaint asserted claims for breach of fiduciary duty and breach of fiduciary duty by violation of the nominating committee charter. A mediation took place on November 12, 2018 but did not result in a resolution. On March 15, 2019, the parties entered into a stipulation of settlement of which the material terms of the settlement are as follows: (i) Liberty Tax agreed to implement an anti-

harassment policy; (ii) Liberty Tax will conduct yearly code of conduct training; (iii) Liberty Tax will terminate for cause any employee who violates the anti-harassment policy that has been substantiated as such; (iv) Liberty Tax will revise its audit committee charter to reflect that SEC filings must be pre-approved by the Audit Committee; (v) Liberty Tax will take reasonable steps to be listed on NASDAQ or NYSE; (vi) Hewitt agrees not to solicit company employees; and (vii) No party admits any liability. On June 28, 2019, the Court of Chancery approved a Derivative and Class Action Settlement. All issues have been resolved and the Delaware derivative actions were dismissed with prejudice in 2019 without any finding of liability on the part of the Defendants.

*RSL Senior Partners, LLC, derivatively and on behalf of Liberty Tax, Inc. v Brunot et al.*, (Case No. 2:18-cv-00127-HCM-DEM), filed on March 7, 2018, in the United States District Court for the Eastern District of Virginia. This purported shareholder derivative action was filed on behalf of LT Inc. seeking to address the alleged wrongs of LT Inc.'s directors and officers. The Complaint claimed that certain conduct created an inappropriate tone at the top, resulting in the loss of key executives, employees, directors and otherwise harmed LT Inc. The Complaint asserted claims under Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Section 10(b) and Rule 10b-5 and Section 20(a) of the Exchange Act, breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, and waste of corporate assets. The Complaint sought the following relief: (a) declaring that the Plaintiff may maintain this action on behalf of LT Inc., and that the Plaintiff is an adequate representative of LT Inc.; (b) declaring that the Individual Defendants have breached and/or aided and abetted the breach of their fiduciary duties to LT Inc.; (c) determining and awarding to LT Inc. the damages sustained by it as a result of the violations set forth above from each of the Individual Defendants, jointly and severally, together with pre-judgment and post-judgment interest thereon; (d) directing LT Inc. and the Individual Defendants to take all necessary actions to reform and improve its corporate governance and internal procedures to comply with applicable laws and to protect LT Inc. and its shareholders from a repeat of the damaging events (e) awarding LT Inc. restitution from Individual Defendants; and (f) awarding the Plaintiff the costs and disbursements of the action, including reasonable attorneys' and experts' fees, costs, and expenses. The parties to this action have agreed that all claims have been settled and agreed to dismiss the action within five business days of the *In Re: Liberty Tax, Inc. Stockholder Litigation* action in Delaware Chancery Court becoming final. On September 11, 2019, the Court conducted a hearing for approval of the settlement and for attorney's fees. On September 12, 2019, the Court found the shareholder notice to be adequate and in compliance with the requirements of rule 23.1(c). The Court approved the settlement ordered in the *In Re: Liberty Tax, Inc. Stockholder Litigation* which incorporated the Plaintiff's claims in this action and approved the \$295,000 in attorneys' fees, including the case contribution award of \$2,000 to Plaintiff. This matter was dismissed with prejudice.

*Bablu Shahabuddin v. JTH Tax, Inc., Siempre Tax, and John Hewitt*, (Case No. 2:18-cv-00016-MDS-DEM) filed on January 11, 2018 in the United States District Court for the Eastern District of Virginia. The plaintiff filed suit which, as amended, claimed that JTH Tax and Siempre Tax failed to pay to him certain monies owed under various Purchase and Sale Agreements, that a constructive trust should be imposed on certain monies received by Liberty Tax and Siempre for the subsequent sale of those territories, that the defendants committed fraud in the inducement, and that Hewitt orally guaranteed the Purchase and Sale obligations. Shahabuddin sued for \$600,000 in compensatory damages, \$350,000 in punitive damages, plus pre-judgment and post-

judgment interest. The parties reached a settlement of all claims whereby JTH Tax paid \$775,000 and a portion of certain upcoming Net Revenue at offices previously owned by the plaintiff to him. The case was dismissed on November 14, 2018.

JTH Tax LLC d/b/a Liberty Tax Service v. John T. Hewitt, Loyalty LLC, ATAX LLC, ATAX Franchise, Inc. and Yneva Marte (Case No.2:21-cv-00076-RBS-LRL) filed February 4, 2021 in the United States District Court for the Eastern District of Virginia. Plaintiff filed the action alleging that ATAX franchisees maintained signage that is confusingly similar to trade dress and logos of the plaintiff. The Plaintiff also alleges that Mr. Hewitt tortiously interfered with certain contractual relations by discussing with existing and former franchisees of the Plaintiff opportunities at ATAX. The complaint alleges that Mr. Hewitt breached his employment agreement by sharing and using trade secrets, confidential and proprietary information for his own benefit or the benefit of a third party by convincing existing and prospective franchisees of the Plaintiff to leave and instead open ATAX franchises. Lastly, the complaint alleges that Mr. Hewitt engaged in a conspiracy to unfairly compete against and damage Liberty Tax by convincing customers and prospective customers to pick ATAX over Liberty Tax. Plaintiffs sought \$20 million in actual damages, treble damages, costs, and legal fees along with injunctive relief. The Defendants have denied the allegations. The matter was settled on December 31, 2021. Under the Settlement Agreement, Defendants agreed to pay the Plaintiff \$545,000 over 6 years, and to refrain from: (1) unfairly competing with Liberty Tax by tortiously interfering with its franchise agreements; (2) diverting or attempting to interfere with or divert any leases from Liberty; (3) palming off any of ATAX's products or services as those of Liberty; (4) any action or statement that could reasonably cause likelihood of confusion that any ATAX location is associated with Liberty; (5) possessing, misappropriating, using or disclosing Liberty's confidential information; and (6) accessing any of Liberty's computer systems or databases. ATAX agreed to permanently close three specific ATAX locations and use their best efforts to assign leases for those locations to Liberty. The Court retained jurisdiction to enforce the final consent order.

### **Governmental Actions Against John T. Hewitt:**

In the Matter of a Consent Order between The Commissioner of Financial Protection and Innovation and John T. Hewitt, before the Commissioner of Financial Protection and Innovation for the State of California. The Commissioner is the head of the Department of Financial Protection and Innovation (Department) and is responsible for administering and enforcing the Franchise Investment Law (FIL) (Corp. Code, § 31000 et seq.). The Commissioner has determined pursuant to her authority under the FIL that John T. Hewitt is “subject to” the Final Order entered in the matter of United States of America v. Franchise Group Intermediate L 1, LLC d/b/a Liberty Tax Service (Case No. 2:19-cv-00653-RAJ-DEM) filed on or around December 3, 2019 in the United States District Court for the Eastern 25 District of Virginia (the Final Order). John T. Hewitt agreed that he is required to disclose the Final Order in Item 3 of any Franchise Disclosure Document filed by any present or future Franchisor where John T. Hewitt is a director, trustee, general partner, principal officer, or maintains management responsibility relating to the sale or operation of the respective Franchisor, along with disclosure of this governmental action.

### **Governmental Actions against Unrelated Entities:**

United States of America v. Franchise Group Intermediate L 1, LLC d/b/a Liberty Tax Service, (Case No. 2:19-cv-00653-RAJ-DEM) filed on or around December 3, 2019 in the United States District Court for the Eastern District of Virginia. The Department of Justice (DOJ) filed a complaint asserting that Liberty Tax failed to maintain adequate controls over the tax returns prepared by its franchisees and failed to take steps to prevent the filing of potentially false or fraudulent returns prepared by its franchises despite notice of fraud at some of its franchisee stores. The primary focus of the DOJ's investigation that preceded the complaint related to the alleged operational wrongdoing of 12 franchisees. Also on December 3, 2019, the DOJ and Liberty Tax filed a joint motion asking the court to approve a proposed settlement order setting forth certain enhancements to the Liberty Tax service compliance program and requiring Liberty Tax to retain an independent monitor to oversee the implementation of the required enhancements to the compliance program; and work with Liberty Tax to make further enhancements to improve the compliance program. As part of the proposed order, Liberty Tax agreed not to rehire John T. Hewitt, under whose supervision the alleged conduct at issue occurred. Liberty Tax further agreed not to grant John T. Hewitt any options or other rights to acquire equity in Liberty Tax or to nominate him to the company's board of directors. On December 20, 2019, the court granted the joint motion and the motion to seal, which fully resolved the legal proceedings initiated by the DOJ. Although he is referenced in the court's order, John T. Hewitt was not a named party to this case.

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

#### **ITEM 4. BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

#### **ITEM 5. INITIAL FEES**

The Initial Fees depend on the size and composition of the Area Representative Territory you select. We calculate this initial fee (the "Initial Area Representative Fee") based on (i) the number of Unit Territories that can fit within the geographic boundaries of the Area Representative Territory and (ii) a determination of whether a Unit Franchisee of ours has already developed any Unit Territories within the geographical boundaries of the Area Representative Territory.

When purchasing area representative rights over an Area Representative Territory with no developed Unit Franchises, the Initial Area Representative Fee will be calculated at a rate of \$10,000 per undeveloped Unit Territory contained within the boundaries of the Area Representative Territory. Typically, an Area Representative will purchase area representative rights with a minimum of 10 to 30 undeveloped single-unit territories for a total Initial Franchise Fee of approximately \$100,000 to \$300,000.

When purchasing an Area Representative Territory with existing developed Unit Territories, the precise amount of the Initial Franchise Fee will be negotiated based upon pertinent factors such as: how many existing developed Unit Territories are already in your Territory and how much royalty revenue they generate, consumer demand, level of competition in your area, population density, geographic layout, road layouts and traffic patterns, and demographic factors.

The Initial Area Representative Fee is due to us in full when you return signed copies of your Area Representative Agreement and before you attend training. We will refund the Initial Area Representative Fee if you do not pass our Initial Area Representative Training in accordance with our current passing standards for training, provided that you return to us all materials that we distributed to you during training.

We offer a 10% discount to all qualified veterans and first responders who purchase a Territory.

Except as described in this Item 5, the Initial Fees are uniformly imposed and non-refundable.

#### **ITEM 6. OTHER FEES**

<b>Type of Fee (Note 1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Fee for Franchisee Leads	Typically, \$100 - \$150/ per lead.	Within 30 days of transaction	See Note 2
Internal Sales Fee	\$5,000 per Unit Franchise	At the time of sale	See Note 3
Franchise Broker Fee	You will pay 50% of any Broker Fee. Broker Fees will vary by broker organization and referral source.	At the time of sale	We will deduct the actual amount of a broker's or referral fee before calculating any initial fee commission to you. See Note 4
Technology Fee	Up to \$200 per month (Not imposed as of the Issuance Date)	Monthly	We reserve the right to require use of certain software and services offered by third parties and to collect the fee from you.
Third-Party software fees	Up to \$300	Monthly	These fees, if and when applicable, are to third party software providers for use of QuickBooks Online, CRM, and other software systems.
Transfer Fee	\$5,000 for a transfer of the franchise or a majority interest in it.	Due before transfer.	We must approve the transfer. In addition, prior to transfer, all outstanding amounts due to us must be paid.
Late Fee	Lesser of 1% per month or the highest rate allowable by law of the state where you are located.	As incurred	Applied to amounts owed to us that are five days past due

Type of Fee (Note 1)	Amount	Due Date	Remarks
Credit Card Processing Fee	The then-current charge imposed by third-party credit card processor, which may increase up to the actual cost as determined by the vendor	As incurred	Payable if you elect to pay any sums to us by credit card.
Insufficient Funds Fee	\$50 per transaction	As incurred	You will pay this fee to us if an electronic transfer or other payment from you to us is declined.
Third party charges we incur on your behalf	Actual amount of charge	At time of expense	If we incur third party charges on your behalf, you will reimburse us for any such charges.
Sales, Excise, or Gross Receipts tax	Actual amount of tax paid	At time of payment of fees to us which are subject to any tax	You must reimburse us for any tax we pay on any fee imposed on you.
Indemnification	Actual costs	As incurred	Payable for any loss we incur from your operation of the Area Representative Business.
Assistance Fee in the event of death or incapacity	Our expenses plus 10% of Gross Revenues for the period in which we operate or assist in the operation of the Area Representative Business.	At time of expense	We are entitled to this fee if we must operate your franchise due to your death or incapacity.
Attorney Fees and Costs	Actual amount incurred	At time of expense	If we are the substantially prevailing party as to any Claims you will pay our costs and attorney fees.

**Note 1: Fees.** All of the listed fees are uniformly imposed and non-refundable. We reserve the right to set off amounts owed to us against amounts owed to you. We may adjust all fixed dollar amounts under the Franchise Agreement for inflation and increased costs once a year by up to 20%.

**Note 2: Fee for Franchisee Leads.** We may generate leads of potential Candidates and offer them to you, but you are under no obligation to purchase them from us. The cost will vary depending on the cost and difficulty of acquiring the leads, up to \$150. We will offer you, without

cost, any lead in your territory provided by a franchise broker; however, a broker fee may apply if the candidate converts to a Unit Franchisee.

**Note 3: Internal Sales Fees.** Our parent, Loyalty maintains a sales team (our “Internal Sales Team”) to generate, develop, and close qualified leads. A representative from our Internal Sales Team typically ensures a prospect is disclosed with the then-current Unit disclosure document, works with the prospect throughout the sales process to select a territory, and coordinates with the operations and legal teams through execution of a Unit franchise agreement. We will deduct the Internal Sales Fee from your Initial Fee Commission. This fee is paid by you and is not a shared expense.

**Note 4: Franchise Broker Fee.** We may use the services of franchise brokers or other referral sources to identify Candidates who are potentially interested in becoming Franchisees. Brokers are typically paid a commission based on a successful referral. If a Unit Franchise located within your Area Representative Territory is sold to a Candidate referred by a broker, then the amount of the broker’s fee will be shared equally (50/50) between you and us. This amount will be deducted before any Initial Fee Commission is paid to you. For example, if a \$40,000 initial franchise fee is paid to us by a Unit Franchisee and the Unit Franchisee was introduced by a broker with a \$20,000 broker/referral fee, the Net Initial Franchise Fee would be \$20,000, and you would receive \$10,000 (50% of the \$20,000 Net Initial Franchise Fee).

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**ITEM 7. ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Estimated Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Area Representative Fee (Note 1)	\$100,000	\$300,000	Check or Wire Transfer	At Signing of Area Representative Agreement	Us
Initial Advertising	\$3,000	\$5,000	As Incurred	After Opening	Third-Party Vendors
Cost of Travel, Food and Lodging for Training (Note 2)	\$200	\$2,000	As Incurred	During Training	Airlines, Lodging & Ground Transportation
Rent (Note 3)	\$0	\$3,000	As Arranged	As necessary	Lessor, utilities
Computer Hardware and Software (Note 4)	\$750	\$1,500	As Arranged	Before Beginning Operations	Suppliers
Insurance (Note 5)	\$200	\$400	As Arranged	Before Beginning Operations	Insurance Company
Professional Fees- Legal & Accounting (Note 6)	\$2,500	\$3,500	As Arranged	Before Beginning Operations	Attorney, Accountant
Additional Funds- 3 Months (Note 7)	\$3,000	\$5,000	As Arranged	As Necessary	Us, Employees, Utilities, Lessor & Suppliers
<b>TOTAL (Note 8)</b>	\$109,650	\$320,400			

The initial fees listed above which are paid to us are non-refundable as paid. Whether such fees paid to third parties are refundable would depend upon their policies.

**Note 1: Initial Area Representative Fee.** The Initial Area Representative Fee will be calculated at a rate of \$10,000 per undeveloped Unit Territory. Typically, an Area Representative will purchase rights over 10 to 30 undeveloped Unit territories.

**Note 2: Initial Training.** If not offered via videoconference, you must pay for the travel, lodging, meals, and wages of attendees at Initial Training. Your costs will vary.

**Note 3: Rent.** You may operate out of your home or lease an office. Rent varies depending upon office size, location and market conditions in your area. If you make improvements to the property, you will incur additional expenses for these items.

**Note 4: Computer Hardware and Software.** You must comply with our computer hardware, software, and CRM specifications, which we have set forth in detail in Item 11.

**Note 5: Insurance.** You must purchase the insurance we specify and as required by state law. At present, we do not require you to purchase insurance. However, you may obtain insurance to cover any risk associated with your activity. Also, there could be circumstances in which you may incur insurance expenses, such as if you hire employees and are required to obtain workers' compensation insurance or choose to work out of a leased office, and the lease requires insurance. These insurance costs vary by state and can change over time based on your risk management skills.

**Note 6: Professional Fees.** You may incur professional fees, such as legal, licensing, and accounting expenses, to assist with this franchise purchase, your entity set-up, licensing, and other legal and accounting issues.

**Note 7: Additional Funds.** Additional funds are recommended for unforeseen expenses. The estimate of additional funds for the initial phase of your Area Representative business is based on your operating expenses for the first three months of operation. The estimate of additional funds does not include employee salary or an owner's salary or draw. We base this estimate upon the years of experience our management team has in business development and franchising.

**Note 8: Total.** We base this estimate upon the years of experience our management team has in the industry. We do not offer financing directly or indirectly for any part of the initial investment.

## **ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **The Goods or Services Required to be Purchased or Leased**

**Advertising and Marketing.** You must use advertising material from us, a vendor that we designate, or we must approve the advertising in writing prior to its use.

**Computer Hardware, Software, & Subscriptions.** We require you to use such computer hardware, software or subscriptions, as we specify in the Manual, which may include vendor designations.

**Franchise Disclosure Documents.** You must use the Franchise Disclosure Documents we provide when recruiting franchises. We will provide an electronic link or copy free of charge.

**Insurance.** We do not require you to obtain any insurance coverage, except as required by your state law. You may obtain insurance to cover any risk associated with your activity.

### **Whether We or Our Affiliates are Approved Suppliers**

We are an approved supplier of Advertising and Marketing material, Franchise Disclosure Documents. We are the only approved supplier of Franchise Disclosure Documents.

Our affiliates are not currently an approved supplier of goods or services to franchisees.

### **Officer Interest in Suppliers**

Our officers, Kathleen Allen, A. William Allen, Abbey Lee, and John Hewitt, own an interest in us.

### **Alternative Suppliers**

We do not maintain written criteria for approving suppliers and therefore these criteria are not available to you. You may contract with alternative suppliers if they meet any criteria which we may issue, except you must use the Franchise Disclosure Document that we provide or make available to you to use. There is no fee to propose another supplier. If you wish to propose another supplier, you must do so in writing. We will review the supplier to determine whether to consider adding the supplier to our list of approved vendors. We will notify you within 30 days if we approve or disapprove of an alternative supplier. If we have not responded to a written request for approval of an alternate supplier within 30 days, then the request is disapproved. If we revoke approval for a supplier, we will provide written notice to you.

### **Issuance and Modification of Specifications**

We issue and modify specifications and standards to Area Representatives or approved suppliers through the Manual or informational bulletins.

### **Revenue from Required Purchases or Leases**

We may derive revenue or other material consideration from required purchases or leases by you.

In our last fiscal year ending December 31, 2024, neither we nor our affiliates earned revenue or other material consideration from required purchases or leases by Area Representatives.

### **Required Purchases as a Proportion of Costs**

We estimate that your required purchases of goods and services will be approximately 10-15% in establishing the Area Representative Business and 15%-20% in operating the Area Representative Business.

### **Supplier Payments to Us**

We currently do not receive rebates, payments or other material benefits from suppliers as a result of purchases or leases by Area Representatives; however, we can do so in the future.

Neither we nor our affiliates received any supplier rebates for the fiscal year ending December 31, 2024.

### **Purchasing or Distribution Cooperatives**

Currently, we do not have any purchasing or distribution cooperatives.

### **Purchase Arrangements**

We do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of our Area Representatives.

### **Material Benefits**

We do not provide material benefits to you based on your purchase of products or services or use of suppliers. However, we can terminate your Area Representative Agreement if you do not comply with our supplier standards, if any, as defined in the Manual. In addition, you must be in compliance with your Area Representative Agreement to be eligible to renew it.

## **ITEM 9. FRANCHISEE’S OBLIGATIONS**

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

<b>Area Representative’s Obligations</b>	<b>Section In Area Representative Agreement</b>	<b>Item in Disclosure Document</b>
a. Site selection and acquisition/lease	3	11, 12
b. Pre-opening purchases/leases	7.2	7, 8
c. Site development and other pre-opening requirements	7	7, 11
d. Initial and ongoing training	7.1, 7.11, 7.14	11
e. Opening	7.4	11
f. Fees	4, 18.1, 20, 24.11	5, 6, 7, 11

<b>Area Representative's Obligations</b>	<b>Section In Area Representative Agreement</b>	<b>Item in Disclosure Document</b>
g. Compliance with standards and policies/Manual	7, 8, 9, 10, 11	8, 11, 15, 16
h. Trademarks and proprietary information	1, 11, 12	13, 14
i. Restrictions on products/services offered	8	8, 11, 16
j. Warranty and customer service requirements	7.9	15
k. Territorial development and sales quotas	9	12
l. Ongoing product/service purchases	4, 7.2	8
m. Maintenance, appearance & remodeling requirements	Not Applicable	Not Applicable
n. Insurance	7.3	8
o. Advertising	12	8, 11
p. Indemnification	18.3	6
q. Owner's participation/management/staffing	7.9	15
r. Records and reports	14	11
s. Inspections and Audits	14.2	11
t. Transfer	19	17
u. Renewal	2.2	17
v. Post-termination obligations	16, 17, 18	15, 16, 17
w. Non-competition covenants	17	15, 16, 17
x. Dispute resolution	24	17

## **ITEM 10. FINANCING**

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

## ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

### **Pre-Opening Obligations:**

**Initial Training.** We provide an initial Area Representative training program that you and any manager working for you must attend and successfully complete. We do not charge for initial training, but you are responsible for the cost of travel and living expenses to attend. The topics covered in initial training are described in the chart further below in this Item 11. (Area Representative Agreement, Sections 6.1 and 7.1).

**Site Selection.** We do not provide site selection assistance as you may operate from your home or any office location. (Area Representative Agreement, Section 6.2).

**Operations Manual.** We will provide access to our Operations Manual ("Manual") to offer guidance in performing your development and support services. (Area Representative Agreement, Section 6.3).

**Computer Systems, Equipment and Supplies.** We may issue computer, software, equipment, and supply specifications. (Area Representative Agreement, Section 6.6).

### **Length of Time Before Opening:**

The typical length of time between signing your Area Representative Agreement and the opening of your Area Representative Business is 30 days. You must be open for business within 30 days of completion of initial training. (Area Representative Agreement, Section 7.4).

Factors that can affect the time to open for business include: (1) obtaining financing; (2) obtaining licenses and permits; (3) completing training ; (4) and acquiring computer hardware, software, equipment, and supplies.

### **During the Operation of the Franchise:**

**Payment of Commissions.** We calculate and pay commissions due to you as stated in your Franchise Agreement, generally equal to 50% of the Net Initial Franchise Fee and 50% of royalties received from any Unit Franchisee operating within your Area Representative Territory. (Area Representative Agreement, Section 5).

**Operational Support.** We provide support to you in the operation of your Area Representative Business. (Area Representative Agreement, Section 6.4).

**Franchise Disclosure Documents.** We will provide you with an electronic copy of our latest Franchise Disclosure Document. (Area Representative Agreement, Section 6.5).

**Marketing Support.** We offer marketing assistance and support. We may provide you with advertising templates to use. We may conduct marketing using electronic or print advertising of any kind. (Area Representative Agreement, Section 6.7).

**Establishing Prices.** We establish the price of our Unit franchise offering, which is offered through a separate disclosure document. (Area Representative Agreement, Section 6.8).

**Additional Training.** We may choose to offer additional training or seminars, which may require your attendance. (Area Representative Agreement, Section 6.9).

### **Advertising Program and Fund:**

**Advertising Fund.** We do not have an Advertising Fund or collect Advertising Fees from Area Representatives. We are not required to spend any amount on advertising in your territory.

**Franchisee Leads.** From time to time, we may provide to you leads of Candidates interested in buying one of our Unit Franchises within the Territory. If we provide you leads, we will set and publish fees based upon the cost and the difficulty of acquiring the leads. You are under no obligation to purchase these leads. We will offer to you, without cost, any lead in your Territory provided by a Franchise Broker; however, a Broker Fee may apply if the Candidate converts to a Unit Franchisee. (Area Representative Agreement, Section 4.2)

**Digital Marketing.** We may create, operate and promote websites, social media accounts (including but not limited to Facebook, X, and Instagram), applications, digital advertising (including pay-per-click and display ads) or other means of digital marketing to promote the brand, and franchise opportunities. We have the sole right to control all aspects of any digital marketing including all digital marketing related to your Area Representative Business. (Area Representative Agreement, Sections 12.2).

**Digital Campaigns.** We may negotiate contracts with vendors such as Google AdWords. If you choose to participate, you must pay your pro-rata share either directly to the vendor or reimburse us if we are paying the vendor. (Area Representative Agreement, Section 12.3).

**Print Material.** We supply you with templates of print materials. (Area Representative Agreement, Section 6.7)

**Use of Your Own Advertising.** You may use your own advertising materials provided that you submit them to us, and we approve them in writing, and they adhere to federal, state, and local law. If our written approval is not received within 15 days from the date we received the material, the material is deemed disapproved. You must stop using any advertising immediately upon our request. (Area Representative Agreement, Section 12.4).

**Private Websites & Email.** You are not allowed to have an independent website, social media account, or obtain or use any domain name for your Area Representative Business, without first obtaining our written approval. You are also not allowed to utilize any other email other than the email provided by us in the provision of services under the Area Development Agreement or to facilitate any efforts to find, solicit, and recruit Candidates. (Area Representative Agreement,

Section 12.5)

**Advertising Council.** We do not have an advertising council.

**Advertising Cooperative.** You are not required to participate in a local or regional advertising cooperative.

**Computer Systems:**

**Computer Equipment and Software.** You will need internet access and a computer with video conference capabilities. We may also require you to purchase software such as Microsoft Office, a sales lead management software, Zoom Professional Account, SalesMsg, calendaring software, and other software that we may specify in the future. Your costs will vary depending on whether you have these items already and what type of computer you purchase. Depending on what you have already, these items can typically be purchased for \$2,000 - \$2,500. Software subscriptions will be approximately \$300 a month.

Neither we nor our affiliates or any third party have any obligation to provide ongoing maintenance, repairs, upgrades or updates. You must maintain your computer systems in good working order and must replace, update or upgrade your hardware systems as we require. The estimated annual cost of optional or required maintenance, updating, upgrading, or support contracts to your computer systems is \$500 - \$1,000.

**Independent Access to Information.** We reserve the right to have independent access to the information that will be generated or stored in your computer system. You will store prospect, financial, and operational information in your computer systems. There are no contractual limitations on our right to access the information. (Area Representative Agreement, Section 14.4).

**Area Representative Operations Manual:**

Exhibit H contains the Table of Contents to the Area Representative Operations Manual (“AR Manual”). The AR Manual contains thirty five pages.

**TRAINING PROGRAM**

**Area Representative Training**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of on-the-job Training</b>	<b>Location</b>
Introduction	.5	0	Note 1
Area Representative Role & Responsibilities	1	0	
Territory Development & Market Management	1	0	

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of on-the-job Training</b>	<b>Location</b>
Franchise Recruitment & Development	1.5	0	
Training, Launch & Field Support	1.5	0	
Operational Oversight & Compliance	1.5	0	
Financial Management & Performance Review	1	0	
<b>Total</b>	<b>8</b>	<b>0</b>	

**Unit Training**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
<b>Remote Pre-Training</b>			
Company Overview and Values	1	0	Online
Technology	2	0	Online
Trailhead Hiker	2	0	Online
Passenger	1	0	Online
Driver	2	0	Online
Maps	2	0	Online
New Clients	2	0	Online
New Hikers	2	0	Online
Bus Stop Set Up	2	0	Online
Driver Training	4	0	Online
<b>Total Remote Pre-Training:</b>	<b>20 hours</b>	<b>0 hours</b>	Online
<b>In-Person Training</b>			
Review Online Materials	1	0	
Daily Operations: Maps The Hike Day	0	16	Note 1

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Roles: Trailhead Hiker Passenger Driver			
Client Communications & Scheduling	2	0	
New Hiker: Recruitment Onboarding Training	5	0	
Team Management: Scheduling Culture	2	0	
Safety: First Aid Loose & Lost Dog Emergency Situations	0	4	
New Client Acquisition & Relations: New Inquiry Phone Call & Get To Know Onboarding New Clients Client Retention	0	4	
Client/Dog Management: 1 <sup>st</sup> Hike Feedback Resolving Dog Issues Dog & Client Updates Google Reviews	3	0	
Marketing & Business Development: Bus Marketing Guerilla Marketing Events Dog Count Focus	2	0	
Hike Doggie Bus: Orientation Preventive Maintenance	0	1	
<b>Total In-Person Training: (40 Hours/5 Days)</b>	<b>15 hours</b>	<b>25 hours</b>	

<b>Remote Post-Training:</b>			
Daily Operations	5	0	Online
Marketing	5	0	Online
<b>Total Remote Post-Training:</b>	<b>10 hours</b>	<b>0 hours</b>	Online
<b>TOTAL TRAINING:</b>	<b>42 hours</b>	<b>25 hours</b>	

Note 1 – We hold Unit and AR Initial Training when necessary, in Golden, Colorado, another designated training center, or online, at our choosing.

Initial Training is subject to change due to updates in materials, methods, manuals, and personnel. The subjects and time periods allocated to the subjects taught to a specific franchisee and its personnel may vary based on the individual needs or experience of those people being trained.

Cory Hughes, Kathleen Allen, Abbey Lee supervise the training program and serve as instructors. Mr. Hughes has over 20 years of experience in franchising, sales, management, and operations, and less than one year of experience with us. Ms. Allen has over nine years of experience in the pet industry in all facets of dog hiking, client relationships and company culture and nine years of experience with us or an Affiliate. Ms. Lee has over eight years of experience in the pet industry, as well as onboarding, coaching, hiring, training and mentoring new team members and eight years of experience with us or an Affiliate. All instructors will have at least one year of experience in the field.

The materials used for the training program may include the Manual, handouts, and presentations.

We do not charge for initial training, but you are responsible for the cost of travel, transportation, lodging, and meals to attend training.

You and any manager you intend to use must complete our Area Representative initial training to our satisfaction, which requires that you achieve a passing score of at least 70% on the final examination conducted at the end of training. You must successfully complete training within 60 days of signing the Area Representative Agreement with us.

**Additional Training or Seminars.** We may elect to offer and require additional training or seminars. (Area Representative Agreement, Section 7.1).

**ITEM 12. TERRITORY**

The Territory will be for a specific geographic region that we define by zip codes, natural, or political boundaries as set forth on Schedule 1 to the Area Representative Agreement (“Area Representative Territory”). A typical territory will contain area representative rights over a minimum of 10 to 30 Unit franchise territories. Each unit franchise territory will contain a

population of approximately 125,000 people. We obtain population data from the U.S. Census Bureau or another service we deem reliable.

You may operate the Area Representative Business out of your home or any office location. You are not required to obtain our approval if you relocate your Area Representative Business but must notify us in writing. We would not normally grant you approval to open an additional outlet within your Territory, but we may grant you additional Area Representative territories if we feel you have the time, energy, capital, and management structure to open and operate another territory successfully.

We do not grant you options, rights of first refusal, or similar rights to acquire additional franchises.

As an Area Representative, you will recruit and support Unit Franchisees in your Territory. You may solicit and accept orders inside and outside of your Territory for franchisees to own a Unit Franchise in your Territory, including using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, pursuant to our guidelines.

The Area Representative Agreement does not give you any right to operate a Unit Franchise.

Continuation of your Territorial rights depends on achieving a certain development goal, namely, the Minimum Requirements specified in your Area Representative Agreement. You must satisfy the Minimum Requirements as to the total yearly number of Unit franchise agreements signed with Unit Franchises designated and to be located within the Area Representative Territory and, the cumulative number of Unit Franchises located within your Area Representative Territory that are developed, open, and operating. Your Minimum Requirements will be developed and agreed upon by both of us before you sign an Area Representative Agreement and will be set forth in Schedule 2 of your Area Representative Agreement, based upon what you and we believe is a reasonable development schedule given the characteristics of the Area Representative Territory. If you fail to meet Minimum Requirements, we reserve the right to terminate your territorial rights under the Area Representative Agreement for the development of additional units. You will still maintain your rights, obligations and share in the Initial Franchise Fees and Royalties for any existing Unit franchise agreements for the term of the Area Representative Agreement so long as you are in compliance with the remaining terms of the Area Representative Agreement; however, we may then freely sell and develop the terminated territory without sharing any of the initial franchise fees or royalties.

There are no other circumstances that permit us to modify your territorial rights except on expiration or termination of the Area Representative Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We or an affiliate reserve the right to make sales, including using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept orders within your territory using our principal trademarks.

If we solicit or accept an Initial Franchise Fee from a Unit Franchisee who purchases a Unit Franchise inside your Territory, you will be credited with the sale and be compensated in accordance with the terms of the Area Representative Agreement.

We or an affiliate also reserves the right to make sales, including using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, within your territory of products or services under trademarks different from the ones that you will use under the Area Representative Agreement.

We can own, develop, acquire, be acquired by, merge with, or otherwise engage in any transaction with another business (competitive or not), which may offer products and services like your Area Representative Business and may have one or more competing outlets within your Territory. However, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Area Representative Agreement.

Our Affiliates ATAX, Cooper’s Scoopers, Loyalty Business Brokers, Ledgers, Salty Dawg, Tectum Franchising, Inspection Boys, Whole PM, and Zoomin Groomin also offer Area Representative franchises. We do not own or operate these outlets. Our Affiliates will solicit and accept orders within your territory. Our parent, Loyalty, will resolve any conflicts. Loyalty’s principal business address is 780 Lynnhaven Parkway, Suite 240, Virginia Beach, Virginia 23452. We may share physical and training facilities with Loyalty and its affiliates.

Except as disclosed above, neither we nor an affiliate operates, franchises, or has plans to operate or franchise a business under a different trademark in which such business sells or will sell goods or services similar to those you will offer, but we can do so.

**ITEM 13. TRADEMARKS**

The Area Representative Agreement licenses to you the right to use the following principal trademarks (“Marks”) registered or applied for with the U.S. Patent and Trademark Office (“USPTO”):

Mark	Registration Number	Registration Date	Principal or Supplemental Register
 <b>HIKE DOGGIE</b>	5,136,563	February 7, 2017	Principal
<b>DOGS AS HAPPY AS THEY MAKE US</b>	7,439,876 & 7,439,877	July 9, 2024	Principal

We have filed all required affidavits and renewals for registered Marks.

There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by us. There is no pending material federal or state court litigation regarding our use or ownership rights in the Marks.

HDI owns the trademarks listed in the chart above and licenses them to us pursuant to a written License Agreement dated September 15, 2025. We have the exclusive right to use and sublicense the Marks in connection with the franchise system. The License Agreement is perpetual in duration and may be terminated upon a material breach not remedied after 60 days of notice. If the License Agreement is terminated, you could lose the right to use the trademarks licenses to us, however, HDI has agreed to cooperate in good faith to ensure that franchisees are not harmed by any transition of the Marks.

Other than as disclosed, there are no currently effective agreements that significantly limit our rights to use or license the use of our trademarks listed in this section.

If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us in writing. We are not required to take affirmative action when notified of these uses or claims.

We have the sole right to control any administrative proceedings or litigation involving a trademark licensed by us to you. The Area Representative Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorably to you.

If, in our sole discretion, we discontinue or modify our Marks, you must adopt and use any new marks as required by us. Any expenses you incur because of adopting and using these marks are your responsibility.

We do not know of any superior prior rights or infringing uses that could materially affect your use of our Marks anywhere.

#### **ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We do not currently hold any patents or have any pending patent applications that are material to the franchise. We claim copyrights to our Manual, marketing material such as our website text, and other printed material, although we have not presently filed a registration of those copyrights.

There are no currently effective determinations of the U.S. Copyright Office or any court or any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow you to use the copyrighted materials.

We do not have an obligation in the Area Representative Agreement to protect our copyrights. We will remain in control of any such litigation. We are not required to participate in the defense of you or indemnify you for expenses or damages in a proceeding involving a copyright licensed to

you. We may modify or change the copyrighted materials and compel you to accept and adopt such modifications or changes at your expense.

We know of no superior rights or infringing uses that could materially affect your use of the copyrighted materials.

We claim proprietary rights in our Manual and business methods. You must use these items per the terms of your Area Representative Agreement. We consider all of these items confidential and proprietary.

You will not directly or indirectly disclose, publish, disseminate, or use our “Confidential Information” except as authorized in the Area Representative Agreement.

“Confidential Information” means our information or data (oral, written, electronic or otherwise), including, without limitation, a trade secret, that is valuable and not generally known or readily available to third parties obtained by you from us during the term of the Area Representative Agreement. The Confidential Information of ours includes all intellectual property associated with our Franchise system, Customer Data, all other materials relating to our Franchise system that are not a matter of public record, and all information generated during the performance of the Area Representative Agreement.

“Customer Data” is considered Confidential Information and includes all information about Customers that may be collected in connection with their use of your services, including, but not limited to, name, telephone number, address, and email address.

You may use our Confidential Information to perform your obligations under the Area Representative Agreement, but in doing so you will only allow dissemination of our Confidential Information on a need-to-know basis and only to those individuals that have been informed of the proprietary and confidential nature of such Confidential Information. We may share performance data of your Area Representative Business between us, our employees and affiliates, our franchisees and their employees. You will keep such performance data confidential.

Upon termination of your Area Representative Agreement, you must return to us our Manuals and any Confidential Information, including Customer Data. You may never - during the initial term, any renewal term, or after the Area Representative Agreement expires or is terminated - reveal any of our Confidential Information to any other person or entity or use it for the benefit of any other person or business.

#### **ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You are required to participate personally in the direct operation of the Area Representative Business or have a General Manager who attends and successfully completes our initial training to our satisfaction. Any replacement General Manager must also attend and successfully complete our initial training to our satisfaction. Successfully completing initial training to our satisfaction means that we believe you have sufficiently grasped the material taught to run an Area Representative franchise competently. Any General Manager must also sign a Confidentiality and

Non-Compete Agreement as we may specify, subject to state law. A General Manager is not required to have any equity interest in the franchisee's business.

All owners of the Area Representative Business must guarantee the obligations under the Area Representative Agreement and are subject to a covenant not to compete, along with confidentiality requirements. Spouses are not required to sign a personal guaranty unless they are owners of the Area Representative Business.

You will accurately and completely furnish us the names, contact information, and ownership percentage of anyone who owns an interest in the Area Representative Business. No change to the owners or ownership percentages is permitted without our prior written consent.

#### **ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

As an Area Representative, you will recruit prospects to open and operate a Unit Franchisee. Unit Franchises can only be offered and sold through the disclosure of a separate Unit disclosure document that we provide to you. You will only be permitted to recruit prospects when we have issued a current Unit disclosure document and obtained any required state registration. As an Area Representative, you are not authorized to sign any documents on our behalf or on behalf of the System. You will refer all qualified franchisee candidates to us and we may, in our sole and absolute discretion, determine whether or not we approve or disapprove of each respective franchisee candidate. If we reject a franchisee candidate or elect to not enter into a Unit franchise agreement with a franchisee candidate, you will not receive any compensation.

You must offer and sell only the goods and services that we approve, and you must sell all the goods and services that we authorize. We have the unlimited right to change the types of authorized goods and services, but we do not intend to materially change the nature of this relation or the authorized goods and services.

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**ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE  
RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Area Representative Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

<b>Provision</b>	<b>Section In Area Representative Agreement</b>	<b>Summary</b>
a. Length of the franchise term	2.1	10 years.
b. Renewal or extension of the term	2.2	Can be renewed for successive terms if you are in compliance with your Area Representative Agreement (“Agreement”) and we continue to offer Unit Franchised Businesses.
c. Requirements for franchisee to renew or extend	2.2	Give us 120 days’ notice before the expiration of the Agreement. Sign a Release, and sign our then current Agreement, which may contain materially different terms and conditions than your original contract. But we can not reduce your percent of receipt of Initial Franchise Fees or Royalties upon renewal.
d. Termination by franchisee	15.1	You may terminate the Agreement if you do not renew, by selling the Area Representative Business, or at any time by written notice to us. You may terminate the Agreement under any grounds permitted by state law.
e. Termination by franchisor without cause	15.5	If we cease operations, you and we agree to enter into a Mutual Termination Agreement, and you will be released from your post-termination noncompete duties.
f. Termination by franchisor with cause	15.2, 15.3	We can terminate only if you default.
g. “Cause” defined – curable defaults	15.3	Violate the Agreement, Manual, any other agreement with us, or owe monies to us more than 30 days past due, and do not cure such breach within 30 days after notice.
h. “Cause” defined – noncurable defaults	15.2	Do not pass initial training, become insolvent, have a judgment against you, commit a material violation of law, abandon the Area Representative Business, fail to properly

Provision	Section In Area Representative Agreement	Summary
		disclose a franchise candidate, make an unauthorized sales representation or commitment, fail to fully and truthfully submit Biographical Information, fail to permit us to inspect or audit your franchise death or incapacity without a timely transfer; repeated breaches.
i. Franchisee’s obligations on termination/non-renewal	16, 18	Cease operations and stop using our Marks, pay monies owed to us, deliver to us business records and candidate leads, transfer telephone number to us, return to us our Manual and any Confidential Information, cancel any fictitious name filing, and adhere to the post-term covenants not to compete and not to solicit, execute any necessary documents.
j. Assignment of contract by franchisor	19.1	We may assign to a successor who remains bound by the terms of the Agreement.
k. “Transfer” by franchisee – defined	19.2, 19.3, 19.4	Includes transfer of Area Representative Agreement, any interest of the Area Representative Agreement, or substantially all of the assets of the Area Representative Business.
l. Franchisor approval of transfer by franchisee	19.6	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	19.2, 19.6	You must be in compliance with the Agreement, sign a release, pay the transfer fee, we must approve the transferee, transferee must attend and successfully complete training, and sign our current Agreement.
n. Franchisor’s right to first refusal to acquire franchisee’s business	19.5	We have a right of first refusal to match any purchase offer for your franchise, any interest in the franchise, or substantially all the assets of the Area Representative Business.
o. Franchisor’s option to purchase franchisee’s business	None	Not applicable
p. Death or disability of franchisee	20	Transfer must be commenced within 60 days, completed within 6 months; we must approve the transferee, transferee must attend and successfully complete training, and sign our then current Agreement.

<b>Provision</b>	<b>Section In Area Representative Agreement</b>	<b>Summary</b>
q. Non-competition covenants during the term of the franchise	17	No competition allowed in the United States and its territories.
r. Non-competition covenants after the franchise is terminated or expires	17	No competition for 2 years within the Territory or 25 miles from the boundaries of the Territory or 25 miles of the territory of any Unit Franchised Business.
s. Modification of the agreement	21, 6	No modifications except to the Manual. Revisions to the Manual will not unreasonably affect the franchisee's obligations, including economic requirements, under the Agreement.
t. Integration/merger clause	23	Only the terms in the Area Representative Agreement are binding (subject to federal or state law). Any representations or promises made outside the disclosure document and Area Representative Agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	24.2, 24.9, 24.10	You must first attempt to resolve Claims against us through mediation. You must arbitrate all claims against us. This provision is subject to state law.
v. Choice of forum	24.2	Where our corporate headquarters are located, presently Virginia Beach, Virginia (subject to applicable state law).
w. Choice of Law	24.1	Virginia law governs (subject to applicable state law).

#### **ITEM 18. PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

#### **ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a

franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about an Area Representative's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Cory Hughes at 780 Lynnhaven Parkway Suite 240, Virginia Beach, VA 23452, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

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

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of Year	Net Change
<b>Franchised</b>	<b>2022</b>	0	0	0
	<b>2023</b>	0	0	0
	<b>2024</b>	0	0	0
<b>Company Owned</b>	<b>2022</b>	0	0	0
	<b>2023</b>	0	0	0
	<b>2024</b>	0	0	0
<b>Total Outlets</b>	<b>2022</b>	0	0	0
	<b>2023</b>	0	0	0
	<b>2024</b>	0	0	0

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

State	Year	Number of Transfers
<b>All States</b>	<b>2022</b>	0
	<b>2023</b>	0
	<b>2024</b>	0
<b>Total</b>	<b>2022</b>	0
	<b>2023</b>	0
	<b>2024</b>	0

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**Table No. 3  
Status of Franchise Outlets  
For years 2022 to 2024\***

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
All States	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Total	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

\*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

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

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
All States	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Total	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

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

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Kansas	0	1	0
Pennsylvania	0	1	0
Texas	0	1	0
TOTALS	0	3	0

Exhibit E contains a list of the names of all current Area Representatives and the addresses and telephone numbers of each Area Representative Business.

Exhibit F contains a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every Area Representative who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Area Representative Agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document. If you buy an Area Representative Business, your contact information may be disclosed to other buyers when you leave the franchise system.

Restrictions on Ability to Speak. During the last three fiscal years, no current or former Area Representatives have signed confidentiality clauses restricting them from discussing their experiences as an Area Representative in our franchise system with you.

We do not know of any trademark-specific franchisee organization associated with the System.

## **ITEM 21 FINANCIAL STATEMENTS**

Exhibit G contains our unaudited balance sheets as of October 18, 2025, and the audited opening balance sheet as of October 9, 2025. We have not been in business for three years and so cannot include all financial statements required by the FTC Franchise Rule. Our fiscal year end is December 31.

## **ITEM 22 CONTRACTS**

The proposed agreements regarding this franchise offering are included as exhibits to this Disclosure Document as follows:

- Exhibit C      Area Representative Agreement
  - Schedule 1- Territory
  - Schedule 2- Minimum Requirements
  - Schedule 3- Automatic Bank Draft Authorization
  - Schedule 4- Area Representative Biographical Information Form
  - Schedule 5- State Addenda to the Area Representative Agreement
- Exhibit D      Release

## **ITEM 23 RECEIPTS**

Exhibit J contains two copies of a Receipt of our Disclosure Document.

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**EXHIBIT A**

**STATE ADDENDA TO THE DISCLOSURE DOCUMENT**

## **CALIFORNIA ADDENDUM TO THE DISCLOSURE DOCUMENT**

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

As to Area Representatives governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

Item 3 of the Disclosure Document is amended by adding the following paragraph:

Neither we nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

Item 17 of the Disclosure Document is amended by adding the following paragraphs:

California Business and Professions Code Sections 20000 through 20043 provide rights to the Area Representative concerning termination, transfer, or non-renewal of a franchise. If the Area Representative Agreement contains a provision that is inconsistent with the law, the law will control.

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60 day opportunity to cure for a breach of the Area Representative Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

The Area Representative Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Area Representative Agreement requires application of the laws of Virginia. This provision may not be enforceable under California law.

The Area Representative Agreement requires binding arbitration. The arbitration will occur at Virginia Beach, Virginia, with the costs being borne according to the Rules for Commercial

Arbitration of the American Arbitration Association. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Area Representative Agreement restricting venue to a forum outside the State of California.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR AREA REPRESENTATIVE AGREEMENT.

YOU MUST SIGN A GENERAL RELEASE OF CLAIM IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

Our website is located at [www.hikedoggie.com](http://www.hikedoggie.com)

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

The highest interest rate allowed by law in California is ten percent (10%) annually.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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.

Item 5 of the Disclosure Document is amended by adding the following:

Initial Fee Deferral:

The California Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

## **ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.w. is modified to provide that Illinois law governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in an Area Representative Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, an Area Representative Agreement may provide for arbitration to take place outside of Illinois.

3. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Area Representative Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act **or any other law of the State of Illinois** is void.

4. The conditions under which your Area Representative Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. 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.

## **MARYLAND ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17.b. is modified to also provide, “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17.u. is modified to also provide, “This Area Representative Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.”

3. Item 17.v. is modified to also provide, “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

4. 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.

5. **Litigation History.** The litigation history of certain members of the management team may increase the risk of your investment. You should do your own research. Be sure to review the litigation disclosure (Item 3) in the FDD and do an Internet search of the franchisor and its officers.

6. **Initial Fee Deferral-** Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

## MINNESOTA ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the Area Representative to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the Area Representative's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) Area Representative's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that an Area Representative be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Area Representative Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the Area Representative's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the Area Representative from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the Area Representative's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring an Area Representative to assent to a general release.
- Item 6 of the Disclosure Document is amended to limit any Non-Sufficient Funds fee to \$30 per occurrence pursuant to Minnesota Statute 604.113.
- The Area Representative cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other

person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**Initial Fee Deferral:**

Items 5 and 7 of the Disclosure Document are amended to also add the following: The franchisor defers the receipt of the initial franchise fee until the franchised business opens.

## NEW YORK ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities,

antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum,”** and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## **NORTH DAKOTA ADDENDUM TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

**Restrictive Covenants:** To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.

**Applicable Laws:** North Dakota law will govern the franchise agreement.

**Waiver of Trial by Jury:** Any waiver of a trial by jury will not apply to North Dakota Franchises.

**Jurisdiction and Venue:** The provisions concerning choice of law and jurisdiction and venue are hereby deleted and in their place is substituted the following language:

“You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.”

**Waiver of Exemplary & Punitive Damages:** Any waiver of punitive damages will not apply to North Dakota Franchisees.

**General Release:** Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.

**Enforcement of Agreement:** Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Item 17(u) of the Disclosure Document is modified to provide that the site of mediation and arbitration shall be agreeable to all parties and may not be remote from the franchisee's place of business.

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.

The State of North Dakota has determined that requiring franchisees to consent to termination penalties or liquidated damages to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement that a franchisee consent to termination penalties or liquidated damages is deleted.

The State of North Dakota has determined that parties agreeing to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee's place of business.

The State of North Dakota has determined that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements that a franchisee consent to the jurisdiction of courts outside North Dakota is deleted.

The State of North Dakota has determined that requiring franchisees to consent to a waiver of a trial by jury to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements that a franchisee waive a jury trial is deleted.

The State of North Dakota has determined that requiring franchisees to consent to a waiver of exemplary and punitive damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements that a franchisee consent to a waiver of exemplary and punitive damages is deleted.

The State of North Dakota has determined that requiring franchisees to consent to a limitation of claims to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is governed by North Dakota law.

#### Initial Fee Deferral

North Dakota requires the Franchisor to defer collection of the Initial Fee until the Franchisor has completed all of their initial obligations owed to North Dakota Franchisees under the Franchise Agreement or other documents and the Franchisee has commenced doing business pursuant to the Franchise Agreement.

**RHODE ISLAND ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17.m. of the Disclosure Document is revised to provide:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits an Area Representative to be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all Area Representatives governed under the laws of Rhode Island.

Item 17.w. of the Disclosure Document is revised to provide:

Rhode Island law applies.

**SOUTH DAKOTA ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the South Dakota Franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Initial Fee Deferral:

Item 5 of the Disclosure Document is revised to also provide:

“The initial franchise fee will be paid only after the franchisor fulfills its pre-opening obligations to the Franchisee and the Franchisee is open for business.”

**VIRGINIA ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document is amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## WASHINGTON ADDENDUM TO THE DISCLOSURE DOCUMENT

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements

that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

### **Special Risks to Consider About *This* Franchise**

**Litigation History.** The litigation history of certain members of the management team may increase the risk of your investment. You may wish to further review this litigation history, whether or not it has been required to be disclosed in this FDD.

Franchisor has been required to supplement Item 3 in Washington in furtherance of the objectives of the Washington Franchise Investment Protection Act. Accordingly, Franchisor makes the following additional disclosures related to its litigation history:

*Asbestos Workers’ Philadelphia Pension Fund, derivatively on behalf of Liberty Tax, Inc., v. John Hewitt. Defendant, and Liberty Tax, Inc., Nominal Defendant, (Case No. 2017-0883), Erie County Employees Retirement. System, on behalf of Liberty Tax, Inc. v. John T. Hewitt. Defendant, and Liberty Tax, Inc. Nominal Defendant, Case No. 2017-0914, and RSL Senior Partners, LLC, derivatively and on behalf of Liberty Tax, Inc. v Brunot et al, (Case No. 2:18-cv-00127-HCM-DEM).*

**Description of the allegations of misconduct:** It was alleged that John Hewitt (“Hewitt”) maintained romantic relationships with company employees and franchisees and gave them preferential treatment.

**John Hewitt’s post termination involvement:** Hewitt was Chairman of the Board and CEO at Liberty Tax. Although he was terminated as CEO, Hewitt remained Chairman of the Board because he was the sole holder of the Class B common stock of Liberty. During a period of infighting, Hewitt replaced two of the directors of the board and another member resigned. The

Chief Financial Officer also resigned. Ultimately, Hewitt reached an agreement to sell his ownership interest in Liberty and relinquish control of the Board. It was alleged that Hewitt continued to interact with franchisees and area representatives for Liberty during the transition. The Audit Committee of the Board of Directors of Liberty oversaw the investigation of the allegations and the report prepared by the Audit Committee was not provided to Hewitt.

Description of KPMG's reasons for resigning as independent auditor: Liberty filed a Form 8-K on December 11, 2017 with the SEC to publicly disclose that KPMG's resignation was accepted and approved by the Audit Committee of the Board of Directors of Liberty. The 8-K contains a description of the reasons provided by KPMG for his resignation. A copy of the 8-K is attached and incorporated into this Addendum by reference.

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event Reported): December 11, 2017 (December 8, 2017)

**LIBERTY TAX, INC.**

(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation)

**001-35588**  
(Commission File Number)

**27-3561876**  
(I.R.S. Employer Identification Number)

**1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454**  
(Address of Principal Executive Offices) (Zip Code)

**(757) 493-8855**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company  [ X ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.  [ ]

**Item 4.01. Changes in Registrants Certifying Accountant.**

On December 8, 2017, KPMG LLP ("KPMG") resigned as the independent registered public accounting firm of Liberty Tax, Inc. (the "Company"), effective immediately, and KPMG's resignation was accepted and approved by the Audit Committee of the Board of Directors of the Company (the "Board"). The Company is currently in the process of finding a successor independent registered public accounting firm in the hope that the Company's financial statements for the second quarter ended October 31, 2017 can be completed with as little delay as possible.

KPMG's reports on the Company's financial statements for the fiscal years ended April 30, 2017 and April 30, 2016 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles. In addition, there were no disagreements between the Company and KPMG on accounting principles or practices, financial statement disclosure or auditing scope or procedure, which, if not resolved to the satisfaction of KPMG, would have caused them to make reference to the disagreement in their reports for such periods, or any subsequent interim period preceding KPMG's resignation. The Company will authorize KPMG to respond fully to the inquiries of the successor independent registered public accounting firm, which has yet to be selected.

KPMG expressed to the Audit Committee and Company management its concern that the actions of former Chief Executive Officer John T. Hewitt, who remains the Chairman of the Board and controlling stockholder as the sole holder of the Company's outstanding Class B common stock, have created an inappropriate tone at the top which leads to ineffective entity level controls over the organization. Prior to the termination of Mr. Hewitt's employment as Chief Executive Officer of the Company on September 5, 2017, the Audit Committee oversaw an investigation of allegations of misconduct by Mr. Hewitt. In particular, KPMG noted that Mr. Hewitt took actions to replace two independent members of the Board around the time information relating to this investigation appeared in media reports. KPMG also noted that following the replacement by Mr. Hewitt of two Class B directors, the chair of the Audit Committee retired from the Board, the Company's Chief Financial Officer announced her intention to resign from the Company, and another independent member of the Board announced that he would not stand for reelection at the Company's next annual meeting. Further, KPMG was made aware that following his termination as Chief Executive Officer, Mr. Hewitt may have continued to interact with franchisees and area developers of the Company. Although Mr. Hewitt stated to KPMG during a meeting on November 9, 2017 that he would not reinsert himself into the management of the Company, in light of Mr. Hewitt's actions and his ability to control the Board as the sole holder of the Class B common stock, KPMG informed the Audit Committee and management that it has concerns regarding the Company's internal control over financial reporting as related to integrity and tone at the top and such matters should be evaluated as potential material weaknesses.

Specifically, KPMG informed the Audit Committee and management that Mr. Hewitt's past and continued involvement in the Company's business and operations, including his continued interactions with franchisees and area developers of the Company, has led it to no longer be able to rely on management's representations, and therefore has caused KPMG to be unwilling to be associated with the Company's consolidated financial statements. In notifying the Company of its resignation, KPMG advised the Audit Committee and management that it is not aware of any information that cause it to question the integrity of current management, but rather that the structural arrangement by which Mr. Hewitt controls the Company is the cause of KPMG's concerns. KPMG also noted that because certain information known to the Board regarding the reasons that the Board terminated Mr. Hewitt as Chief Executive Officer had not been disclosed to the current Chief Executive Officer and Chief Financial Officer, KPMG was uncertain as to whether it could continue to rely on management's representations.

The Company has provided KPMG with a copy of the disclosures required by Item 304(a) of Regulation S-K contained in this Current Report on Form 8-K, and has requested that KPMG furnish the Company with a letter addressed to the Securities and Exchange Commission (the "SEC") stating whether it agrees with the statements made by the Company in this Current Report on Form 8-K and, if not, stating the respects in which it does not agree. A copy of KPMG's letter, dated December 11, 2017, confirming KPMG's agreement with these statements is filed as Exhibit 16.1 to this Current Report on Form 8-K.

**Item 8.01. Other Events.**

On December 11, 2017, the Company issued a press release announcing the resignation of KPMG as the Company's independent registered public accounting firm and that the Company will delay the filing of its Quarterly Report on Form 10-Q for the quarter ended October 31, 2017. A copy of the press release is attached hereto as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

**Forward Looking Statements**

This report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, which provides a "safe harbor" for such statements in certain circumstances. The forward-looking statements include statements or expectations regarding potential impacts of KPMG's resignation, ability and timing to complete the accounting review and audits,

comprehensiveness of the Company's accounting review and ability to engage an independent accounting firm and related matters.

These statements are based upon current expectations, estimates, projections, beliefs and assumptions of Company management, and there can be no assurance that such expectations will prove to be correct. Because forward-looking statements involve risks and uncertainties and speak only as of the date on which they are made, actual events or results could differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to loss of key personnel or inability to engage accounting personnel as needed; inability to address the previously disclosed accounting matters; identification of additional material weaknesses or significant deficiencies; disagreements or additional reportable events that KPMG may identify in a letter addressed to the SEC pursuant to Item 304 of Regulation S-K; failure to engage an independent accounting firm, complete the audits and re-audits and file any required restatements and periodic reports; adverse effects resulting from the Company's common stock being delisted from the Nasdaq Stock Market LLC; risks relating to the substantial costs and diversion of personnel's attention and resources due to these matters and related litigation and other factors discussed in greater detail in the Company's filings with the SEC. You are cautioned not to place undue reliance on such statements and to consult the Company's most recent Annual Report on Form 10-K and other SEC filings for additional risks and uncertainties that may apply to the Company's business and the ownership of the Company's securities. The Company's forward-looking statements are presented as of the date made, and the Company does not undertake any duty to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

#### **Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
<a href="#">16.1</a>	<a href="#">Letter from KPMG LLP dated December 11, 2017.</a>
<a href="#">99.1</a>	<a href="#">Press Release dated December 11, 2017.</a>

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**LIBERTY TAX, INC.**

Date: December 11, 2017

By: /s/ Vanessa Szajnoga  
Vanessa Szajnoga  
Vice President and General Counsel

**WISCONSIN ADDENDUM  
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Wisconsin Fair Dealership Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17 is modified to also provide,

If the Area Representative Agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

**EXHIBIT B****LIST OF STATE ADMINISTRATORS AND REGISTERED AGENTS**

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process</b>
<b>California</b>	<p>The Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013</p> <p>651 Bannon Street, Suite 300 Sacramento, CA 95811 1-866-275-2677</p> <p>1455 Frazee Rd, Suite 315 San Diego, CA 92108</p> <p>One Sansome St, Suite 600 San Francisco, CA 94104 (866) 275-2677</p>	<p>Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013</p>
<b>Connecticut</b>	<p>The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8299</p>	<p>The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8299</p>
<b>Hawaii</b>	<p>Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p>	<p>Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813</p>
<b>Illinois</b>	<p>Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p>	<p>Illinois Attorney General Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706</p>
<b>Indiana</b>	<p>Secretary of State, Securities Division 302 West Washington Street, Room E-111</p>	<p>Secretary of State, Securities Division 302 West Washington Street, Room E-111</p>

	Indianapolis, IN 46204 (317) 232-6681	Indianapolis, IN 46204
<b>Kentucky</b>	Kentucky Attorney General 700 Capitol Avenue Frankfort, Kentucky 40601-3449 (502) 696-5300	
<b>Maryland</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020
<b>Michigan</b>	Department of Attorney General Consumer Protection Division – Franchise Unit 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913 (517) 335-7117	Department of Attorney General 525 W. Ottawa Street G. Mennen Building Lansing, MI 48913
<b>Minnesota</b>	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198
<b>Nebraska</b>	Nebraska Department of Banking and Finance 1526 K Street, Suite 300 P.O. Box 95006 Lincoln, Nebraska 68509 (402) 471-3445	
<b>New York</b>	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21 <sup>st</sup> Floor New York, NY 10005 212-416-8222	New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492
<b>North Dakota</b>	North Dakota Insurance & Securities Department 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-2910	Insurance Commissioner 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-2910
<b>Rhode Island</b>	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9500	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920

<b>South Dakota</b>	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
<b>Texas</b>	Secretary of State Statutory Document Section P.O. Box 13193 Austin, TX 78711 (512) 475-0775	
<b>Utah</b>	Department of Commerce Division of Consumer Protection 160 East 300 South Salt Lake City, Utah 84111-0804 (801) 530-6601	
<b>Virginia</b>	State Corporation Commission Division of Securities and Retail Franchising, 9 <sup>th</sup> Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
<b>Washington</b>	Washington State Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Securities Administrator Washington State Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
<b>Wisconsin</b>	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703 (608) 266-8557	Wisconsin Department of Financial Institutions 345 West Washington Avenue Madison, WI 53703

**EXHIBIT C**  
**AREA REPRESENTATIVE AGREEMENT**



**Happie Doggie, LLC**

**SUMMARY PAGE**

1. Franchise Business Entity \_\_\_\_\_
2. Initial Franchise Fee \_\_\_\_\_
3. Territory Name \_\_\_\_\_
4. Principal Executive \_\_\_\_\_
5. Franchisee's Address \_\_\_\_\_
6. Outlet # \_\_\_\_\_

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## **AREA REPRESENTATIVE AGREEMENT**

WHEREAS, Happie Doggie, LLC d/b/a Hike Doggie (“we,” “us,” or “our”) franchises a system for the operation of a business providing a dog hiking business that provides transportation and outdoor activities for dogs (“Franchise Services”). Our system utilizes prescribed marketing techniques and operating procedures (the “Franchise”); and

WHEREAS, Area Representative and all Signators identified on the signature page to this Agreement, in your personal capacity, (“Area Representative,” “you,” or “your”) desire to find, solicit and recruit candidates willing to become Franchise owners (each a “Unit Franchisee”) and desire to provide continuing support services (the “Services”) on our behalf to Franchisees (“Area Representative Business”); and

WHEREAS, we wish to receive the Services and compensate you.

NOW, THEREFORE, for value received, we and you (“the Parties”) agree as follows:

### **1. GRANT OF FRANCHISE**

Subject to the terms of this Area Representative Agreement (“Agreement”), we grant to you a Hike Doggie Area Representative Business using our system and our Marks in the Territory described in Schedule 1 (“Area Representative Territory”). You agree to abide by the terms of this Agreement.

### **2. TERM AND RENEWAL**

**2.1 Term.** This Agreement will commence upon its Effective Date and will last for a term of ten (10) years (the “Term”).

**2.2 Renewal.** Upon the completion of the Term of this Agreement, provided you are in compliance with the terms and conditions in this Agreement, and we continue to offer unit franchised outlets, we will provide you with the right to enter into a new agreement with us for the provision of services similar to those in this Agreement. The new agreement will be our then-current agreement, which may contain materially different terms and conditions; however, we will not reduce your percentage of Initial Fee Commissions or Royalty Commission upon Renewal. If you wish to renew this Agreement, you must notify us in writing at least 120 days before the expiration of this Agreement and execute a general release of all claims you may have against us.

### **3. TERRITORY**

The Territory will be for a specific geographic region that we define by zip codes, natural, or political boundaries as set forth on Schedule 1 to the Area Representative Agreement (“Area Representative Territory”).

You may operate the Area Representative Business out of your home or any office location. You are not required to obtain our approval if you relocate your Area Representative Business but must notify us in writing. We would not normally grant you approval to open an additional outlet within

your Territory, but we may grant you additional Area Representative territories if we feel you have the time, energy, capital, and management structure to open and operate another territory successfully.

We do not grant you options, rights of first refusal, or similar rights to acquire additional franchises.

You may solicit and accept orders inside and outside of your Territory for franchisees to own a Unit Franchise in your Territory, including using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, pursuant to our guidelines.

The Area Representative Agreement does not give you any right to operate a Unit Franchise.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We or an affiliate reserve the right to make sales, including using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to solicit or accept orders within your territory using our principal trademarks.

We or an affiliate also reserves the right to make sales, including using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, within your territory of products or services under trademarks different from the ones that you will use under the Area Representative Agreement.

We reserve the right to own, develop, acquire, be acquired by, merge with, or otherwise engage in any transaction with another business (competitive or not), which may offer products and services like your Area Representative Business and may have one or more competing outlets within your Territory. However, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Area Representative Agreement.

#### **4. FEES PAID BY AREA REPRESENTATIVE**

**4.1 Initial Area Representative Fee.** Upon execution of this Agreement, you will pay an Initial Area Representative Fee of \$ \_\_\_\_\_ (the “Initial Area Representative Fee”). The Initial Area Representative franchise fee is fully earned and nonrefundable when both you and we execute the Area Representative agreement between us.

**4.2 Fee for Franchisee Leads.** From time to time, we may provide to you leads of potential Candidates interested in buying one or more of Unit Franchised Businesses within your Territory. If we provide you leads, we will set and publish fees based upon the cost and the difficulty of acquiring the leads. You are under no obligation to purchase these leads. We will offer to you, without cost, any lead in your Territory provided by a Franchise Broker; however, a Broker Fee may apply if the Candidate converts to a Unit Franchisee.

**4.3 Internal Sales Fee.** You will pay us \$5,000 for each Unit Franchise sold for our staff or a designated agent of ours, our parent Loyalty, LLC, or any affiliate of ours (our “Internal Sales Team”) to assist you with the selling process for a Unit Franchisee who buys a unit within your Territory (the “Internal Sales Fee”). If a Unit Franchisee purchases multiple units, the Internal Sales Fee will be 5,000 for each unit sold in your Territory. Assistance may come in various degrees but typically involves assistance in generating leads, developing leads, or closing qualified leads during the sales process. This fee is paid by you and is not a shared expense.

**4.4 Franchise Broker Fee.** We may use the services of franchise brokers or other referral sources to identify Candidates. If a Unit Franchise located within your Area Representative Territory is sold to a Candidate referred by a broker, then you will pay a proportionate share (50%) of their fee (each a “Broker Fee”).

**4.5 Technology Fee.** We reserve the right to charge, and you agree to pay up to \$200 per month for the right to use certain software and services.

**4.6 Transfer Fee.** You agree to pay us a Transfer Fee of \$5,000 per territory for any transfer of a territory, this Agreement, or the majority interest of the franchisee or Franchised Business. We must approve of any transfer and the transfer fee must be paid before the transfer is complete.

**4.1 Late Fee.** You agree to pay us a late fee of 1% per month, or if lower, the maximum rate allowed by law, on any payments you owe to us, that are five (5) days past due

**4.2 Credit Card Processing Fee.** You must pay us the then-current charge imposed by third-party credit card processors if you elect to pay any sums to us by credit card.

**4.3 Insufficient Funds Fee.** You agree to pay us \$50 per transaction if an electronic transfer or other payment from you to us is declined for insufficient funds.

**4.4 Fees to Third Parties.** You agree to reimburse us for any third-party charges we may incur on your behalf relating to the operation of your Area Representative Business. You are solely responsible for all fees and expenses to third parties required to operate your Area Representative Business as required by the Manual or this Agreement.

**4.5 Sales, Excise, or Gross Receipts Taxes.** Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, use taxes, withholding taxes, and similar taxes imposed on the fees payable by Franchisee to Franchisor hereunder or on goods or services furnished to Franchisee by Franchisor at the same time as Franchisee remits such fees to Franchisor, whether such goods or services are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Area Representative Business is located.

**4.6 Payment Terms.** We will bill you by the 15<sup>th</sup> of the month as to fees incurred in the prior month. We reserve the right to deduct the amount that you owe to us from Commissions that we pay to you and pay you the net amount owed to you or charge you any net amount you may owe to us. We may adjust all fixed dollar amounts under the Franchise Agreement for inflation and

increased costs once a year by up to 20%. You agree to execute an Automatic Bank Draft Authorization and that we may withdraw fees and other monies you owe to us pursuant to the Authorization from your bank account and electronically deposit monies owed to you in the same bank account.

## **5. COMMISSIONS TO AREA REPRESENTATIVE**

**5.1 Initial Fee Commission.** You will receive an Initial Fee Commission equal to 50% of the Net Initial Franchise Fee. The Net Initial Franchise Fee is calculated by taking the initial franchise fee paid by a Unit Franchisee ("Initial Franchise Fee") within your Area Representative Territory and then deducting any brokerage, referral, or other fees that are imposed, paid, or owed by us in connection with the transaction.

For example, if a \$40,000 initial fee is paid to us by a Unit Franchisee and the Unit Franchisee was introduced by a broker with a \$20,000 referral fee, the Net Initial Franchise Fee would be \$20,000, and your Initial Fee Commission would be \$10,000 (50% of the \$20,000 Net Initial Franchise Fee). Certain other fees are incurred solely by you and are not accounted for when calculating the Net Initial Franchise Fee such as the Internal Sales Fee, which is deducted after the Initial Fee Commission is calculated.

**5.2 Royalty Commission.** We will pay you a Royalty Commission equal to 50% of all royalties received by us from any Unit Franchisee (Franchise Royalty) operating within your Area Representative Territory except royalties already due and owing before the Effective Date of this Agreement.

**5.3 Demand for Payment.** Except upon our prior written consent, you will not demand any payment due from a Franchisee of ours or any other person or entity to us.

**5.4 Other Fees paid by Franchisees.** We require franchisees to pay fees for other services, including, but not limited to, marketing fees, technology fees, transfer fees, renewal fees, late fees, interest, and expenses. These fees are not subject to split with you. There may be other fees imposed on franchisees in the future that, in our sole discretion, may not be subject to be split with you.

**5.5 Pay When Paid.** Commissions paid to you will be paid only as funds are received. For example, in the case of a financed Initial Franchise Fee, the distribution would only be after we actually received the funds. You will be entitled to your share of the Initial Franchise Fees and royalties only with respect to amounts actually collected during the Term, and we will be entitled to take credits against previous payments to you to the extent that any payments from a Franchisee are subject to a subsequent refund, offset or other credit. Each payment of your Commissions will be accompanied by information in sufficient detail to allow you to determine the basis on which your share of the Initial Franchise Fees and Franchise Royalties was calculated as well as deductions made for monies owed to us. For the avoidance of doubt, no Initial Fee Commission shall be payable for any Unit Franchise sold before the Effective Date of this Agreement, even if the related Initial Franchise Fee is received during the Term of this Agreement.

**5.6 Payment Terms.** We calculate all Commissions due to you by the last day of each month as to Commissions earned the prior month, and then we remit payment to you by the 15th day of that month, less any amounts you owe to us, via electronic transfer or other method that we designate. For example, if Commissions are earned for the period of January 1 through January 31, then you will be paid any funds due on or before February 15.

## **6. FRANCHISOR DUTIES**

**6.1 Initial Training.** We provide you with an initial training program to guide you in the operation of the Franchised Business.

**6.2 Site selection.** We do not provide site selection assistance as you may operate from your home or any office location.

**6.3 Area Representative Operations Manual.** We provide you access to our proprietary and confidential Operations Manual, as well as any other manuals and writings prepared by us for your use in operating an Area Representative Business (“Manual”). We may disseminate the Manual electronically. We may revise the Manual from time to time to adjust for legal or technological changes, competition, or attempts to improve in the marketplace. Revisions to the Manual will not unreasonably affect the franchisee’s obligations, including economic requirements, under the Agreement.

**6.4 Operational Support.** We provide support to you in operational problems and issues that you may encounter in the operation of your Area Representative Business.

**6.5 Franchise Disclosure Document.** We will provide you with an electronic copy of our latest Franchise Disclosure Document.

**6.6 Computer Systems, Equipment and Supplies.** We may issue computer, software, equipment, and supply specifications.

**6.7 Advertising and Marketing.** We offer marketing assistance and support. We may provide you with advertising templates to use. We may conduct marketing using electronic or print advertising of any kind.

**6.8 Establishing Prices.** We establish the price of our Unit franchise offering, which is offered through a separate disclosure document.

**6.9 Additional Training.** We may elect to offer and require additional training or seminars.

## **7. AREA REPRESENTATIVE DUTIES**

**7.1 Initial and Additional Training.** You and any General Manager working for you must attend and successfully complete our initial Area Representative training before you may operate the Area Representative Business. We do not charge for initial training, but you must pay for any

travel and living expenses to attend. We may elect to offer and require additional training or seminars.

**7.2 Computer Systems, Equipment and Supplies.** You agree to purchase and maintain such computer systems, software, equipment, and supplies as we designate.

**7.3 Insurance.** You must purchase any insurance that we may specify and as is required by your state law, name us as an additional insured, and furnish proof of insurance to us.

**7.4 Starting Date.** You agree to be operational within 90 days of the Effective Date of this Agreement.

**7.5 Area Representative Manual.** You will provide assistance and support in accordance with the Manual and our unit franchisee Operations Manual.

**7.6 Candidate Development.** You will use best efforts to recruit qualified individuals (“Candidates”) interested in operating a Unit Franchise within the Territory. Upon your determination that a candidate may have the characteristics of a potential franchisee of ours, you will identify such Candidate in writing to determine if the Candidate is qualified to operate a Unit Franchised Business and provide proper disclosure. You have no authorization or management authority over the sale of any Unit Franchise.

**7.7 Operational Support.** You will provide Franchisees with on-going operational and training support and marketing assistance in accordance with our Franchise System. You will also conduct recurring performance and quality control assistance and monitor and maintain franchisee relations in accordance with our Franchise System.

**7.8 Contract Enforcement.** Upon termination or expiration of a Unit franchise agreement with us of any Franchisee (“Former Franchisee”), you will assist us in enforcing the “Post Termination Obligations” outlined in the Unit franchise agreement with that Former Franchisee, but you will have no duty to initiate a court or other legal proceeding.

**7.9 Personal Involvement.** You are required to participate personally in the direct operation of the Area Representative Business or have a General Manager who attends and successfully completes our initial training to our satisfaction. Any replacement General Manager must also attend and successfully complete our initial training to our satisfaction. Any General Manager must also sign a Confidentiality and Non-Compete Agreement as we may specify, subject to state law. A General Manager is not required to have any equity interest in the franchisee’s business. All owners of the Area Representative Business must guarantee the obligations under the Area Representative Agreement and are subject to a covenant not to compete along with confidentiality requirements. You agree to accurately and completely furnish to us the names, contact information, and ownership percentage of anyone owning an interest in the Area Representative Business. No change to the owners or ownership percentages are permitted without our prior written consent.

**7.10 Laws and Regulations.** You agree to comply with all federal, state, and local laws, and regulations. You will secure all necessary permits, certificates, and licenses to operate your

business. You will accurately complete and return in the time frame we specify such Biographical Information forms as we request of you.

**7.11 Authorized Goods and Services.** You must offer and sell only the goods and services that we approve, and you must sell all the goods and services that we authorize. We have the unlimited right to change the types of authorized goods and services, but we do not intend to materially change the nature of this relation or the authorized goods and services.

## **8. FRANCHISE SALES REPRESENTATIONS.**

**8.1 Disclosure.** You will comply with all federal and state franchise disclosure laws applicable to the solicitation of franchisees, including providing the unit Franchise Disclosure Document, which we prepare and provide to you, to all Candidates at the time required by law, presently fourteen calendar days before signing of a binding agreement between the Candidate and us or making any payment by the Candidate to us, in most jurisdictions. Should you make any electronic or other disclosure to Candidates, you will ensure that such disclosure complies with the applicable franchise disclosure laws. You will be responsible for providing our most current unit Franchise Disclosure Document approved for your use.

**8.2 Financial Performance Representations.** You will not make any representation, either orally, in writing, electronically, or otherwise, to any prospective Candidate concerning actual or potential earnings, sales, income, or profits of any Franchise except as provided in Item 19 of a current Franchise Disclosure Document. You may also disclose financial performance of an existing franchise for sale to a Candidate interested in such unit as may be permitted by law.

**8.3 Improper Representations.** You will make no representations to any Candidate that conflict with our current Manual, Area Representative Disclosure Document, Area Representative Agreement, Unit Franchise Agreement, or Unit Disclosure Document, nor make any promises, guarantees, or warranties to any party unless authorized in writing by us.

## **9. LIMITATION OF AUTHORITY**

**9.1 No Authority to Approve Marketing.** You do not have any authority to approve or disapprove Franchisee marketing or advertising.

**9.2 No Authority to Modify Manual.** You do not have authority to modify the unit franchisee Manual.

**9.3 No Legal Claims versus Unit Franchisees.** You will not assert any legal claim by way of a lawsuit or otherwise, against a Franchisee without our written permission.

**9.4 Limitation of Services.** You may only offer those services or products through your Area Representative business as authorized by us in this Agreement or the Area Representative Manual, unless you first obtain our prior written approval.

**9.5 No Unauthorized Commitments.** You acknowledge that you have no authority to bind

us with respect to any matter, and agree that you will not enter into any agreements or understandings with any Candidates or other third parties other than as authorized in writing by us.

## **10. JOINT DUTIES**

**10.1 Enforcement of Unit Agreement.** The Parties will be responsible for the enforcement of all agreements (“Franchise Documents”) executed in the awarding of a franchise to a Candidate and the monitoring of individual franchise performance and adherence to our Franchise system.

## **11. MINIMUM AREA REPRESENTATIVE PERFORMANCE**

**11.1 Minimum Requirements.** You will develop a minimum number of Franchisees each year as set forth in Schedule 2. For development purposes, a year will include each fiscal year (including any partial year) ending on December 31.

**11.2 Remedy for Failure to Meet Minimum Requirements.** If you fail to meet the Minimum Requirements, we reserve the right to terminate your territorial rights under the Area Representative Agreement for the development of unsold units. You will still maintain your rights, obligations, and share in the initial franchisee fees, royalties, and other fees for any existing Unit franchise agreements for the term of the Area Representative Agreement, however we may then freely sell and develop the terminated territory without sharing any of the Initial Franchise Fee, Franchise Royalties, or other fees we may collect.

## **12. ADVERTISING AND TRADEMARKS**

**12.1 Use of our Marks.** We allow and require you to use our Marks to hold out your Area Representative Business to the public. You agree to use only our Marks as we develop them for this purpose. Use of our Marks must be in accordance with our Manual.

**12.2 Digital Marketing.** We may create, operate, and promote websites, social media accounts (including but not limited to Facebook, X, and Instagram), applications, digital advertising (including pay-per-click and display ads), or other means of digital marketing to promote the brand, marks and franchise opportunities. We have the sole right to control all aspects of any digital marketing, including all digital marketing related to your Area Representative Business.

**12.3 Digital Campaigns.** We may negotiate contracts with vendors such as Google AdWords. If you choose to participate, you must pay your pro-rata share either directly to the vendor or reimburse us if we are paying the vendor.

**12.4 Use of Your Own Advertising Material.** You agree to use our advertising templates or, if you wish to use your own advertising materials, you may do so provided that you submit them to us and we approve them, in writing, and they adhere to federal, state and local law. If our written approval is not received within 14 days from the date we received the material, the material is deemed disapproved. You must stop using any advertising immediately upon our request.

**12.5 Private Websites and Email.** You are not allowed to have an independent website, social media account, or obtain or use any domain name (Internet address) for your Area Representative Business, without first obtaining our written approval. You are also not allowed to utilize any other email other than the email provided by us in the provision of services under the Area Development Agreement or to facilitate any efforts to find, solicit, and recruit Candidates.

**12.6 Entity Name Requirements.** You may not use the words “Hike Doggie” or any confusingly similar words, as any part of the name of a corporation, limited liability company, or other entity. However, “Hike Doggie” followed by your entity number, or such other designation as we shall specify, shall be your “doing business as” name for an entity that owns this franchise, sometimes also called your “assumed name,” “trading as” name, or “fictitious name.”

**12.7 No Confusingly Similar Marks.** You agree not to use any marks that could be confused with our Marks.

**12.8 Infringement Claims.** If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. We have the sole right to control any administrative proceedings or litigation involving a trademark licensed by us to you. We are not 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 a trademark licensed by us to you or if the proceeding is resolved unfavorably to you.

**12.9 Update to our Marks.** We may replace, modify, or add to our Marks. If we replace, modify, discontinue, or add additional marks, you agree to adopt the new marks and update or replace your supplies, etc. to reflect the new marks, at your expense, in the time frame we provide at the time of such an update.

**12.10 Publicity.** Except as required by law, you may not make any press release or other public announcement respecting the subject matter of this Agreement without our written consent as to the form of such press release or public announcement.

**12.11 Name and Likeness.** You give us permission to use your name and likeness in all forms and media for advertising, trade, and any other lawful purposes.

**12.12 Advertising Council.** We intend to establish a Franchisee Advisory Council (“FAC”) composed of franchisees that advise us on operational and advertising policy. We will select the members. The FAC will serve only in an advisory capacity. We can form, change, or dissolve the advertising council.

## **13. CONFIDENTIALITY AND INTELLECTUAL PROPERTY RIGHTS.**

**13.1 Definition.** “Confidential Information” means our information or data (oral, written, electronic or otherwise), including, without limitation, a trade secret, of or about us that is valuable and not generally known or readily available to third parties obtained by you from us during the Term of this Agreement. The Confidential Information of ours includes all intellectual property associated with our Franchise system, Customer Data, all other materials relating to our Franchise

system that are not a matter of public record, and all information generated by the parties in the course of the performance of this Agreement.

**13.2 Confidentiality.** You will not directly or indirectly disclose, publish, disseminate or use our Confidential Information except as authorized herein. You may use our Confidential Information to perform your obligations under this Agreement, but in doing so will only allow dissemination of our Confidential Information on a need-to-know basis and only to those individuals who have signed Confidentiality Agreements, agreeing to keep the Confidential Information confidential.

**13.3 Return of Information.** Upon termination or expiration of this Agreement, you will return to us all of our Confidential Information embodied in tangible form, and will destroy, unless otherwise agreed, all other sources that contain or reflect any such Confidential Information. Notwithstanding the foregoing, you may retain Confidential Information as needed solely for legal, tax, and insurance purposes, but the information retained will remain subject at all times to the confidentiality restrictions of this Agreement.

**13.4 Intellectual Property Ownership.** We own the Franchise system and all intellectual property associated with it. To the extent you have or later obtain any intellectual property, other property rights, or interests in the Franchise system by operation of law or otherwise, you hereby disclaim such rights or interests and will promptly assign and transfer such entire interest exclusively to us. You will not undertake to obtain, copyright, trademark, service mark, trade secret, patent rights or other intellectual property right with respect to the Franchise system.

**13.5 Suggestions.** You agree that we may incorporate into our business operations any suggestions, enhancement requests, recommendations, or other feedback provided by you or anyone else and we shall have sole rights and title to such suggestions.

**13.6 Performance Data.** You agree that we may share performance data from your Area Representative Business between our employees, franchisees and their employees. You agree to keep such performance data confidential, but you may share the performance data of your outlet with prospective franchisees.

## **14. REPORTS AND REVIEW**

**14.1 Reports.** You agree to send us reports detailing your activities, sales, and other information at such times and in such form as we may specify in the Manual or otherwise.

**14.2 Reviews.** We reserve the right to review your business operations, in person, by mail, or electronically, to inspect your operations and obtain your paper and electronic business records related to your Area Representative business. If, as part of a review of your business, we request a copy of any business records, you must send us at your expense these records within five business days of receiving our request. We also have the right to require that you implement a plan to resolve issues that we discern from any review we conduct.

**14.3 Time Frame to Furnish Documents.** If, as part of a review of your business operations, we request a copy of any business records related to the Area Representative Business, you must send us at your expense these records within five business days of receiving our request.

**14.4 Independent Access to Information.** You agree to allow us to have independent access to the information that will be generated or stored in your computer system, which may include prospect, financial, and operational information.

## **15. TERMINATION**

**15.1 Termination by You.** You may terminate this Agreement at any time by giving us written notice of termination. Termination of this Agreement will be effective upon our receipt of your termination notice. If you terminate pursuant to this paragraph, you must still comply with all of the provisions of this Agreement that require performance post-termination.

**15.2 Termination by Us.** We may terminate this Agreement effective upon our sending to you written notice of termination, and without the opportunity for you to cure, for any of the following reasons:

- (a) If you do not pass our initial training in accordance with our current passing standards;
- (b) If you abandon the Area Representative Business or discontinue active operation of the Area Representative Business by failing to communicate with us for 30 consecutive days, except when active operation or communication is not reasonably possible, such as because of a natural disaster;
- (c) If you become insolvent, meaning unable to pay your bills in the ordinary course as they become due;
- (d) If a final judgment of record against you or your Area Representative Business remains unsatisfied for 30 days or longer;
- (e) If you commit a material violation of any law, ordinance, rule or regulation of a government or governmental agency or department which constitutes a material violation of any franchise law, antitrust law, securities law, fraud or similar wrong, unfair or deceptive practices, or a comparable violation;
- (f) If you fail to properly disclose a franchise candidate as may be required by applicable state and federal law;
- (g) If you violate any part of Sections 7.10 (Franchise Sales Representations) or 8(e) (No Unauthorized Commitments) of this Agreement;
- (h) If you make a misstatement of material fact or fail to disclose a material fact on a Biographical Information Form or requested in any form, or refuse to fill out or completely fill out such forms or tender supporting documentation upon reasonable request;

- (i) You provide illegal earnings claims verbally or in writing to any candidates you are recruiting;
- (j) You fail to permit us to inspect or audit your Area Representative Business;
- (k) If you die or become incapacitated and you or your estate does not begin the process of transferring your rights under this Agreement within 60 days or complete the transfer within 6 months of your death or incapacity; or
- (l) If you commit three or more breaches of this Agreement, the Manual, or any other agreement with us or an affiliate, in any 12-month period regardless of whether such breaches were cured after notice.

**15.3 Termination by Us with the Opportunity to Cure.** We may terminate this Agreement, after sending you notice and an opportunity to cure within thirty (30) days, if:

- (a) You violate any other term or condition of this Agreement, the Manual, or any other agreement with us; or
- (b) Any amount owing to us from you is more than 30 days past due.

**15.4 No Refund of Initial Fee.** We have no obligation to return or refund any fee to you upon termination or expiration of this Agreement.

**15.5 Franchisor Ceases Operations.** If we cease to operate for any reason you will consent to and execute a mutual termination agreement and release in a form that we specify. This Area Representative Agreement and all attachments thereto will be considered null and void and you will be released from the Non-Competition Covenants in your Area Representative Agreement.

## **16. POST TERMINATION OBLIGATIONS**

Upon termination or expiration of this Agreement, including a sale of the business, you agree to:

- (a) Cease operations and discontinue using any of our “Marks;”
- (b) Pay to us all sums due between the parties;
- (c) If requested by us, transfer to us all telephone numbers used in relation to this Area Representative Agreement and deliver to us written proof of transfer;
- (d) Deliver to us any paper and electronic copies of the Manual and any Confidential Information;
- (e) Cancel all fictitious name filings which you use of any of our Marks;
- (f) Adhere to the post-term duties stated in Section 16 below and any other duties that require your performance after you are no longer an Area Representative;

- (g) Turn over to us all candidate lead information and immediately delete all copies; and
- (h) Execute any documents necessary to effectuate and comply with your post-termination obligations.

## **17. NON-COMPETE AND NO SOLICITATION**

### **17.1 Non-Compete and No Solicitation.**

(a) **In-Term.** You will not, during the Term of this Agreement, in the United States, directly or indirectly (i) recruit, search for, or solicit franchisees or prospective franchisees to operate a business providing pet sitting, pet boarding, a dog hiking business, or transportation and outdoor activities for dogs, except as to seeking Hike Doggie Unit franchisees under this Agreement, or (ii) aid or facilitate another person or entity (except our franchisees) in the provision of a business offering a dog hiking business that provides pet sitting, pet boarding, a dog hiking business, or transportation and outdoor activities for dogs.

(b) **Post-Term.** You will not, for a period of two years after expiration or termination of this Agreement, in the Territory or within 25 miles of the boundaries of the Territory, or any outlet of ours or the territory of any franchisee, directly or indirectly (i) recruit, search for, or solicit franchisees or prospective franchisees to operate a business providing pet sitting, pet boarding, a dog hiking business, or transportation and outdoor activities for dogs or (ii) aid or facilitate another person or entity in the provision of a business offering pet sitting, pet boarding, a dog hiking business, or transportation and outdoor activities for dogs.

**17.2 Waiver of Bond.** You agree that if we are forced to bring suit to enforce Sections 16 or 17.1 above, you agree to waive any requirement that we post bond to obtain a temporary or permanent injunction to enforce these duties.

**17.3 Severability.** If any covenant or provision of Section 16.1 is determined to be void or unenforceable, in whole or in part, it shall be deemed severed and removed from this Agreement and shall not affect or impair the validity of any other covenant or provision. Further, these obligations are considered independent of any other provision in this Agreement and the existence of any claim or cause of action by either party to this Agreement against the other, whether based upon this agreement or otherwise, shall not constitute a defense to the enforcement of these obligations.

## **18. ADDITIONAL IN-TERM AND POST-TERM COVENANTS**

**18.1 Independent Contractor.** This Agreement does not create a partnership, company, joint venture, or any other entity or similar legal relationship between the parties, and no party has a fiduciary duty, other special duty, or relationship with respect to the other party. The parties acknowledge that your relationship with us is that of an independent contractor.

**18.2 Maintenance of Goodwill.** You agree not to disparage us or our current and former employees, agents, members, directors, or franchisees. During the term of this Agreement, you agree not to do any act harmful, prejudicial, or injurious to us.

**18.3 Indemnity.** You are responsible for all loss or damage and for all contractual liability to third parties originating from or in connection with the operation of the Area Representative Business and for all claims or demands for damage directly or indirectly related. You will indemnify, defend, and hold us and our affiliates, officers, directors, members, partners, employees, and agents (the "Indemnified Parties") harmless from and against any damage, cost, or attorney fees that relates to or arises from your breach or alleged breach of any of your duties under this Agreement or operation of the Area Representative Business.

## **19. TRANSFER**

**19.1 Assignment by Us.** We may assign this Agreement to an assignee who agrees to remain bound by its terms. We do not permit a sub-license of the Agreement.

**19.2 Transfer by You.** You may transfer your interest under this Agreement or your ownership in your Territory only if we approve, and you comply with the provisions in this Section 20. We shall not unreasonably withhold approval. No interest may be transferred unless and until you are in full compliance with this Agreement and current in all monies owed to us. If this Agreement is held by joint tenants or tenants in common, all joint tenants or tenants in common must join in any transfer of an ownership interest in this Agreement, except any person who is deceased or under a legal disability. You shall sign our then current transfer and release forms and pay us the transfer fee.

**19.3 Transfer to Controlled Entity.** A "Controlled Entity" is an entity in which you are the beneficial owner of 100% of each class of voting ownership interest. A transfer to a "Controlled Entity" shall not trigger the Right of First Refusal. At the time of the desired transfer of interest to a Controlled Entity, you must notify us in writing of the name of the Controlled Entity and the name and address of each officer, director, shareholder, member, partner, or similar person and their respective ownership interest. We do not charge a transfer fee for this change.

**19.4 Transfer within an Entity.** A transfer of interest within an Area Representative entity shall not trigger the Right of First Refusal if only the percentage ownership, rather than the identity of the owners, is changing. At the time of the desired transfer of interest within an entity, you must notify us in writing of the name and address of each officer, director, shareholder, member, partner or similar person and their respective ownership interest. Each such person of the Controlled Entity shall sign the then current amendment and release forms, or Area Representative Agreement as required by us. We do not charge a transfer fee for this change.

**19.5 Right of First Refusal.** If you have received and desire to accept a signed, bona fide offer to purchase or otherwise transfer the Area Representative Agreement or any interest in it, you shall grant us the option (the "Right of First Refusal") to purchase the Area Representative Business as provided here:

(a) Within 14 days of receipt of the offer, you shall offer the Right of First Refusal to us by notice in writing, including a copy of the signed offer to purchase which you received (“Notice”). We shall have the right to purchase the Area Representative Business or interest in the Area Representative Business at and for the price and upon the terms set out in the Notice, except that we may substitute cash for any non-cash form of payment proposed and we shall have 60 days after the exercise of our Right of First Refusal to close the said purchase. Should we wish to exercise our Right of First Refusal, we will notify you in writing within 15 days from its receipt of the Notice. Upon the giving of such notice by us, there shall immediately arise between us and you, or your owners, a binding contract of purchase and sale at the price and upon the terms contained in the Notice.

(b) If we do not exercise our Rights of First Refusal, you may transfer the Area Representative Business or ownership interest therein according to the terms set forth in the Notice, provided that you satisfy the conditions in Sections 18.2 and 18.6 below and complete the sale within 90 days from the day on which we received the Notice. If you do not conclude the proposed sale transaction within the 90-day period, the Right of First Refusal granted to us shall continue in full force and effect.

**19.6 Transferee Requirements.** The proposed transferee(s) must complete our then current Area Representative application and pass our application screening using our then current qualifications; sign either, at our option, an assignment of the rights remaining in your Area Representative Agreement or our current Area Representative Agreement with the term adjusted to such length as remains on the term of your Area Representative Agreement; and attend and successfully complete Initial Training.

## **20. DEATH OR INCAPACITY**

In the event of your death or incapacity, you, or your estate must actively begin the process to seek a transfer of your rights under this Agreement within 60 days and must complete the transfer within 6 months of your death or incapacity. If you or your estate fails in either respect, then we may terminate this Agreement. The new Area Representative must pay the transfer fee specified above, meet our qualifications, complete Initial Area Representative Training, and enter into a new Area Representative Agreement. In the event of your death or incapacity, you agree we are entitled to reimbursement from you or your estate for any reasonable expenses incurred continuing operation of your Area Representative Business, plus 10% of Gross Revenues for the period in which we operate or assist in the operation of the Area Representative Business. The term “incapacity” means a condition that prevents you from reasonably carrying out your duties under this Agreement.

## **21. MODIFICATION**

No modifications to this Agreement will have any effect unless such modification is in writing and signed by you and by our authorized officer. We may, however, modify the provisions of the Manual, without your consent, as provided by this Agreement.

## 22. NON-WAIVER OF BREACH

The failure of either party to enforce any term or condition of this Agreement shall not be deemed a waiver of that term or condition or of the right to enforce any provision of this Agreement.

## 23. FULL UNDERSTANDING

This Agreement and all schedules to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

## 24. GOVERNING LAW

**24.1 Governing Law.** Except as to claims governed by federal law, Virginia law governs all claims that in any way relates to or arises out of this Agreement or any of the dealings of the parties (“Claims”). However, no laws regulating the sale of franchises, business opportunities, or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph.

**24.2 Jurisdiction and Venue.** You and we agree that venue and jurisdiction for any Claims shall be proper solely in the state and federal court nearest to our corporate headquarters, presently located in Virginia Beach, Virginia.

**24.3 Jury Waiver.** In any trial between any of the parties as to any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.

**24.4 Class Action Waiver.** You agree to bring any Claims, if at all, individually and you shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.

**24.5 Punitive Damages Waiver.** As to any Claims, you and we agree to waive our rights, if any, to seek or recover punitive damages.

**24.6 Limitation of Actions.** You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

**24.7 Prior Notice of Claims.** As a condition precedent to commencing an action for a Claim, you must notify us within 30 days after the occurrence of the violation or breach details of the Claim, and failure to timely give such notice shall preclude any claim for damages.

**24.8 Internal Dispute Resolution.** You must first bring any Claim to our CEO, after providing notice as set forth in Section 24.7 above. You must exhaust this internal dispute resolution procedure before you may bring your Claim before a third party.

**24.9 Mediation and Arbitration.** Before you may bring any Claim against us in court, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to mediator in the city or county where our headquarters are located. If we cannot mutually agree on a mediator, you and we agree to use the mediation services of the American Arbitration Association (“AAA”) and split any AAA and mediator fees equally.

If mediation is unsuccessful and you decide to pursue a legal claim against us, you agree to bring such claim solely in binding arbitration conducted in the city or county where our headquarters is located, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. A single arbitrator will hold the proceedings. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

**24.10 Arbitration Exclusions.** If we choose, we may bring any Claims in the state and federal courts located nearest to our headquarters or in such other location where jurisdiction and venue may be proper.

**24.11 Waiver of Bond.** You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

**24.11 Attorney Fees.** If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

**24.12 Third Party Beneficiaries.** Our officers, directors, members, shareholders, agents, and employees are express third party beneficiaries of the terms of the Governing Law provisions contained herein.

**24.13 Survival.** All the covenants contained in this Agreement that may require performance after the termination or expiration of this Agreement will survive any termination or expiration of this Agreement.

**24.14 Severability Clause.** If any covenant or provision in this Agreement is determined to be void or unenforceable, in whole or in part, it shall be deemed severed and removed from this Agreement and shall not affect or impair the validity of any other covenant or provision of this Agreement.

## **25. RELEASE OF PRIOR CLAIMS**

By executing this Agreement, the undersigned entity, if any, and individuals, on behalf of yourselves and your heirs, legal representatives, successors and assigns, and each assignee of this Agreement, forever releases and discharges us, our past and present employees, agents, members, officers, and directors, including any of our parent, subsidiary and affiliated entities, their respective past and present employees, agents, members, officers, and directors, from any and all claims relating to or arising out of any agreement between the parties executed prior to the date of this Agreement, and all other claims relating to any dealings between any of the parties. However, this release does not

apply to any claim you may have arising from representations in our Area Representative Franchise Disclosure Document, or its exhibits or amendments.

## **26. NOTICES**

You shall give any required notice or request in writing by mail or courier, postage fully prepaid, delivered personally, or by facsimile, to our President, at our corporate office, presently 780 Lynnhaven Parkway, Suite 240 Virginia Beach, VA 23452; Telephone: 855-825-7387. We may also give any such notice to you in the same manner at the address indicated below your signature on this Agreement, such other more current address as we may have for you, or by e-mail.

## **27. ACKNOWLEDGMENTS**

You acknowledge that you have read our Franchise Disclosure Document and this Agreement and that you are familiar with their contents. You acknowledge that you have independently investigated the business offered hereunder and base your decision to purchase solely on such investigation. You acknowledge that we have recommended, and that you have had the opportunity to obtain, review this Agreement and our Franchise Disclosure Document (“FDD”) by your lawyer, accountant or other business advisor prior to execution. Except as may be stated in Item 19 of our Franchise Disclosure Document, you acknowledge that no person is authorized to make and no person has made any representations to you as to the actual, projected or potential sales, volumes, revenues, profits or success of our franchise. You further acknowledge and agree that you are not a third-party beneficiary to any agreement between us and any other franchisee.

## **28. GUARANTY**

The Area Representative named at the top of the following page agrees to abide by the terms of this Agreement. The signature of an individual or individuals as sole proprietors, joint tenants, or tenants in common constitutes their personal agreement to such terms. The signature of an individual or individuals on behalf of an entity constitutes the entity’s agreement to such terms.

In addition, the signatures of all individuals below, in any capacity, constitute their personal joint and several agreement to perform all obligations in and relating to this Agreement, including, but not limited to, the post-termination obligations in **Sections 16-18** and the payment of all amounts due to us. All Signators below waive any right to presentment, demand, notice of non-performance, or the right to require us to proceed against the other Signators.

[signature page follows]

Franchisee: \_\_\_\_\_ Entity Number: \_\_\_\_\_

Type: \_\_\_\_\_ (Sole Proprietor, LLC, Corp., Joint Tenants with Right of Survivorship (“JTROS”), Tenants in Common, Partnership).\*

**SIGNATORS:**

By: \_\_\_\_\_ By: \_\_\_\_\_  
(Signature) (Signature)

\_\_\_\_\_  
(Printed Name) (Printed Name)

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

Address: \_\_\_\_\_ Address: \_\_\_\_\_

\_\_\_\_\_

Ownership Percent: \_\_\_\_\_ % (see note below) Ownership Percent: \_\_\_\_\_ % (see note below)

By: \_\_\_\_\_ By: \_\_\_\_\_  
(Signature) (Signature)

\_\_\_\_\_  
(Printed Name) (Printed Name)

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

Address: \_\_\_\_\_ Address: \_\_\_\_\_

\_\_\_\_\_

Ownership Percent: \_\_\_\_\_ % (see note below) Ownership Percent: \_\_\_\_\_ % (see note below)

**Happie Doggie, LLC**

By: \_\_\_\_\_ Effective Date: \_\_\_\_\_  
Kathleen Allen, President

**\*Joint Tenants with Right of Survivorship is typically for married couples and must be owned equally by each tenant, 50-50 for two owners, and if one spouse passes away, the other automatically receives the decedent’s share. Tenants in common is normally for non-spouses and if one passes away, his or her share passes by will or state law to his or her heirs.**

**SCHEDULE 1 TO THE AREA REPRESENTATIVE AGREEMENT**  
**TERRITORY**

Your Territory shall be as follows:

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**SCHEDULE 2 TO THE AREA REPRESENTATIVE AGREEMENT**

**MINIMUM REQUIREMENTS**

The following table establishes the minimum performance metrics required.

Year	Unit Franchise Sales	Cumulative
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

**SCHEDULE 3 TO THE AREA REPRESENTATIVE AGREEMENT**

**AUTOMATIC BANK DRAFT AUTHORIZATION**

**ACH Origination Authorization**

Please complete the following with your banking information and attach a voided check:

Company Name: \_\_\_\_\_

Name of Financial Institution: \_\_\_\_\_

Address of Financial Institution: \_\_\_\_\_

Routing Number: \_\_\_\_\_

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

I hereby authorize Happie Doggie, LLC (“Franchisor”) and the financial institution named above to initiate entries to my checking or savings accounts as identified above in accordance with the terms of my Area Representative Agreement and, if necessary, to initiate adjustments for any transactions credited in error. This authority will remain in effect until I notify either Franchisor or the above-named financial institution in writing to cancel it in such time as to afford a reasonable opportunity to act on such instructions. I can stop payment of any entry by notifying the above-named financial institution at least 3 days before my account is scheduled to be charged. I can have the amount of an erroneous charge immediately credited to my account for up to 15 days following issuance of my statement by the above-referenced financial institution or up to 60 days after deposit, whichever occurs first.

Signature: \_\_\_\_\_

Printed Name of Person Signing: \_\_\_\_\_

Title (if any): \_\_\_\_\_

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

Telephone Number: \_\_\_\_\_

Applicant’s Address:  
\_\_\_\_\_  
\_\_\_\_\_



8. Have you been convicted of a felony or pleaded *nolo contendere* to a felony charge involving a violation of a franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations in the last ten years?

YES  NO

9. Have you been convicted of a misdemeanor or pleaded *nolo contendere* to a misdemeanor charge involving a violation of franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations in the last ten years?

YES  NO

10. Have you been party to any civil action, administrative action, complaint or legal proceeding involving a violation of a franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations in the last ten years?

YES  NO

11. Are you a party to any proceeding, which could make you subject to, or are you subject to an injunction or restraining order brought by any public agency or department?

YES  NO

12. Have you been a party in any arbitration proceeding during the past ten years?

YES  NO

13. Have you filed in bankruptcy; been adjudicated a bankrupt; been reorganized due to insolvency; or been a principal, director, executive officer, trustee or general partner or any other entity that has filed in bankruptcy, been adjudicated a bankrupt, or been reorganized due to insolvency in the last ten years?

YES  NO

14. Are you subject to any currently effective order of any national securities association or national securities exchange suspending or expelling you from membership in such association or exchange?

YES  NO

15. If your answer to any of the above questions is in the affirmative, please attach a separate sheet of paper and on that attached sheet please state the court, the date of conviction or

judgment, if any; the current status of the matter; any penalty imposed or damages assessed; and the date, nature, and issue of any order, as well as any other explanatory information you think pertinent. Please also include a copy of any Complaints, Claims, Indictments or Charges against you and any Consent Decree, Settlement Agreement, or ruling of a Court or other body as to the disposition of such claims.

#### PROMISE TO UPDATE & CERTIFICATION

If at any time the answer to a question above changes, I promise to notify franchise counsel of these facts immediately. Further, I hereby certify that all the information I have provided above is true, complete and correct to the best of my information and belief.

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

**SCHEDULE 5 TO THE AREA REPRESENTATIVE AGREEMENT**  
**STATE ADDENDA TO THE AREA REPRESENTATIVE AGREEMENT**

**CALIFORNIA ADDENDUM**  
**TO THE AREA REPRESENTATIVE AGREEMENT**

If any of the terms of the Area Representative Agreement are inconsistent with the terms below, the terms below control.

Cal. Bus. & Prof. Code § 20020 and Cal. Bus. & Prof. Code § 20021 supersede the Area Representative Agreement in your relationship with us. As such, Sections 15.2 and 15.3 are deleted and replaced by the following:

**CA Bus & Prof Code Section 20021**

Except as otherwise provided by this chapter, no franchisor may terminate a franchise prior to the expiration of its term, except for good cause. Except as provided in Section 20021, good cause shall be limited to the failure of the franchisee to substantially comply with the lawful requirements imposed upon the franchisee by the franchise agreement after being given notice at least 60 days in advance of the termination and a reasonable opportunity, which in no event shall be less than 60 days from the date of the notice of noncompliance, to cure the failure. The period to exercise the right to cure shall not exceed 75 days unless there is a separate agreement between the franchisor and franchisee to extend the time.

**CA Bus & Prof Code Section 20021**

If during the period in which the franchise is in effect, there occurs any of the following events which is relevant to the franchise, immediate notice of termination without an opportunity to cure, shall be deemed reasonable:

- (a) The franchisee or the business to which the franchise relates has been the subject of an order for relief in bankruptcy, judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due;
- (b) The franchisee abandons the franchise by failing to operate the business for five consecutive days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the franchisee's control;
- (c) The franchisor and franchisee agree in writing to terminate the franchise;

- (d) The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise business or system;
- (e) The franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the franchise;
- (f) The franchisee, after curing any failure in accordance with Section 20020 engages in the same noncompliance whether or not such noncompliance is corrected after notice;
- (g) The franchisee repeatedly fails to comply with one or more requirements of the franchise, whether or not corrected after notice;
- (h) The franchised business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the franchise agreement or upon any property used in the franchised business, and it is not discharged within five days of such levy;
- (i) The franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise;
- (j) The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue; or
- (k) The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety.
- (l) If the franchise expressly permits termination under such circumstances, there is a lawful termination or nonrenewal of a separate motor fuel franchise governed by provisions of the Petroleum Marketing Practices Act (15 U.S.C. Secs. 2801 to 2807, inclusive) that is operated by the franchisee or affiliate of the franchisee located at the same business premises if both franchises are granted by the same franchisor or an affiliate of the franchisor. "Affiliate" shall have the same meaning as set forth in subdivision (k) of Section 31005.5 of the Corporations Code.

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.

Initial Fee Deferral

The California Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely of franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

AREA REPRESENTATIVE:

FRANCHISOR:  
Happie Doggie, LLC

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

By: \_\_\_\_\_  
Cory Hughes, CEO

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

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

**ILLINOIS ADDENDUM  
TO THE AREA REPRESENTATIVE AGREEMENT**

If any of the terms of the Area Representative Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Area Representative Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in an Area Representative Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, an Area Representative Agreement may provide for arbitration to take place outside of Illinois.
3. Franchisee rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or **any other law of Illinois** is void.
5. 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.

AREA REPRESENTATIVE:

FRANCHISOR:  
Happie Doggie, LLC

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

By: \_\_\_\_\_  
Cory Hughes, CEO

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

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

**MARYLAND ADDENDUM  
TO THE AREA REPRESENTATIVE AGREEMENT**

If any of the terms of the Area Representative Agreement are inconsistent with the terms below, the terms below control.

1. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. The Area Representative Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.”

3. A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

5. 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.

6. Section 27 of the Franchise Agreement is deleted.

6. Initial Fee Deferral. The Franchise Agreement is modified to also provide: “Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.”

[signature page follows]

AREA REPRESENTATIVE:

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

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

FRANCHISOR:  
Happie Doggie, LLC

By: \_\_\_\_\_  
Cory Hughes, CEO

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

## **MINNESOTA ADDENDUM TO THE AREA REPRESENTATIVE AGREEMENT**

If any of the terms of the Area Representative Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the Area Representative to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the Area Representative's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) Area Representative's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that an Area Representative be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Area Representative Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the Area Representative's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the Area Representative from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the Area Representative's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring an Area Representative to assent to a general release.
- The Area Representative Agreement is amended to limit any Non-Sufficient Fund fee to \$30 per occurrence pursuant to Minnesota Statute 604.113
- The Area Representative cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Also, a court will determine if a bond is required.

Any Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other

person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

**Initial Fee Deferral:**

The Area Representative Agreement is amended to also state that the franchisor defers the receipt of the initial franchise fee until the franchised business opens.

**AREA REPRESENTATIVE:**

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

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

**FRANCHISOR:**

Happie Doggie, LLC

By: \_\_\_\_\_  
Cory Hughes, CEO

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

**NORTH DAKOTA ADDENDUM  
TO THE AREA REPRESENTATIVE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. You are not required to sign a general release upon renewal of the franchise agreement.

2. The franchise agreement is amended to also provide as follows:

“Covenants not to compete are generally considered unenforceable in the State of North Dakota.”

3. The provisions concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted and in their place is substituted the following language:

“You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.”

4. The provision concerning limitation of actions is modified to provide that the statute of limitations under North Dakota Law will apply.

5. The provisions concerning mediation and arbitration are modified to also provide that the site of mediation and arbitration shall be agreeable to all parties and may not be remote from your place of business.

6. North Dakota law governs any cause of action arising out of the franchise agreement.

7. Any requirement in the Franchise Agreement that requires you to pay all costs and expenses incurred by us in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

8. 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.

9. The State of North Dakota has determined that requiring franchisees to consent to termination penalties or liquidated damages to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement that a franchisee consent to termination penalties or liquidated damages is deleted.

10. The State of North Dakota has determined that parties agreeing to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee's place of business.
11. The State of North Dakota has determined that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota to be unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements that a franchisee consent to the jurisdiction of courts outside North Dakota is deleted.
12. The State of North Dakota has determined that requiring franchisees to consent to a waiver of a trial by jury to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements that a franchisee waive a jury trial is deleted.
13. The State of North Dakota has determined that requiring franchisees to consent to a waiver of exemplary and punitive damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements that a franchisee consent to a waiver of exemplary and punitive damages is deleted.
14. The State of North Dakota has determined that requiring franchisees to consent to a limitation of claims to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is governed by North Dakota law.
15. Initial Fee Deferral- North Dakota requires the Franchisor to defer collection of the Initial Fee until the Franchisor has completed all of their initial obligations owed to North Dakota Franchisees under the Franchise Agreement or other documents and the Franchisee has commenced doing business pursuant to the Franchise Agreement.

AREA REPRESENTATIVE:

FRANCHISOR:

Happie Doggie, LLC

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

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

Cory Hughes, CEO

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

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

**RHODE ISLAND ADDENDUM  
TO THE AREA REPRESENTATIVE AGREEMENT**

If any of the terms of the Area Representative Agreement are inconsistent with the terms below, the terms below control.

1. If the Area Representative Agreement contains any provisions that conflict with the Rhode Island Franchise Investment Act, the provisions of this Addendum shall prevail to the extent of such conflict.

2. Any provision in the Area Representative Agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

3. Any provision in the Area Representative Agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

4. The Rhode Island Franchise Investment Act stipulates that you cannot release or waive any rights granted under this Act. Any provision of this Area Representative Agreement, which constitutes a waiver of rights granted under the Act, is superseded.

5. You agree to bring any claim against us, including our present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.

AREA REPRESENTATIVE:

FRANCHISOR:  
Happie Doggie, LLC

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

By: \_\_\_\_\_  
Cory Hughes, CEO

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

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

**SOUTH DAKOTA ADDENDUM  
TO THE AREA REPRESENTATIVE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Initial Fee Deferral. The Franchise Agreement is amended to also state that the initial franchise fee will be paid only after we fulfill our pre-opening obligations to you and you are open for business, pursuant to the attached South Dakota Fee Deferral Agreement.

### South Dakota Fee Deferral Agreement

The undersigned Area Representative hereby acknowledges and agrees that Happie Doggie LLC d/b/a Hike Doggie has fulfilled its pre-opening obligations to the Area Representative as stated in Item 11 of the Franchise Disclosure Document, the franchise is now open for business, and the Area Representative hereby tenders to Hike Doggie the initial franchise fee due and owing under its Area Representative Agreement.

Franchisee:

Happie Doggie LLC d/b/a Hike Doggie

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

By: \_\_\_\_\_  
Cory Hughes, CEO

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

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

**WASHINGTON ADDENDUM  
TO THE AREA REPRESENTATIVE AGREEMENT AND RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
  
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
  
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned does hereby acknowledge receipt of this addendum.

AREA REPRESENTATIVE:

FRANCHISOR:  
Happie Doggie, LLC

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

By: \_\_\_\_\_  
Cory Hughes, CEO

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

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

**WISCONSIN ADDENDUM  
TO THE AREA REPRESENTATIVE AGREEMENT**

If any of the terms of the Area Representative Agreement are inconsistent with the terms below, the terms below control.

1. If the Area Representative Agreement contains any provision that conflicts with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.
2. The Area Representative Agreement is amended to also include the following language:

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, Area Representative Agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

AREA REPRESENTATIVE:

FRANCHISOR:  
Happie Doggie, LLC

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

By: \_\_\_\_\_  
Cory Hughes, CEO

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

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

## EXHIBIT D

### RELEASE

THIS RELEASE is made and given by \_\_\_\_\_,  
("Releasor") with reference to the following facts:

1. Releasor and Happie Doggie, LLC ("Releasee") are parties to one or more Area Representative Agreements.
2. The following consideration is given:

\_\_\_\_\_ the execution by Releasor of a successor Area Representative Agreement or other renewal documents renewing the franchise (the "Franchise"); or

\_\_\_\_\_ Releasor's consent to Releasee's transfer of its rights and duties under the Area Representative Agreement; or

\_\_\_\_\_ Releasor's consent to Releasee's assumption of rights and duties under the Area Representative Agreement; or

\_\_\_\_\_ [insert description]

3. Release- Area Representative and all of Area Representative's guarantors, members, employees, agents, successors, assigns and affiliates fully and finally release and forever discharge Releasee, its past and present agents, employees, officers, directors, members, Area Representatives, Franchisees, successors, assigns and affiliates (collectively "Released Parties") from any and all claims, actions, causes of action, contractual rights, demands, damages, costs, loss of services, expenses and compensation which Area Representative could assert against Released Parties or any of them up through and including the date of this Release.
4. THIS IS A SPECIFIC RELEASE GIVING UP ALL RIGHTS WITH RESPECT TO THE TRANSACTIONS OR OCCURRENCES THAT ARE BEING RELEASED UNDER THIS AGREEMENT.
5. California Releasor- You represent and warrant that YOU EXPRESSLY WAIVE ANY AND ALL RIGHTS AND BENEFITS UNDER CALIFORNIA CIVIL CODE §1542, which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

6. The above Release shall not apply to any liabilities arising under the California Franchise Investment Law, the California Franchise Relations Act, Indiana Code § 23-2-2.5.1

through 23-2-2.7-7, the Maryland Franchise Registration and Disclosure Law, Michigan Franchise Investment Law, Minnesota Franchise Act, North Dakota franchise laws, the Rhode Island Investment Act, and the Washington Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220.

AREA REPRESENTATIVE

FRANCHISOR:

Happie Doggie, LLC

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

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

Cory Hughes, CEO

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

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

## EXHIBIT E

### LIST OF AREA REPRESENTATIVES

The following is a list of the names of all Area Representatives and the address and telephone number of each of their outlets as of the end of our most recently completed fiscal year.

#### **Current Area Representatives (as of December 31, 2024):**

None

#### **Area Representative Agreements signed but outlet not yet open (as of December 31, 2024):**

None

## **EXHIBIT F**

### **FORMER AREA REPRESENTATIVES**

The following is a list of Area Representatives who had an outlet terminated, cancelled, not renewed or otherwise ceased to do business under the Area Representative Agreement during the most recently completed fiscal year or who had not communicated with us within ten weeks of the date of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

None

**EXHIBIT G**  
**FINANCIAL STATEMENTS**

The following statement applies to the unaudited portion of the financial statements which follow:

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

**Happie Doggie LLC**  
**Balance Sheet Unaudited**  
As of October 18, 2025

Accrual Basis

	<u>Oct 18, 25</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1000 · TowneBank Oper Acct 6885	234,985.00
Total Checking/Savings	<u>234,985.00</u>
Total Current Assets	<u>234,985.00</u>
<b>TOTAL ASSETS</b>	<b><u>234,985.00</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Equity	
3010 · Invested Capital	235,000.00
Net Income	<u>-15.00</u>
Total Equity	<u>234,985.00</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>234,985.00</u></b>

# HAPPIE DOGGIE, LLC

FINANCIAL STATEMENT  
WITH INDEPENDENT AUDITOR'S REPORT

AS OF OCTOBER 9, 2025



# HAPPIE DOGGIE, LLC

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*Independent Auditor's Report*

To the Members  
Happie Doggie, LLC  
Virginia Beach, Virginia

***Opinion***

We have audited the accompanying financial statement of Happie Doggie, LLC, which comprises the balance sheet as of October 9, 2025, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Happie Doggie, LLC as of October 9, 2025, 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 Statement 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 Statement***

Management is responsible for the preparation and fair presentation of the financial statement 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 the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, 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 statement is available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 statement.

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 statement, 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 statement.
- 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 statement.
- 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.

Keza S. Dunlay

St. George, Utah  
October 22, 2025

**HAPPIE DOGGIE, LLC**  
BALANCE SHEET  
As of October 9, 2025

	<u>2025</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 10,000
Total current assets	<u>10,000</u>
Total assets	<u>\$ 10,000</u>
<b>Liabilities and Members' Equity</b>	
Members' equity	\$ 10,000
Total liabilities and member's equity	<u>\$ 10,000</u>

The accompanying notes are an integral part of these financial statements.

**HAPPIE DOGGIE, LLC**  
**NOTES TO THE FINANCIAL STATEMENT**  
**OCTOBER 9, 2025**

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

*(a) Nature of Business*

Happie Doggie, LLC (the "Company") was formed on September 16, 2025, as a Delaware limited liability company, and is headquartered in Virginia Beach, Virginia. The Company was formed for the principal purpose of selling and supporting the Hike Doggie franchise system.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 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 statement 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) Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

*(e) Concentration of Risk*

The Company maintains its cash in bank deposit accounts that 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.

*(f) 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 October 9, 2025, the Company had cash and cash equivalents of \$10,000.

*(g) Leases*

The Company has made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from any 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 or to enter into new leases that would extend the lease term past 12 months, will be recognized on a straight-line basis over the lease term.

**HAPPIE DOGGIE, LLC**  
**NOTES TO THE FINANCIAL STATEMENT**  
**OCTOBER 9, 2025**

*(h) Income Taxes*

The entity is structured as a limited liability company under the laws of the State of Delaware and has elected to be taxed as a corporation for federal and state income tax purposes.

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes*, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Company also follows the guidance under ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a more-likely-than-not threshold for recognition and measurement of tax positions taken or expected to be taken in a tax return. The Company recognizes interest and penalties related to uncertain tax positions, if any, as a component of income tax expense.

The Company's income tax returns are subject to examination by federal and state taxing authorities for a period of three years from the date they are filed. As of October 9, 2025, no tax years were subject to examination.

**(2) 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.

**(3) Subsequent Events**

Management has reviewed and evaluated subsequent events through October 22, 2025, the date on which the financial statement were available to be issued.

On October 14, 2025 and October 17, 2025, the Company's members made equity contributions of \$150,000 and \$75,000, respectively.

## EXHIBIT H

### TABLE OF CONTENTS OF AREA REPRESENTATIVE OPERATIONS MANUAL

<b>Subject</b>	<b>Page Count</b>
<p style="text-align: center;"><b>Introduction</b></p> <ul style="list-style-type: none"> <li>• Overview of Company Structure and Support Team</li> <li>• Purpose and Objectives of the Area Representative Training Program</li> <li>• Alignment of the AR Role within the Franchise System</li> </ul>	<b>2</b>
<p style="text-align: center;"><b>Area Representative Role &amp; Responsibilities</b></p> <ul style="list-style-type: none"> <li>• Overview of Core Duties and Performance Expectations</li> <li>• Communication and Collaboration with the Franchisor</li> <li>• Support and Development of Franchisees within the Territory</li> <li>• Key Performance Indicators and Accountability Framework</li> </ul>	<b>4</b>
<p><b>Territory Development &amp; Market Management</b></p> <ul style="list-style-type: none"> <li>• Understanding Assigned Territories and Demographic Insights</li> <li>• Market Research and Competitive Positioning</li> <li>• Territory Growth Planning and Expansion Oversight</li> <li>• Tools and Resources for Tracking Market Performance</li> </ul>	<b>5</b>
<p><b>Franchise Recruitment &amp; Development</b></p> <ul style="list-style-type: none"> <li>• Overview of the Franchise Recruitment Process</li> <li>• Prospect Qualification and Candidate Evaluation</li> <li>• Discovery and Approval Coordination</li> <li>• Franchise Awarding, Onboarding, and Compliance Overview</li> </ul>	<b>5</b>
<p><b>Training, Launch &amp; Field Support</b></p> <ul style="list-style-type: none"> <li>• Pre-Opening and Launch Preparation</li> <li>• Franchisee Operations and Safety Standards Overview</li> <li>• Systems, Software, and Operational Tools</li> <li>• Ongoing Field Support, Mentorship, and Performance Review</li> </ul>	<b>7</b>
<p><b>Operational Oversight &amp; Compliance</b></p>	<b>5</b>

<b>Subject</b>	<b>Page Count</b>
<ul style="list-style-type: none"> <li>• Territory-Level Support Visits and Operational Monitoring</li> <li>• Quality Assurance and Documentation Requirements</li> <li>• Issue Resolution, Coaching, and Corrective Measures</li> <li>• Compliance with Franchise Standards and Legal Obligations</li> </ul>	
<p><b>Financial Management &amp; Performance Review</b></p> <ul style="list-style-type: none"> <li>• Overview of Area Representative Financial Model</li> <li>• Reporting, Royalties, and Fee Collection Processes</li> <li>• Territory Budgeting, Forecasting, and Expense Planning</li> <li>• Supporting Franchisee Financial Health and Profitability</li> </ul>	<b>7</b>

## EXHIBIT I

### STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	November 19, 2025
Illinois	October 29, 2025
Indiana	October 24, 2025
Maryland	Pending
Michigan	October 30, 2025
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	October 27, 2025
South Dakota	October 30, 2025
Virginia	November 10, 2025
Washington	Pending
Wisconsin	October 24, 2025

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 J**

### **RECEIPT**

This disclosure document summarizes certain provisions of the Area Representative Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Happie Doggie, LLC offers you an Area Representative franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 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. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Happie Doggie, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit B.

The franchisor is Happie Doggie, LLC located at 780 Lynnhaven Parkway Suite 240, Virginia Beach, VA 23452. Its telephone number is 855-825-7387.

Issuance Date: October 18, 2025 as amended October 24, 2025

The franchise sellers for this offering are:

<b>Seller</b>	<b>Address</b>	<b>City, State Zip</b>	<b>Phone</b>
Cory Hughes	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23452	(855) 825-7387
Kathleen Allen	505 Washington Avenue	Golden, Colorado 80403	(720) 234-4422
John T. Hewitt	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23452	(888) 268-0321
Kelly Wyatt (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23452	(757) 560 1040
Jamie Marcil (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23452	(833) 920 0735
Tayler Romanelli (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23452	(833) 920-0735
Gwendolyn DiFerdinando	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23454	(833) 920-0735

<b>Seller</b>	<b>Address</b>	<b>City, State Zip</b>	<b>Phone</b>
Erik Klumpe (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23454	(833) 920-0735
Jennifer Wyatt- Wilson (Loyalty Brands)	780 Lynnhaven Parkway, Suite 240	Virginia Beach, VA 23454	(833) 920-0735
Colin Flynn (Loyalty Brands)	7226 Pomelo Dr.	West Hills, CA 91307	310-801-4654

We authorize the respective state agencies identified on Exhibit B to receive service of process for us in the particular state.

I have received a disclosure document dated October 18, 2025 as amended October 24, 2025, that included the following Exhibits:

- A. State Addenda to the Disclosure Document
- B. List of State Administrators and Registered Agents
- C. Area Representative Agreement
  - Schedule 1- Territory
  - Schedule 2- Minimum Requirements
  - Schedule 3- Automatic Bank Draft Authorization
  - Schedule 4- Area Representative Biographical Information Form
  - Schedule 5- State Addenda to the Area Representative Agreement
- D. Release
- E. List of Area Representatives
- F. List of Former Area Representatives
- G. Financial Statements
- H. Table of Contents of Area Representative Operations Manual.
- I. State Effective Dates
- J. Receipts

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Area Representative

\_\_\_\_\_  
Print Name

Please sign, date, and retain this copy for your records.

## RECEIPT

This disclosure document summarizes certain provisions of the Area Representative Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 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. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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- H. Table of Contents of Area Representative Operations Manual.
- I. State Effective Dates
- J. Receipts

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Area Representative

\_\_\_\_\_  
Print Name

Please sign, date, and return this copy to us.