



Franchise Disclosure Document [FDD]

Suite Surroundings, LLC
a Minnesota limited liability company
2319 175th Lane NW
Andover, Minnesota 55304

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Direct Line: (612) 361-1361

The Franchise offered is for the operation of an onsite wedding and special event dressing room business that provides services to setup fully furnished suites with all the amenities at any location. This is a service-oriented business that offers a solution for people and companies who are planning a wedding without worrying about where the bride and groom will be comfortable getting ready for their big event, under the name “Dream Day Dressing Rooms®.” The Initial Franchise Fee is \$15,000 with protected rights to operate in a specific area as defined by us. Additional franchises may be available for those franchisees who have bought at least one franchise, at a reduced fee of \$7,500 per Franchise. The total estimated initial investment necessary to begin operation of a Dream Day Dressing Rooms® franchise ranges from \$56,000 to \$107,550 which will depend on a number of factors which are further discussed in Item 7. These figures include the Initial Franchise Fee of \$15,000 (as discussed in Item 5) that must be paid to the Franchisor or its affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read the 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:

Heidi Mathson, President
Suite Surroundings, LLC
2319 175th Lane NW
Andover, Minnesota 55304
(612) 361-1361

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

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

We currently do not engage the services of franchise brokers.

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

Issuance Date: May 16, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit H includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Dream Day Dressing Rooms business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Dream Day Dressing Rooms franchisee?	Item 20 or Exhibit F and Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in the 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, which 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 franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Minnesota. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Minnesota than in your own state.
2. **Governing Law.** The Franchise Agreement states that Minnesota law governs the agreement, and this law may not provide the same protections and benefits as local laws. You may want to compare these laws.
3. **Territory.** You will not receive an exclusive territory or any type of territory. You may face competition from other franchisees, from outlets owned by us or our affiliates or from other channels of distribution or competitive brands that we own as further described under Item 12 titled Territory.
4. **Spouse Personal Guaranty.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
5. **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.
6. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
7. **Mandatory Minimum Payments.** You must make minimum payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment."

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Suite Surroundings, LLC

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ITEM 1
FRANCHISOR AND ANY PARENTS, PREDECESSORS & AFFILIATES

The Franchisor is Suite Surroundings, LLC, a Minnesota limited liability company, doing business as “Dream Day Dressing Rooms®.” For ease of reference, Suite Surroundings, LLC will be referred to as “we,” “us,” “our,” “SSL” or “Franchisor” in this Disclosure Document. We will refer to the person or entity who buys the Franchise as “you,” “your,” or “Franchisee,” throughout this Disclosure Document. If you are a corporation or a limited liability company, partnership, or other entity, certain provisions of the Franchise Agreement also apply to your shareholders, members, partners, or owners and will be noted. Any such corporations, partnerships, limited liability companies or other type of entity may be referred to as an “Entity” and those who own the Entity may be referred to as “Owners.”

We are a Minnesota limited liability company, incorporated on December 20, 2021. We do business under the same name as our corporate name “Suite Surroundings, LLC” as well as “Dream Day Dressing Rooms.” Our principal business address is 2319 175th Lane NW, Andover, Minnesota 55304. We operate and sell franchises for the operation of a business known as “Dream Day Dressing Rooms®” (the “Business,” “Franchise” or “Franchised Business”). We grant to persons or entities which meet our qualifications, and who are willing to undertake the investment and effort, the right to open and operate a Franchise for the development and operation of an onsite wedding and special event dressing room business that sets up fully furnished suites in accordance with our then-current franchise agreement (“Franchise Agreement”), a copy of which is attached to this Disclosure Document as Exhibit A. This is the first time SSL has offered franchises of the type described in this Disclosure Document and Dream Day Dressing Rooms® has never offered franchises in any other line of business. Our agents for service of process are disclosed in Exhibit B.

Our Parents, Predecessors and Affiliates:

We have no parents. There is one operating business that offers similar services to the Dream Day Dressing Rooms® business. The following is a list of our predecessors and affiliates including principal addresses and number of locations for each.

Our affiliate, Dream Day Dressing Rooms, LLC (“DDDR”), is a Minnesota limited liability company that was formed on July 16, 2016. DDDR shares the same physical address as us and operates one Dream Day Dressing Rooms® business substantially similar to the Franchise Business being offered by us. We and DDDR are independent entities and DDDR does not assume any of our legal or other obligations or us of theirs. DDDR does not offer franchises.

Our Business and the Franchises Offered:

The Dream Day Dressing Rooms® business has been developed to offer a comprehensive solution for any person or company planning a wedding by providing pop-up bridal and groom suites complete with all the amenities without having to worry about setting it up or tearing it down themselves. The Dream Day Dressing Rooms® philosophy is centered on the belief that weddings are stressful and the last thing anyone should have to worry about is where the bride, groom and their entourage get ready for the event. This is a service-oriented business that is typically operated year around as a home-based business, however it can be operated out of a small storage unit, warehouse, or industrial space (either of which must be approved by us). Each Dream Day Dressing Rooms® franchise will provide individuals and businesses who plan or host weddings with a variety of choices for their onsite bridal and groom suites using our proprietary plans and schematics which include but are not limited to: onsite consultations, a variety of different bridal and groom suite signature packages (which includes all furnishings, fixtures, rugs, décor, etc.), delivery and setup services for all bridal and groom packages, breakdown services to return the space to its pre-existing condition, special dressing room event setups (such as green room setups, photo shoot setups, fashion show setups, celebrity appearance setups, etc.) in addition to other wedding or special event-related services and products approved by us. We may authorize you to offer additional services and/or products in

the future such as: mobile dressing rooms, wedding planning services, venue sourcing services, party and/or event planning services, limited food and baked goods, floral arrangements, wedding favors and other wedding and/or event planning-related services and products approved by us.

Competition includes national and local wedding planners and coordinators and wedding décor rental companies in addition to event planning management companies operated by national chains, local chains, independent operators and to some extent party planning businesses offering similar services to those found in a Dream Day Dressing Rooms[®] business. Your clients are typically large venues that cater weddings and couples who are planning a wedding seeking to provide bride and groom accommodations. Generally, there is no seasonality to this business, however increased activity traditionally happens between the months of March through October. The market for pop-up bridal and groom suites and subsequently onsite wedding-related services is becoming more competitive in the United States. We plan controlled expansion into areas that we determine can support The Dream Day Dressing Rooms[®] Business to improve name recognition and our reputation through Franchised Businesses.

The Dream Day Dressing Rooms[®] Business and system are characterized by our: unique services offered, proprietary packages, plans, schematics, methods, processes, techniques and procedures when performing services; specifications for products and supplies used and strategies for purchasing such items; relationships with vendors and suppliers, cost controls and pricing strategies; operational strategies to manage high volume, guidelines for hiring, training and retaining employees; our website, intranet system and franchise website housed within our national website; strategies for acquiring clients, sales presentations, advertising, marketing, networking and promotional strategies along with materials; management and record keeping procedures; our confidential operations manual (“Operations Manual” or “Manuals”) and other manuals, forms and materials which are made available either in hard copy or electronically; all of which may be changed, improved and further developed by us periodically (the “System”).

The System is identified by means of certain trade names, service marks, trademarks, slogans, logos, emblems, and indicia of origin, including the word mark “Dream Day Dressing Rooms” which is registered on the principal register of the United States Patent and Trademark Office, bearing the registration number 5332960. The design and word mark “Dream Day Dressing Rooms” is registered on the principal register of the United States Patent and Trademark Office, bearing the registration number 6983689. You will be licensed to use not only these marks and designs, but also all other service marks, trademarks, slogans, logos, and emblems as we may designate for use in connection with the System (collectively, the “Marks” and each a “Mark”).

You should consider the following when establishing and operating your Business: changing market conditions, competition, cost of supplies, real estate market, capital, labor, your own health, continuity of your management, continuation of sources of supply, availability of financing, recession, or depression locally or nationally, wars, strikes, acts of terrorism, emergencies whether natural or manmade, litigation, liability, and casualty losses. In addition to industry developments, changes in pricing policies of your competitors, state licensing, supply, and demand not to mention your dependence on key personnel, the loss of whom could have an adverse effect on your Business. The purchase of a Dream Day Dressing Rooms[®] (or any other) franchise is speculative and a significant investment beyond that outlined in this Disclosure Document may be required to succeed. There are no guarantees for success and the most important factors in the success of any Dream Day Dressing Rooms[®] franchise, including yours, are your personal business, marketing, management, judgment, other skills and your willingness and commitment to work hard and diligently in your Business and incorporating our System. We have not offered franchises in other lines of business in the past. We do not engage in any business other than the offer of franchises.

Laws and Regulations:

In general, you must comply with all local, state, and federal laws and governing agencies that apply to your Business, to the public generally, and to public safety. You are responsible for checking the laws of the state, and local government in which you intend to conduct business to determine if you are required to obtain any permits or if there are any licensing or registration requirements and other statutes, codes, rules, regulations, or ordinances

specific to your Business. You must know such laws and regulations in your locality and must make sure that you and all your employees who work in your Business comply with any such laws and regulations as well as obtain any licenses, certifications or permits required by your locality for performing work in your Business. You should consider both their effect on your business and the cost of compliance. You are responsible for knowing all laws and regulations and obtaining all certifications, licenses and permits required by your locality.

In addition to laws and regulations that apply to businesses generally, there are consumer protection laws that exist in several states. Certain requirements, including compliance with federal and/or state solicitation, telemarketing (for example, the “do not call” registry), email solicitation, privacy and consumer credit and collection laws are generally applicable to all businesses that sell directly to the end-user. You must comply with all local, state, and federal laws that apply to your Business and to the public. Those laws include Equal Employment Opportunity Commission (“EEOC”), Federal Trade Commission (“FTC”), pricing laws and employment laws. Such employment laws include regulations concerning wage rates, mandated employee benefits, employment taxes, worker safety, unemployment compensation, workers’ compensation, child labor practices, disabled employees, and discrimination in employment practices. There are also many state and local laws and regulations detailing how to define independent contractors for different purposes, such as tax, effect of applicable employment laws, unemployment compensation and workers’ compensation that you are responsible for knowing. You will be subject to the Americans with Disabilities Act which prohibits practices that discriminate against physically and mentally challenged individuals regarding access to public accommodations and employment opportunities. There may be other laws and codes applicable to your business and we urge you to make further inquiries about those laws and codes.

It is your sole responsibility, to investigate, satisfy and remain in compliance with all local, state, and federal laws and regulations in addition to obtaining and keeping in force all necessary certifications, licenses, permits, and registrations required by public authorities, since they vary from place to place and can change over time. You must know all laws and regulations in your locality and must make sure that you and all your employees who work in your Business comply with such laws and regulations as well as obtain any licenses, certifications, permits, or registrations required by your locality for performing work in your Business. You should consider both their effect on your Business and the cost of compliance. Although we monitor legal requirements that affect our franchisees and we make our information available to you, because of the number of potential state and local issues, we cannot guarantee that it will be complete, current, and accurate. Therefore, we recommend that you consult with your attorney and/or tax advisor for an understanding of all the laws and regulations applicable to your specific Dream Day Dressing Rooms® Business and in complying with them.

We have not offered franchises in other lines of business in the past. We do not engage in any business other than the offer of franchises.

ITEM 2 **BUSINESS EXPERIENCE**

President/CEO: Heidi Mathson: Heidi is the co-founder of Dream Day Dressing Rooms® serving as our President since our formation in December 2021. From July 2016 to present, she has been serving as President for our affiliate, Dream Day Dressing Rooms, LLC based out of Andover, Minnesota while also serving as Owner and President for 1320 Insurance Advisors from August 2017 to present based out of Andover, Minnesota.

Vice President of Operations: Amy Michaels: Amy is daughter of our President and the co-founder of Dream Day Dressing Rooms® serving as our Vice President of Operations since our formation in December 2021. From July 2016 to present, she has been serving as COO for our affiliate, Dream Day Dressing Rooms, LLC based out of Andover, Minnesota.

Vice President of Marketing: Molly Michaels: Molly is the daughter-in-law of our President and has been serving as our Vice President of Marketing since our formation in December 2021. From July 2016 to present, she has been serving as a Marketing and Operations Supervisor for our affiliate, Dream Day Dressing Rooms, LLC based out of

Andover, Minnesota while also working as a Merchandising Manager for Target from April 2018 to present also based out of Andover, Minnesota.

ITEM 3 **LITIGATION**

No litigation is required to be disclosed in this Item.

ITEM 4 **BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

ITEM 5 **INITIAL FEES**

The Initial Franchise Fee for a single Franchise (the “Initial Franchise Fee”) is \$15,000 for a Dream Day Dressing Rooms® business. The Initial Franchise Fee includes the development of a custom local affiliate website for your Franchise housed within our national website that includes online ordering functionality and may include access to our intranet system that provides ongoing news bulletins and templates for advertising materials to support your Business; web server setup for your website; a startup kit that includes various marketing materials, access to a self-study program (and related materials) to be completed prior to attending our initial training program, our proprietary Operations Manual, a comprehensive five day training program at our corporate headquarters and up to three days of marketing assistance and guidance at your location. You must purchase specific products and supplies from us, our affiliates, or our approved vendors and/or suppliers and the cost for these items may not be refundable (as described in Item 7 and Item 8). During the initial training program, you will be provided with a list of approved vendors and suppliers to purchase all products and supplies from necessary to operate your Business. At the time you sign your Franchise Agreement and anytime you are in good standing under your Franchise Agreement, you may purchase additional franchises for \$7,500 each if we offer additional franchises to you and if you meet the following minimum conditions: (a) you must satisfy our then-current qualifications and training requirements; (b) you must not be in default of the Franchise Agreement; and (c) you must execute our then-current franchise agreement.

The Initial Franchise Fee is paid in a lump sum at the time the Franchise Agreement is signed, is nonrefundable and is deemed fully earned upon the opening of the Business for the deliverables described above and as provided in the Franchise Agreement. In certain states, as required by state authorities based on a review of our financial statements, we may defer our receipt of the Initial Franchise Fee and all other initial payments or deposit them into escrow until we have met our initial obligations to you (see state addenda in Exhibit D). In Minnesota, we will defer our receipt of your Initial Franchise Fee payment until you open your Franchised Business.

We may choose to offer you an option to be awarded a Dream Day Dressing Rooms® Franchise, on the terms set forth in the Option Agreement attached as Exhibit F (“Option”). Under the Option Agreement, you have six months to enter into a Franchise Agreement for a franchised business. In exchange for the Option, you pay a nonrefundable fee of \$5,000 (“Option Fee”) that: (i) will be credited towards the Initial Franchise Fee if you exercise the Option to purchase an initial franchise during the Option Term, or (ii) will be credited towards the franchise fee for an additional franchise if you exercise your Option to buy an additional franchise during the Option Term following the purchase of the Option to buy an additional franchise. The Initial Franchise Fee upon exercise of an option will be the same as the Initial Franchise Fee without an Option. Whether you buy an initial franchise or an additional one, you must complete the purchase during the Option Term of the Option Agreement.

The Option Fee is not refundable and is payable in full when you sign the Franchise Agreement or Option Agreement, as applicable, except as provided in Exhibit F.

**ITEM 6
OTHER FEES**

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Royalty Fee	3% of Gross Revenue or a flat \$250 (whichever is greater) per month starting immediately once your Business is open for operation.	Due by the 5 th day of each month for the previous month.	See Note 1
System Advertising Fee	½ % of Gross Revenues or a flat \$40 (whichever is greater) starting immediately once your Business is open for operation.	Due by the 5 th day of each month for the previous month.	We may increase this fee upon 90 days' written notice to you. However, your total contribution will not exceed 3% of Gross Revenue and/or an increase of more than \$25 per month in any calendar year. See Note 2 and Item 11
Local Advertising Fee	A minimum of \$1,500 per calendar quarter starting immediately once your Business is open for operation and will be pro-rated for your first quarter.	Spent by you to promote your Business	See Item 11
Interest and Late Charges	1.5% per month or maximum rate allowed by law provided the interest rate cannot exceed the maximum legal rate.	After the due date of fees.	See Note 3
Additional Training	\$250 per person per day or costs of third-party charges.	At time training is scheduled and/or additional assistance is requested by you.	While the Initial Franchise Fee includes the cost of our initial training program, the Initial Franchise Fee only covers training for up to two individuals. See Item 11. Additionally, this fee is applicable upon an approved transfer of the Franchise for the initial training program and additional training.
Audit Expenses	Cost of Audit Fees plus interest @ 18% per annum (1.5% per month) up to the maximum interest allowed by law.	Ten days after receipt of audit report	Payable only if you understate Gross Revenues by 2% or more. We expect the cost to be between \$4,500- \$7,000 unless your financial records are not well kept.
Costs and Attorney's Fees	Will vary under circumstances.	As Incurred	Payable as incurred by us in enforcing the Franchise Agreement, including obtaining injunctive relief.
Indemnification	Will vary under circumstances.	On Demand	As Incurred; See Note 4

Software Fees and Ongoing Support	Currently \$79-\$89 per month for the use and ongoing support of third-party customer relationship management software necessary for the operation of your Business.	Monthly	Payable to us, our affiliates and/or approved vendors. See Note 5
Website Edits, Updates, Changes, Maintenance and Promotion Fee	Currently \$65-\$125 per hour that may be necessary to update and/or promote your website.	As Incurred	Payable to us, our affiliates and/or approved vendors. See Note 6
Product, Vendor and Supplier Assessment Fee	\$100 per product, vendor, and supplier.	On Demand	Payable to us. See Note 7
Transfer Fee	A flat fee of \$1,000 when you transfer a part of the Business (less than 49% of all the assets) or a flat fee of \$5,000 when you transfer all the Business (more than 49% of all the assets).	At the time the transferee signs the franchise agreement in effect for transfer or sale.	Payable to us when the Franchise Agreement is signed or a material portion of the assets in the Business is transferred. If transferee came from our lead database, you may be required to pay the then-current referral fee to us plus any costs associated with applicable broker fees.
Renewal Fee	None	At the time of the renewal period for each franchise.	When signing our then-current franchise agreement, renewal terms are for five years.
Resale Fee	Varies	On Demand	If you ask and we agree to assist you in finding a buyer for your Business, you pay us a fee to cover our costs and expenses, including time committed by our personnel.
Temporary Management	Actual Costs	On Demand	Upon death or disability, a manager who completed our training, must be employed to operate the Business. If not done, we can appoint a manager for up to 90 days, renewable up to one year. All expenses, including manager compensation, travel and living expenses will be charged against operating revenues. We also charge the amount of our expenses against those revenues.
Conference Fee	There will be a registration fee for conferences not to exceed \$1,000 per person although we will work in good faith to keep the cost down, so it does not exceed our cost.	As Incurred	As Incurred and payable to third parties and us. Conference fee, travel, transportation, lodging, meals, and incidental expenses in addition to compensation of the people you send to any conferences. Will vary under circumstances.

Refresher Training and/or Continuing Education	Will vary under circumstances. Continuing education is estimated not to exceed \$250 per person per day plus your travel expenses or our expenses if we come to your location.	As Incurred	The location for refresher and/or continuing education will be at our headquarters, although we reserve the right to provide it over the internet or phone. There may be an annual conference for all franchisees to attend and other conferences as needed. See Item 11, (13iii) for more detail.
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Except as stated above, you pay all fees to us and they are uniformly imposed. All fees are non-refundable.

Note 1: Gross Revenue is defined in the Franchise Agreement as the gross amount, in money or other forms of consideration, that you earn or receive from any source-related to, or in connection with, the operation of your Franchised Business or with this Franchise, whether on or off your premises; which includes all revenues generated from the performance of services and sale of all products (if we authorize you to sell products in the future). Gross Revenue also includes fair market value for any service or product you receive in barter or exchange for your services or products, the retail value of any donated and/or complimentary (free) services or products given or provided to clients and all insurance proceeds that you receive for the loss of the Business due to a casualty to or similar event at the Business. We exclude only (i) gratuities paid by your clients to any employees of your Business; (ii) service fees for credit card transactions, sales tax receipts that you must by law collect or pay; (iii) any client refunds of previous payments you actually make in good faith; (iv) revenues from any sales taxes or other add on taxes you collect from clients for transmittal to the appropriate taxing authority; and (v) the retail value of any donated and complimentary (free) services or products offered to clients or employees up to a maximum of 2% of Gross Revenues for the Business for each calendar year (your first calendar year will be pro-rated). We have the right to change, modify or discontinue your ability to exclude donated and complimentary services and/or products from the Gross Revenue calculation for any reason whatsoever upon 90 days' written notice to you.

The Royalty Fee obligation begins immediately after the opening of your Business for operation and continues for the term of your Franchise. Your Business is deemed open for operation immediately after you complete the initial training program. The Royalty Fee is due and payable monthly on the 5th day of each month and is to be received how we specify. The royalty rate is 3% of your Gross Revenues or a flat \$250 (whichever is greater) per calendar month for the entire term of your Franchise Agreement. If your Franchise Agreement is terminated, you may be required to continue such royalty payments for the term of your Franchise Agreement.

Royalty Fees may be payable by direct deposit from your account to us, and all Royalty Fees are imposed by us only. See Direct Deposit Agreement attached as Schedule 1 of the Franchise Agreement. We reserve the right to change the time and manner of payment upon written notice to you. All Royalty Fees are non-refundable. All Royalty Fees are uniformly imposed, payable only to us and collected only by us.

Note 2: You will pay us a System Advertising Fee contribution equal to ½ % of Gross Revenues or a flat \$40 (whichever is greater) per calendar month as defined above in Note 1 and in the Franchise Agreement. The System Advertising Fee is collected by us and all System Advertising Fees are non-refundable. The payment of the System Advertising Fee begins immediately once your Business is open for operation (also defined in Note 1) and is due on the 5th day of each month, then continues for the term of the Franchise Agreement. We may raise, discontinue, or reduce the contribution, but your total contribution will not exceed 3% of your Gross Revenues per month in any calendar year and/or an increase of more than \$25 per month to the flat fee minimum in any calendar year. You pay the System Advertising contribution at the same time and under the same terms as the Royalty Fee described above. System Advertising Fees are uniformly imposed on all franchisees.

We will place the System Advertising Fee contribution in a separate bank account. We may use this fund for marketing, local, regional, national, or international advertising, public relations, promotions, surveys, test marketing, research, and development administration (including all related expenses such as our salaries, accounting, collection, legal, and other costs), and any media costs (including media production costs). We make the expenditures at our discretion. We do not represent that any particular level of expenditure will be made for particular programs or to benefit particular franchisees or franchised locations. We are not required to spend any amount on advertising in the area where you are located. We will not spend advertising funds from this account for activities that are principally a solicitation for the sale of franchises. There is no fiduciary relationship between us and you concerning any System Advertising Fee contribution. All System Advertising Fees are collected only by us.

Note 3: Interest and late charges begin to accrue after the due date of the payment. You must also pay any damages, expenses, collection costs and reasonable attorney fees we incur when you do not make the required payments; provided no interest shall exceed the maximum legal rate. All interest and late charges are payable only to us, uniformly imposed and non-refundable.

Note 4: You must protect, defend, indemnify, and hold us harmless against any claims, lawsuits or losses arising out of your operation of the Franchised Business. If you default under the Franchise Agreement and we engage an attorney for collection or enforcement, you must pay all our damages and costs to the extent permitted by law. All indemnification costs are payable only to us and collected only by us. Indemnification costs will vary depending on the amount of damages, and attorneys' fees that we incur to collect any amounts due and owing by you according to the Franchise Agreement, or to enforce the terms of the Franchise Agreement. Indemnification costs are non-refundable (Franchise Agreement Section XVIII).

Note 5: You are required to use a specific third-party customer relationship management software program for the operation of your Business. This software program is specific to the service industry that manages all client records, tracks jobs, sends messages and has inventory tracking, reporting, and billing functionality in addition to integrating well with other third-party software programs. The software fee is for the usage and ongoing support of such program and is currently \$79-\$89 for two users per month then \$35 per user per month for each additional user. We would expect that you will need only two users for your Business. Software fees are payable to us, our affiliates, or approved vendors.

You will already have access to the software program mentioned above prior to your Business being open for operation as all initial software fees were already accounted for in your estimated initial investment (see Item 7). It is your responsibility to install and upgrade all software used for your Business. You may have to sign a license agreement to use such third-party software. It is also your responsibility to install and upgrade any technology and networking functionality necessary to implement and continue to use such software. You will have sole authority and control over the use of all software, day-to-day operations of the Business and your employees. At no time will your employees be deemed to be employees of ours. We may change the software requirements upon 90 days' prior written notice to you and you will be required to adhere to the new software requirements and fees at your own expense. Software fees may be changed in response to any increase in the United States Consumer Price Index; if the vendors for such software increase usage fees; if additional functionality and/or features become available; or if we or the manufacturers of such software believe that conditions in the overall economy or in the market for such software warrant any change in fees. Software fees are uniformly imposed, non-refundable and collected by us, our affiliates, or our approved vendors (Franchise Agreement Sections X.E, XII.H, XII.I and XX.A).

Note 6: We, our affiliates and/or our approved vendors will complete all edits, changes, and updates to your website. Any requests for changes or updates to the content of your website and/or any type of website promotion you wish to do must be approved by us in writing and performed by us, our affiliates and/or our approved vendors. We will respond to you within 30 days of our receipt of your request for all website changes. The website edits, updates and change fee is currently \$65-\$125 per hour and is payable to us, our affiliates, or our approved vendors. We may change our website edits, updates, and changes fee requirement upon 90 days' written notice to you and you will be required to adhere to our new website edits, updates, and changes fee requirements at your own expense. The fees

may be changed in response to any increase in the United States Consumer Price Index, if we choose to offer additional features, if we choose to provide additional web pages, or if we believe that conditions in the overall economy or in the market for such services warrant any change in fees. Website edits, updates and changes fees are non-refundable and are uniformly imposed and collected only by us, our affiliates, or our approved vendors (Franchise Agreement Section X.F).

Note 7: You will be required to obtain our written approval for any product (this includes supplies such as furnishings and fixtures), vendor and/or supplier that you wish to use in the operation of your Business (as described in Item 8), and you will be responsible for paying us an assessment fee. This fee is \$100 for any single product, vendor and/or supplier you wish to offer, use and/or substitute in your Business. We may waive these fees if the products, vendors and/or suppliers you select meet our requirements and are added to our approved list of products, vendors and/or suppliers for all franchise locations. All product, vendor and supplier assessment fees are payable only to us, are non-refundable and are uniformly imposed (Franchise Agreement Section X.G).

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$15,000	\$15,000	Lump sum; the Initial Franchise Fee is \$15,000 which includes a defined territory, a startup kit, training, and a website. This Franchise Fee is non-refundable.	At signing of the Franchise Agreement.	Franchisor See Note 1 and Item 5
Technology	\$1,000	\$4,000	As incurred; for a computer or laptop, tablet, software, printer, copier, scanner, router, modem, and a mobile phone.	Before Opening	Payable to our approved vendors
Furniture and Fixtures	\$23,750	\$40,000	As incurred; estimated costs for all furniture and fixtures necessary for the operation of your Business.	Before Opening	Payable to us, our affiliates, or approved vendors. See Note 2
Real Estate	\$0	\$1,900	As incurred: estimated expenses for either operating from home or leasing a 1,000 square foot storage unit, warehouse, or industrial space. This estimate includes first month's rent plus a security deposit.	Before Opening	Landlord See Note 3
Leasehold Improvements	\$0	\$500	As incurred; if you choose to lease a space for your Business, this is an estimate for minor interior improvements. Expenses will depend on the extent of the renovations needed and any allowance you negotiate with the lessor for construction.	Before Opening	Landlord See Note 4
Startup Inventory	\$4,700	\$7,500	Lump sum; estimated costs for startup inventory of products and supplies necessary for the operation of the Business.	Before Opening	Payable to us, our affiliates, or approved vendors. See Note 5

Vehicle or Trailer	\$1,500	\$3,500	As incurred; you must have or purchase either a reliable box truck or a pick-up truck or van and a trailer (if you do not have a box truck) that meets our appearance standards for the operation of your Business.	Before Opening	Third parties. See Note 6
Vehicle and/or Trailer Graphics	\$500	\$2,000	Lump sum; estimated costs for placing approved graphics on your vehicle or trailer (if you choose to use a trailer) for the operation of your Business.	Before Opening	Payable to us, our affiliates, or approved vendors. See Note 7
Staffing	\$0	\$7,500	As incurred; you must have a minimum of one full-time salesperson and part-time delivery driver. Some franchisees will also need to hire part-time administrative help and an operations manager. The low end of the estimate takes into account that you are the salesperson and delivery driver, you perform all administrative duties and you are the operations manager. The high end of the estimate takes into account you are the full-time salesperson and you hire part-time delivery drivers, administrative help, and you are the operations manager.	Over the course of three months	Salaries and Expenses
Insurance	\$2,300	\$3,000	As incurred; before commencing operations of the Business and as required by insurance company. Estimate excludes auto and workers' compensation insurance.	Before Opening	Payable to third parties. See Note 8
Travel, Lodging and Meals for Initial Training Program	\$1,000	\$1,850	As incurred; training is held at corporate headquarters. You are responsible for all costs associated with attending such as travel, room, and board. Estimate provided is for one person. Additional training is available at your request for which an additional training fee of up to \$250 per person per day may be required.	Before Opening	See Item 11
Business Licenses, Permits, Certifications, Professional Fees, and Association Dues	\$250	\$800	As incurred; licenses may be required to operate your Business and any professional legal and accounting fees incurred.	Before Opening	Appropriate licensing authorities and third parties.
Operating Expenses and Additional Funds	\$6,000	\$20,000	Additional funds necessary for the start-up of your Business which includes working capital.	Spent over the course of the first three months	See Note 9
Total	\$56,000	\$107,550			

Except as provided below, other than security deposits and utility deposits, all payments and fees described in this Item 7 are non-refundable.

Note 1: We will provide you with a startup kit that includes marketing materials to help promote the opening of your Business. The startup kit will be provided to you at our cost as part of your Initial Franchise Fee and includes but is not limited to: business cards, flyers, brochures, and promotional give-away items. You will need to replenish items in this kit when you run out of such items and all items must be purchased through us, our affiliates, or approved vendors and/or suppliers (Franchise Agreement Section XX.A).

Note 2: This estimate is for the furniture and fixtures we would expect you to need in order to operate your Business. The items we would expect you to need for furniture and fixtures include: desk, sofas, wardrobe racks, various size tables, chairs, stools, carts, and shelving. The low end of this estimate represents operating the Business from your home and purchasing all furniture and fixtures. The high end of this estimate represents costs if you intend to operate your Business out of a small storage unit, warehouse, or industrial space of approximately 1,000 square feet and purchasing all furniture and fixtures. You must purchase all furniture and fixtures that meet our specifications, which may change from time to time and you must purchase all furniture and fixtures directly from us, our affiliates or approved vendors and suppliers. If applicable, you must also pay state and local sales tax on purchases of furniture and fixtures. The sales taxes may range from 3% to 10% of the purchase price and are not included in these estimates. Expenses for furniture and fixtures do not include shipping or delivery costs and such costs may not be refundable depending on the terms of the invoice or purchase agreement.

Note 3: You are encouraged to operate your Business out of your home, however you can choose to operate out of a location (such as: a small storage unit, warehouse, or industrial space). The low end of the estimate represents a home-based business and the high end of this estimate represents leasing a small storage unit, warehouse, or industrial space of approximately 1,000 square feet at an average rent of \$0.95 per square foot per month (approximately \$11 per square foot annualized). We do not expect that you lease a retail space for your Business; however if you do so, upon our approval, your real estate expenses will be significantly higher than the above estimate. Real estate costs depend on location, size, visibility, economic conditions, accessibility, and competitive market conditions. Our estimate includes first month's rent and a security deposit. These sums do not include common area maintenance fees which (if applicable) will vary depending on your location or any sums for the purchase of real property, as we do not expect you to buy real property. Whether or not rent or lease payments are refundable depends on the terms and conditions of your rental agreement or lease agreement with your landlord (Franchise Agreement Sections XII.S, XII.T and XX.C).

Note 4: If operating out of your home, we expect that you will not need any leasehold improvements. If you choose to lease a space, we suggest you find a space needing minimal leasehold improvements. In very rare circumstances, you may need to alter the interior of your Business before you open for operation. The costs will vary widely and may be significantly higher than what is projected in the table above depending on factors such as whether the space you are leasing has proper electricity and/or if the space needs to be divided into different work areas. The high-end estimate represents operating your Business out of a small storage unit, warehouse or industrial space and the costs for minor build-out and/or leasehold improvements. The high end of the estimate does not reflect the potential need to add bathrooms, fire sprinklers, fire alarms and add/or modify an HVAC system that entails mechanical, electrical, and plumbing costs. You should investigate all these costs in the area in which you wish to establish a Dream Day Dressing Rooms® Business. You may also be able to reduce this expense if you are able to occupy a space in an existing location that complements another business without needing any leasehold improvement. Whether or not any leasehold improvement expenses are refundable depends on the terms and conditions of your contracts with construction and mechanical contractors, as well as your lease agreement (Franchise Agreement Section XII.S and XII.T).

Note 5: You must purchase some products and supplies for the general operation of your Business as specified in the Operations Manual. You must purchase only approved products and supplies, and you must purchase such items that meet our specifications, which may change from time to time. The types of products and supplies include, but are not limited to: steamers, vacuum, tablecloths, blankets, towels, area rugs, storage containers, general office, and cleaning supplies in addition to brochures, flyers, miscellaneous forms, presentation folders and other products or supplies as specified by us. The estimate provided for the low end takes into account that you are operating out of your home with limited storage space. The estimate provided for the high end represents operating out of a small storage unit, warehouse or industrial space which will afford you the space to have a bit more inventory of products and supplies. Both estimates take into account that your initial purchase of products and supplies is small because it is expected that as your Business grows you will purchase these additional items on an as-needed basis. We will provide you with written lists of approved products and supplies during training. All products and supplies must be purchased through us, our affiliates, or approved vendors and/or suppliers, except all marketing and promotional

materials and miscellaneous forms must be purchased directly from us or our affiliate. Whether or not any of the products and supplies are refundable depends on the terms of your invoice or purchase agreement (Franchise Agreement Sections XII.I and XX.I).

Note 6: You must have either a box truck or a reliable pickup truck or van (“Vehicle”) and an enclosed trailer (“Trailer”) for your Business (you will need a Trailer only if you do not have a box truck) to transport items and perform services. You can use or purchase any type of used or new Vehicle or Trailer for your Business. However, we require that your Vehicle and Trailer (if you do not have a box truck) meet our appearance standards. We will provide you with a written list of Vehicle and Trailer appearance standards during your initial training program. We expect that you will need to purchase either a used or new box truck or trailer for your Business. The low end of the estimate is taking into account that you may be able to use your existing pickup truck or van (so long as your pickup truck or van meets our Vehicle appearance standards) and you will need to purchase a Trailer with a down payment of approximately \$1,500 per Trailer. The high end of the estimate is taking into consideration that you purchase a used or new box truck with an estimated down payment of approximately \$3,500 per box truck. Your costs for a new box truck may be reduced if you choose to lease rather than purchase. The purchase agreement price will vary from dealer to dealer, and the terms of your loan, including the interest rate and term, may vary depending on your credit worthiness, changes in credit markets and other factors which are not under our control. We cannot give you any guarantees or make any representations as to the terms, conditions or otherwise of any financing for your Vehicle or Trailer (if you do not have a box truck). You may elect to purchase additional Vehicles or Trailers to keep up with the growth of your Business. Whether or not payments made for the purchase of your Vehicle or Trailer are refundable depends on the terms and conditions offered by your dealer (Franchise Agreement Sections XII.H, XII.U and XX.H).

Note 7: You must place our approved graphics on your Vehicle and/or Trailer (if you use a Trailer for your Business). We will provide you with specifications for Vehicle and Trailer graphics during the initial training program. Whether or not payments made for Vehicle and/or Trailer graphics are refundable depends on the terms and conditions offered by the vendor (Franchise Agreement Sections XII.U and XX.H).

Note 8: This estimated amount represents your first year of pre-paid insurance premiums that does not take into account workers’ compensation insurance which may vary greatly by state, payroll, and classification. You must obtain and keep general liability insurance and product liability insurance (covers you for damages that result in injury from products that you distribute with a minimum policy limit of \$1,000,000 per occurrence and \$2,000,000 aggregate or in amounts as we may require that reflects inflation, identification of new risks, changes in law or other relevant changes in circumstances. You must obtain property and casualty insurance that covers the assets of the Business, “All Risk” insurance coverage for property that is not included in other insurance policies, workers’ compensation insurance as prescribed by law, business interruption insurance and automotive liability insurance with a minimum policy limit of \$1,000,000 including uninsured motorist/minimum of \$100,000 or what is in accordance with your state guidelines or an amount we reasonably specify. Due to varying factors that affect the cost of workers’ compensation and auto insurance, the cost of workers’ compensation and auto insurance is not included in this estimate. We may change insurance requirements on reasonable notice to you. Whether or not insurance premiums are refundable depends on the terms of your insurance policies. In general, the cost of insurance coverage will vary depending on the carrier’s charges, terms of payment and your claims history (Franchise Agreement Section XIII).

You may need other insurance such as tenant’s liability, professional liability insurance (covers you for damages that you create that do not result in property or bodily injury), cyber liability insurance, employee dishonesty insurance, employer liability insurance and employment practices liability insurance all of which are optional; however, we may require you to obtain such coverage in the future with liability limits of amounts we specify. We may change these insurance requirements on reasonable notice to you. There are no other insurance requirements. Whether or not any insurance premiums are refundable depends on the terms and conditions of your insurance policies.

Note 9: Competitive conditions described in Item 1 will affect these costs. Estimate includes minimum working capital for the start-up of your Business. This also includes estimates of miscellaneous start-up costs such as: rent for an additional two months (not applicable if operating out of your home and if you are leasing a storage unit, warehouse or industrial space, then your first month's rent is included in the table above), purchasing additional furnishings, fixtures, products and supplies; printing setup expenses, shipping and delivery expenses, fuel expenses, Vehicle and Trailer maintenance (if you use a Trailer for your Business), marketing and networking expenses, workers' compensation insurance payments, taxes, prepaid expenses, additional permits, legal fees, accounting fees and other miscellaneous costs.

Total Estimated Initial Investment. The total estimated initial investment is an estimate only of the range of start-up expenses you may incur. We relied on our principal's combined expertise when preparing these figures. We base this estimate on the costs that our affiliate incurred when opening its company-owned location. The actual amount of funds you will need depends on a variety of factors, including: the time of year when you start your Business, if you choose to lease a space rather than operate home-based, if you purchase a used or new Vehicle, if you choose to purchase a Trailer for your Business, if you purchase additional furnishings, fixtures, products or supplies, number of employees you hire, prevailing wage rates, implementation of a marketing plan, your own management skill, economic conditions, competition in your area and other factors. The estimate of initial investment funds is based on an owner-operated business and either operating out of your home or out of a small storage unit, warehouse or industrial space and does not include salaries or benefits for full-time employees. As your Business grows, you may choose to hire employees to carry out support service tasks.

We do not offer financing, directly or indirectly, for any part of the initial investment for a Franchise. The availability and terms of third-party financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and the lending policies of financial institutions. The estimate does not include any finance charges, interest, or debt service obligation or your living expenses. You should have sufficient capital or other means to pay for your living expenses for at least twelve months.

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

We may offer or designate others to offer products, supplies or services and we may become approved suppliers or the only approved supplier(s) for these and other products and services. The products, supplies or services you will need includes: products (such as: steamers, vacuum, table cloths, blankets, towels, area rugs, etc. as described in Item 7), supplies (such as: furnishings, fixtures, office and cleaning supplies as described in Item 7), technology items (such as: computer or laptop, tablets, printers, router, modems, etc.), software, Vehicle and/or Trailer (including graphics), promotional merchandise, marketing materials and printed advertising materials, software providers, merchant service providers, shows and event marketing opportunities and vendor, co-branding, affinity programs. You cannot purchase unapproved products, supplies and services from any vendors and/or suppliers that are not on our pre-approved list without our written permission. We will provide you with: a written list of approved products, supplies and services you can use and products you may offer for sale in your Business (if we authorize you to sell products in the future); recommended procedures and strategies when purchasing such items for your Business; and a written list of approved vendors and/or suppliers to purchase products, supplies and services from during our initial training program. Currently we are not the only approved supplier of any products, supplies or services that you are required to use for the operation of your Business; however, you must purchase all advertising, marketing and promotional materials and miscellaneous forms from us. As of the effective date of this Disclosure Document, all updates to such promotional and marketing materials are optional, but we may in the future mandate that you purchase certain updates at your expense. We do not require you to maintain a specified inventory of products or supplies to operate your Business, although we retain our rights to do so in the future. If we develop proprietary products, equipment, or software in the future, you must purchase such items from our approved suppliers, affiliates, or us. We may become approved suppliers or the only approved supplier(s) for other products, supplies and services. We have negotiated purchase agreements with vendors on the approved suppliers list for your

benefit in the areas of cost and customer support. None of our officers or directors owns any interest in any vendor or supplier other than us.

You are required to adhere to the standards and specifications established periodically by us with respect to your Business, products and services used and offered; our operational procedures, cleanliness standards, your website, Vehicle and Trailer appearance (if you use a Trailer for your Business), Vehicle and/or Trailer graphics, advertising, vendors, and suppliers used in the operation of your Business. You must operate the Business in strict conformity with the methods, standards, and specifications that we prescribe in the Operations Manual or otherwise in writing. You must maintain in sufficient supply, use, sell and offer at all times only the products and services that meet our standards and specifications which may be amended by us periodically. All products and services must be purchased, used, sold, and offered in accordance with the standards and specifications as specified in the Operations Manual or other written materials. You must not deviate from these standards and specifications by offering non-conforming services or by the use of non-conforming products or services, without obtaining our prior written consent. You are not permitted to: use any products, supplies or services of an unapproved vendor; purchase products or supplies from an unapproved supplier; or offer any services and/or sell any products (if we authorize you to sell products in the future) not approved by us, unless you first submit a written request to us for approval and agree to be responsible for all product, vendor and supplier assessment fees as described in Item 6. We will use our best efforts to advise you within 30 days either by email or any other written form of written communication whether such products, supplies, vendors, or suppliers are approved as further described in Item 8 below.

We base our specifications for products, supplies, vendor, and supplier approvals on our discretionary determination of demand, relevance to the System, price, value, quality, reliability, accuracy of product claims, safety, installation requirements, warranty, prompt attention to complaints, financial stability, litigation against supplier, recall history, reputation, frequency of delivery, appearance and contributions or other benefits to us and/or any marketing fund. A list of approved vendors and suppliers from whom all products, supplies and services may be purchased from will be provided to you and may be amended by us periodically. We may require vendors and/or suppliers to provide certain information, sign a nondisclosure agreement, and agree to guarantee our level of quality and service and (if applicable) produce sufficient samples to allow us to test the sample at your expense. We may require you to submit to us reports, sufficient specifications, photographs, drawings or other information and samples to determine whether the items, services, vendors, or suppliers meet our specifications. We may require third party testing, in which case you will pay the actual cost of the tests in addition to the product, vendor and supplier assessment fee as described in Item 6. We may issue specifications in manuals or directives, in writing or orally, and we may modify them at any time. Our response to an adequate request to approve products, supplies, vendors and/or suppliers will be made within 30 days after we receive it in writing or by email. Approval may be revoked in our sole discretion where an approved product, supply, vendor, or supplier does not adhere to the specifications described above. We will notify you either by email or any other written form of communication of our approval, disapproval of or revocation of any prior approval of any product, supply, vendor, or supplier.

You must use, offer, sell, and perform only the products and services (including packages) that we specify in writing which may be amended or modified by us periodically. If any product, service, vendor, or supplier is not authorized by us, you are prohibited from using, offering, or selling it in your Business. You are not required to maintain any minimum inventory of products in your Business. If we require you to maintain a minimum inventory of products or supplies, we will notify you by email or any other written form of communication and you will be given ninety days to comply with such requirements at your cost. We will provide you with a written list of: approved products, supplies and services (including packages) you are authorized to use, offer, sell, and perform in your Business after signing the Franchise Agreement and during the initial training program. We will enforce these limitations by using “secret shoppers” or unannounced on-site visits to your Business on a regular basis. When we make visits to your Business, such as to assist you, we may also take that opportunity to visibly inspect your inventory and determine if unauthorized products or supplies are being used and/or sold. In addition, we expect to receive information from other Dream Day Dressing Rooms® businesses or clients reporting that unauthorized services are being offered and/or performed and unauthorized products and supplies are being used and/or sold in your Business. You must permit us or our agents, at any reasonable time, to remove any product from your Business free of charge

for testing by us or by an independent laboratory, to determine whether such items meet our then-current standards and specifications. Besides any other remedies we may have, we may require you to pay for the testing, as described above, if we have not previously approved the supplier of the item or if the product fails to conform to our specifications. We reserve the right to take whatever action we deem necessary in our absolute and sole discretion to prevent you from using unauthorized products, vendors, or suppliers and from offering, selling, or performing unauthorized services, including seeking injunctive relief or terminating your Franchise Agreement.

We may derive profit through markups of the prices charged to you for products, supplies or services (as described above) we supply. We may derive revenue through license fees, commissions, promotional fees, advertising allowances, rebates or other monies paid by approved vendors and suppliers. We do not know the precise basis of these payments because we have never previously collected them. Nor do we know the actual percentage of our total revenues that such payments will amount to, as we have never previously collected such payments. If we require you to buy such items from us, we believe that the price and quality will be comparable to similar products from other sources. If we require you to buy products, supplies or services from a vendor that pays such allowances, we may spend all such fees on related advertising or place them in the separate franchisee advertising account, described in Item 11 below. No such revenues were received from required purchases made by franchisees in the prior fiscal year.

To maintain uniform quality standards, all services, products, signage (if operating out of a location and you choose to have signage for the exterior of your Business), Vehicle and Trailer graphics (if you use a Trailer for your Business), advertising, trademark usage, trade dress and other products and services you use to operate the Franchised Business must meet our standards and specifications as set forth in our Operations Manual. In addition, you must participate in and cooperate with promotional programs, any rewards or loyalty programs, gift certificate or gift card programs we may establish and follow our requirements and guidelines. We will require you to use specific software, operational forms, contracts, checklists, and promotional items; and we may require you to use or contribute to specific service providers, software providers, merchant service providers, promotional items, vendor discounts, allowances, and rebates.

If you choose to operate out of a location, we may provide specifications for the construction, build out and leasehold improvements of your Business. Regardless of how you operate your Business, we maintain specifications for Vehicle and Trailer graphics (if you use a Trailer for your Business) and if operating out of a location (other than a home office), the signage and décor to be used for the interior and exterior of your Business. If you choose to operate out of a location, you may not install or permit to be installed on the Business premises any décor items, signage, games, vending machines, or other items without our written consent or that do not comply with our specifications. These specifications may include minimum standards for quality, performance, delivery, safety, durability, appearance, size, color, design, material, and other characteristics. Some of these specifications are contained in our Operations Manual and others will be set forth in periodic written notices to our franchisees. In some cases, our specifications may involve confidential and proprietary information and such specifications will only be made available to a supplier who agrees to sign a confidentiality agreement with us. We develop these specifications either through our research and development staff or with a particular manufacturer and these specifications may be modified periodically, through written notices to our franchisees.

One of our primary methods of communication with franchisees is through email, announcements and/or newsletters we may periodically publish, and an intranet system provided to franchisees on our website. You are responsible for knowing all of the information contained in the emails, announcements and/or newsletters and the intranet system and complying with any standards and specifications provided within them. We may establish and change the standards and specifications for the operation of your Business through our announcements or newsletters and intranet system.

All marketing and promotion of your Franchise by you in any medium must be conducted in a professional and dignified manner and must conform to our specified standards and requirements that we prescribe in our Operations Manual. You must submit samples of all advertising or promotional plans and materials (including

photographs and videos) that you desire to use to us for approval if such has not been prepared or previously approved by us. You may not use any marketing or promotional materials (including photographs of jobs or video presentations) that we have not approved or that we have disapproved. This includes any media or website promotion over the Internet to promote your Business. You must submit a request to us for any type of media, website and/or Internet promotion you wish to do in addition to any edits, changes, or updates to your website. Internet promotions, edits, changes, or updates to your website must be done by us, our affiliates, or approved vendors with our consent. We will charge a fee for this approval (as described in Item 6). Upon approval of your request, you may be responsible for any website maintenance cost. Our response to your request for such advertising or promotional plans and materials (including video presentations) and Internet promotions, edits, changes, or updates to your website will be made within 30 days after we receive it. We will notify you by email or any other written form of communication of our approval or disapproval. In addition, you must not conduct any advertising without our written permission, in any Social Media such as Yelp, Twitter, Facebook, Instagram, LinkedIn, Pinterest and others (currently franchisees are authorized to participate on Instagram, LinkedIn and Facebook) that does not adhere to our guidelines as specified in the Operations Manual. You must also supervise your employees to assure they do not post any material on Social Media sites or any Internet sites, regarding us or the Franchise System whatsoever. We will provide you with our written standards and guidelines for using social networking sites during the initial training program.

For your Business, you must have and/or purchase technology items, furniture and fixtures, products, supplies and a Vehicle and/or Trailer (in addition to approved graphics for your Vehicle and Trailer) for the operation of your Business. If you operate out of your home, we expect you to be able to use your existing technology items and you may have some of the products and supplies already on hand. You may also be able to use your existing pickup truck so long as it meets our Vehicle appearance standards and you will have to purchase a used or new Trailer for your Business; otherwise you will need to purchase a new or used box truck for your Business. We will provide you with a written list of Vehicle and Trailer appearance standards (including Vehicle and Trailer graphics specifications) during the initial training program. Vehicle and Trailer appearance standards are outlined in the Operations Manual and are based on our sole judgment and discretion based on the experience of our company owned business. Failure to adhere to our Vehicle and Trailer appearance standards may put you in default under your Franchise Agreement. It is estimated that all your initial expenditures from us, our affiliates, or the vendors that we specify and/or approve that meet our standards and specifications will represent approximately 50%-60% of your total initial purchases, depending on whether you choose to purchase a Trailer or Vehicle. During the operation of the Franchised Business, required purchases for products and services from us, our affiliates, or the vendors that we specify and approve (not including royalties or labor costs) are estimated to represent approximately 5%-15% of your total monthly purchases in the continuing operation of your Business (depends on how many clients you service and the number of jobs you have secured).

We do not provide material benefits (for example renewal or additional franchises) to you based solely on your use of designated or approved sources. We do not belong or require you to belong to any purchasing or distribution cooperatives, although we retain the right to establish them and require your membership therein.

If you choose to open a location for your Franchise under a lease, per the Franchise Agreement, you must submit the proposed lease to us for approval before it is signed. We have the option to require that the lease (i) be collaterally assigned to us by a collateral assignment agreement in a form and substance reasonably acceptable to us in order to secure performance of your liabilities and obligations to us or (ii) contain the following terms and conditions:

1. The lessor must agree that without its further consent, the lease and your right, title and interest under the lease may be assigned by you to our designee or us (provided such assignment shall not relieve you of your obligations under the lease or cause us or our designee to have any obligations or liability under the lease).

2. The lessor must provide written notice to us (at the same time it gives such notice to you) of any default by you under the lease, and we must have, after the expiration of the period during which you may cure such default, an additional 15 days to cure, at our sole option, any such default and, upon the curing of such default, the right to enter upon the leased premises and assume your rights under the lease as if the lease had been assigned by you to us.
3. You are required to furnish copies of all insurance policies required by the Franchise Agreement and by the lease to us, or such other evidence of insurance coverage and payment of premiums as we request or permit or under the lease.

Before you open a Dream Day Dressing Rooms[®] for business, you must obtain the insurance coverage for the Business as specified below. The insurance coverage must be maintained during the term of the Franchise Agreement and you must provide evidence of insurance to us that insurance has been obtained from a responsible carrier or carriers acceptable to us;

1. Comprehensive General Liability Insurance, including broad form contractual liability, broad form property insurance, personal injury, advertising injury, completed operations and fire damage coverage, in the amount of \$1,000,000 per occurrence and \$2,000,000 aggregate;
2. Product Liability Insurance (optional) that covers you for damages that result in injury from products that you distribute with a minimum policy limit of \$1,000,000 per occurrence and \$2,000,000 aggregate or an amount we reasonably specify;
3. Property and casualty insurance that covers you for damages or losses to the Business with a minimum policy limit of \$1,000,000 per occurrence or an amount we reasonably specify;
4. "All Risks" coverage for the full cost of replacement of the Business premises and all other property in which we may have an interest with no coinsurance clause;
5. Automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than \$1,000,000 for hired and non-owned coverage including uninsured motorist with a minimum of \$100,000 limit or what is in accordance with your state guidelines;
6. Business Interruption insurance in such amount as will reimburse you for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent business owners (including lost royalties, system advertising and other fees due to us and/or our affiliates), or attributable to prevention of access to the Business, with coverage for a period of interruption of 180 days and such longer period as we may specify periodically. Business interruption insurance is required with liability limits of amounts we may reasonably specify which will relate to the right to be reimbursed for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent business owners;
7. Professional Liability Insurance (optional) that covers you for damages that you create that do not result in property or bodily injury with a minimum policy limit of \$1,000,000 per occurrence and \$2,000,000 aggregate or an amount we reasonably specify;
8. Crime insurance (optional) for employee dishonesty in the amount of \$10,000 combined single limit;
9. Workers' compensation insurance in amounts provided by applicable law or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation to injured workers, subject to the conditions set forth in the Franchise Agreement;

10. Employment practices liability insurance (optional) that covers you and your Business against claims made by employees, former employees or potential employees for discrimination, wrongful termination, sexual harassment, and other employment related obligations;
11. Tenant’s liability insurance;
12. Any other Insurance required by the state or locality in which the Business is located and operated, in such amounts as required by statute; and
13. Other insurance coverage, as we, your state or local government, or the landlord may reasonably require.

With regard to any construction, renovation, or remodeling of the Business (if applicable), you may be required to maintain builder’s risk insurance and performance and completion bonds in forms and amounts and written by a carrier or carriers satisfactory to us. All of the policies must name us and our affiliates as additional insured and must include a waiver of subrogation in favor of all those parties.

All insurance coverage shall be taken out in your name and shall name us an additional insured and be placed with insurers designated by us or acceptable by us. You must furnish us with certified copies of each of the insurance policies described above either prior to attending our initial training program, prior to opening of your Business or no later than 60 days following the date that the Franchise Agreement is executed (whichever comes first). You must purchase “A” rating insurance policies. Each such policy shall provide that it cannot be canceled without 30 days’ prior written notice to us and that we shall receive at least 30 days’ prior written notice of its expiration or possible earlier termination. You shall promptly refer all claims or potential claims against you or us to each of us and our insurer.

The cost of insurance purchased in accordance with our specifications will represent less than 4% of your total purchases in connection with the establishment of your Business and approximately 10% of your total purchases in the operation of your Business. These percentages do not include workers’ compensation insurance that will vary with the payroll amount and category of employees.

ITEM 9 **FRANCHISEE’S OBLIGATIONS**

This table lists your principal obligations under the Franchise 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.

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
(a) Site selection and acquisition/lease	Sections XII.S, XII.T and XX.C of Franchise Agreement	Items 7, 11 and 12
(b) Pre-opening purchases/leases	Sections VIII, IX.B, and XII.S of Franchise Agreement	Items 7 and 8
(c) Site development and other pre-opening requirements	Sections VIII, X.E, XII.T, XX.C of Franchise Agreement	Items 6, 7, 11
(d) Initial and ongoing training	Section XX.A of Franchise Agreement	Item 11
(e) Opening	Sections IX.B, and XII.G of Franchise Agreement	Item 11

(f) Fees	Sections IX and X of Franchise Agreement	Items 5, 6 and 7
(g) Compliance with standards and policies (Operations Manual)	Sections XII.A, XII.H of Franchise Agreement	Items 8, 11 and 16
(h) Trademarks and proprietary information	Sections XV and XVI of Franchise Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Section XII.I of Franchise Agreement	Items 8 and 16
(j) Warranty and customer service requirements	Section XII.H of Franchise Agreement	Items 8 and 16
(k) Territory development and sales quotas	Section VI of Franchise Agreement	Item 12
(l) On-going products/services purchases	Section XII.I of Franchise Agreement	Item 8
(m) Maintenance, appearance, and remodeling requirements	Sections XII.E and XII.J of Franchise Agreement	Item 11
(n) Insurance	Section XIII of Franchise Agreement	Items 6 and 7
(o) Advertising	Sections X.B, X.C, XII.I, XII.L and XX.J of Franchise Agreement	Items 6, 7, and 11
(p) Indemnification	Section XXVIII of Franchise Agreement	Item 6
(q) Owner's participation/management/staffing	Sections XII.F, XII.K of Franchise Agreement	Items 11 and 15
(r) Records/reports	Section XIV of Franchise Agreement	Items 6 and 11
(s) Inspections/audits	Sections XII.Q, XIV.B of Franchise Agreement	Items 6 and 11
(t) Transfer	Section XXII of Franchise Agreement	Items 6 and 17
(u) Renewal	Section VII.B of Franchise Agreement	Items 6 and 17
(v) Post-termination obligations	Section XXIV of Franchise Agreement	Item 17
(w) Non-competition covenants	Sections XIX.C, XIX.D, and XIX.E of Franchise Agreement	Item 17
(x) Dispute resolution	Sections XXV.C and XXV.D of Franchise Agreement	Item 17

ITEM 10 FINANCING

Neither we, nor our affiliate offers, directly or indirectly, any financing arrangements to you. Neither do we guarantee your note, lease, or any other obligation for a single franchise. We may assist franchisees in obtaining

financing in the future or make other financing arrangements available to you. If we do, you will be free to accept or reject such financing.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS & TRAINING

Except as listed below, we need not provide any assistance to you under the Franchise Agreement.

Before you open your Business, we will:

- (1) If you and we have not already agreed upon a site for your Business operations (space where you intend to advertise your location) that meets our requirements, we may provide you with assistance in locating a site. Whether you choose to operate the Business out of your home or if you choose to open a location (such as a small storage unit, warehouse, or industrial space), you must select the site of your Business within the state provided in the Franchise Agreement. We do not generally own the site and lease it back to you; however, we retain the rights to do so in the future. We must accept the site if we feel in our total discretion that it meets or exceeds our standards, but our acceptance does not ensure that your Business will be profitable at the approved location. The factors that we consider in acceptance of the site include: population density, location, cost, freeway access, neighborhood, and physical characteristics of the premises such as size, configuration, and layout. We evaluate each proposed site and accept or reject each one on a case-by-case basis and will notify you by email or any other form of written communication of our acceptance or rejection of any proposed site within 30 days after we receive your request (Franchise Agreement, Sections XII.S and XX.C).

Neither we nor any of our employees have special expertise in selecting sites; we make no representations that your Business will be profitable or successful by being located at the approved site. Any approval is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience.

- (2) Insert the accepted site on your Franchise Agreement. However, the acceptance of a location and entering it on your Franchise Agreement by us is conditioned upon our determination, in our reasonable judgment, that:
 - (i) The site which you have submitted for the Business is within the state provided in the Franchise Agreement (as described in Item 12) and is suitable based on criteria we establish periodically; and
 - (ii) You and your Owners are in compliance with the Franchise Agreement.
- (3) Approve your execution of the lease for your Business, if applicable. You must submit the lease to us for our approval at least ten days before you sign the lease agreement. You must send us a signed copy of the lease within five days of both parties signing the lease. We do not offer legal services to you and you should consult your independent legal counsel for a legal review of the lease. The Franchise Agreement does not provide any time period for our approval or disapproval of your lease (Franchise Agreement, Sections XII.S and XX.C).
- (4) Offer you guidance when obtaining licenses, certifications and applying for permits and registrations if required by your locality to operate the Business. It is your responsibility to comply with all laws, ordinances, and regulations as you are ultimately responsible for obtaining all necessary approvals, certifications, licenses, permits and registrations to operate your Business (Franchise Agreement, Sections XII.C, XII.T, and XX.A).

- (5) If you choose to lease a space for your Business, we will inform you of our mandatory specifications, architectural and design plans, signage (if you choose to have signage for the exterior of your Business), décor, designs, and layouts for the Business at the accepted location. We may provide you with suggested plans and guidelines for the layout and design of your Business and you may need to hire an architect to create a complete set of drawings based on your building size and local permitting requirements. You will be required to conform your site to local zoning ordinances, regulations, fire, health and building codes. We may, if needed, review your final set of drawings. It is your responsibility to comply with all laws, ordinances, regulations, zoning and building codes for your Business (Franchise Agreement, Sections XII.T and XX.D).
- (6) Provide you with a written list of Vehicle and Trailer appearance standards (which include Vehicle and Trailer graphic specifications). You are responsible for the cost of the Vehicle and Trailer (if you use a Trailer for your Business) and any maintenance to the Vehicle or Trailer. You are prohibited from using unapproved graphics or unapproved advertising to promote your Business on your Vehicle or Trailer (Franchise Agreement, Sections XII.H, XII.I, XII.U, XX.A and XX.H).
- (7) Provide you with: a written list of approved products, supplies and services (including packages) you are authorized to use, offer, sell, and perform (as described in Item 8); a written list of approved vendors and suppliers to purchase products, supplies and services from. We will also train you on strategies for purchasing such items for the operation of your Business. You are responsible for the cost, delivery, installation, and maintenance of these items as they are necessary for the operation of your Business. You are required to purchase all items listed above either from us, our affiliates and/or our approved vendors (Franchise Agreement, Sections XII.H, XII.I, XX.A, XX.H, and XX.I).
- (8) Provide you with specifications for all technology items (as described in Item 8) necessary to operate the Business. You are obligated to purchase, use, and upgrade all technology items and any third-party software necessary for the operation of your Business. We will deliver the specifications, but not the above items, and you are responsible for purchasing and installing these items (Franchise Agreement Sections XII.I, XX.A and XX.H).
- (9) Provide you with all recommended guidelines when hiring employees and independent contractors (if you choose to hire independent contractors). You are responsible for all day-to-day activities, including hiring, training, disciplining and/or firing your employees and independent contractors. At no time will you, your employees, independent contractors, or agents be deemed an employee of ours. You are still responsible for all employees and independent contractors you hire, determining their compensation, benefits, tax withholding, social security contribution withholding, Medicare withholding, and their behavior during the operation of your Business (Franchise Agreement, Sections XII.F, XX.A and XX.E).
- (10) Offer certain training programs designed to assist you and your business management staff in the operation of your Business. We may provide continuing education to any new manager of your Business. We may require that you, any Owner, and manager(s) complete supplemental and refresher training programs during the term of the Franchise Agreement (Franchise Agreement, Section XX.A).
- (11) Provide access to a self-study program (and related materials) immediately after executing the Franchise Agreement, which is intended to help prepare you for our initial training program. We will provide an initial training program within sixty days after signing the Franchise Agreement, prior to your Business is deemed opened for operation (as defined in Item 6), designated to assist you and your management staff in the operation of your Business, at no additional charge. The initial training program is designated for a maximum of two people per Franchise. If more than two people

attend the training, we may impose a training fee of \$250 per person for each day of training (Franchise Agreement, Sections XII.V and XX.A).

- (12) Advise you of operating challenges faced by other Dream Day Dressing Rooms[®] franchised or company-owned business disclosed by reports submitted to us or inspections made by us. We may furnish to you such guidance and assistance in connection with the operation of your Franchise, as we deem appropriate. Such guidance and advice will include: how to secure clients; how to execute services, suggested rates for services, efficiencies to manage high volume, level of service standards, guidelines for hiring employees and independent contractors (if you choose to hire independent contractors) and operating procedures utilized by other franchises or company-owned businesses including new products and services; advertising, marketing and promotional strategies; record keeping, accounting methods and general operating procedures. Additional guidance and assistance may be made available to you at your written request and in our sole discretion at fees and charges established by us (Franchise Agreement, Sections XX.A, XX.E, XX.J, and XX.K).
- (13) Loan to you during the term of the Franchise Agreement one copy of our confidential Operations Manual, which may include one or more Manuals and other written materials for the operation of a Dream Day Dressing Rooms[®] Business, containing mandatory and suggested specifications, standards and operating procedures required by us and information relative to your other obligations under the Franchise Agreement. We have the right to add to, and otherwise modify, the Operations Manual to reflect changes in authorized products and services you can use, sell, and offer as well as changes in specifications, standards, and operating procedures of a Dream Day Dressing Rooms[®] business. You must keep the Operations Manual confidential and current and may not copy any part of the Operations Manual. The Operations Manual contains 163 pages and the table of contents of the Operations Manual as of our last fiscal year end is included with this Disclosure Document as Exhibit E (Franchise Agreement, Section XX.G).
- (14) Approve or disapprove samples of all local advertising, marketing and promotional materials not prepared or previously approved by us which are submitted by you (Franchise Agreement, Sections XII.H, XII.L and XX.J).
- (15) Deliver to you a website for your Franchise operations that includes online ordering functionality and may include portals online for additional training, ongoing news bulletins and templates for advertising materials to support your Business (Franchise Agreement, Sections IX.A, X.F, and XX.B).
- (16) Approve or disapprove any promotions, edits, changes, or updates to your website. All modifications to your website must be performed by us, our affiliates, or approved vendors, and you will be responsible for all related costs (Franchise Agreement Sections VI, XII.L and XX.B).
- (17) Provide you with a startup kit (as described in Item 7) during our initial training program at no additional cost incurred by you (Franchise Agreement Sections IX.A, XX.A and XX.B).
- (18) Provide up to three days of marketing assistance and guidance to you and your staff at your Business location. Such assistance will be provided to you as part of our initial training program and at our cost (Franchise Agreement, Section XX.A).

During your operation of the Business, we may:

- (1) Provide additional on-site supervision and assistance as we deem necessary and in our discretion. Additional visits are for the purpose of advising you with respect to our services, packages, operational and sales matters related to a Dream Day Dressing Rooms[®] Business. You will be

- responsible for the transportation, room and board and miscellaneous expenses incurred by our personnel during the visits, which will take place per the terms of the Franchise Agreement, or at your request, and at times and dates selected by us (Franchise Agreement, Section XX.A).
- (2) Provide to you and your personnel, Dream Day Dressing Rooms® Franchise continuing education meetings at locations designated by us, which we expect to be at our headquarters with a fee not to exceed \$250 per person per day plus your expenses which can vary from area to area. We reserve the right to increase the per day fee a reasonable amount based on reasonable criteria (Franchise Agreement, Section XX.A).
 - (3) Conduct quarterly meetings or an annual convention at such place as shall be designated by us (Franchise Agreement, Section XX.A).
 - (4) Establish a franchisee elected peer group whose main purpose is to mentor and support each other.
 - (5) Provide to you an intranet system, free of charge, to answer questions from you or your staff (during regular business hours, Central Time Zone). In addition, you will be able to send us questions and suggestions using Internet email (Franchise Agreement, Sections XII.H and XX.A).

During your operation of the Business we will:

- (1) Continue to consult with you at no additional charge regarding: product specifications in addition to approved products and services (including packages) you are authorized to use, purchase, and sell; sales and marketing strategies, methods, and techniques; level of service standards, industry developments, advertising, marketing, and promotional programs. We will offer assistance, advice, guidance, and experience to you to resolve operational problems that you may encounter outside the scope of the Operations Manual (Franchise Agreement, Sections XII.W and XX.A).
- (2) Provide you with updated and approved lists of: products, supplies and services (including updated lists of packages) that you are authorized to use, offer, sell, and perform in your Business (as described in Item 8); approved vendors and suppliers that you are allowed to use and purchase such items from; and Vehicle and Trailer appearance standards (including Vehicle and Trailer graphic specifications); and a written lists of plans and schematics used for setting up jobs. We will provide you with such standards, specifications, and guidelines, but not the actual items as you are responsible for purchasing these items. We will continue to review and approve or disapprove any product, supply, service, vendor, or supplier you wish to use, offer, sell, or perform in the operation of your Business (Franchise Agreement, Sections XII.H, XII.I, XX.H and XX.I).
- (3) Provide you with a list of updated minimum inventory requirements (currently not in effect) and provide you with suggested rates and prices for services and products (if we authorize you to sell products in the future). We will establish minimum and maximum rates and/or prices you can charge to the extent allowed by law. We will continue to research new products and services for the System as we deem necessary (Franchise Agreement XX.K).
- (4) Provide a dedicated phone number for our franchisees, to answer questions from you or your management (during regular business hours Central Time Zone). You will be able to contact us for questions, suggestions, and guidance (Franchise Agreement, Sections VII.W and XX.A).
- (5) Review and approve all advertising, marketing, and promotional materials in addition to any promotions, edits, changes, or updates to your website that you submit to us (Franchise Agreement, Section XII.H, XII.I, XII.L, VII.W, XX.B and XX.J).

- (6) Provide continuing education to you and we may provide continuing education to any new manager of your Business as noted in paragraph 13 (iv) below. We may require that you, any Owners, and any manager(s) participate in supplemental and refresher training programs during the term of the Franchise Agreement (Franchise Agreement, Sections XII.W and XX.A).
- (7) Offer assistance in establishing and using administrative, record keeping and accounting procedures in accordance with our Operations Manual, and various policies communicated by us to you in writing from time to time (Franchise Agreement, Sections XIV.A and XX.A).
- (8) Provide you with all update and upgrade requirements for your technology items (as described in Item 8) and related software in response to changes in the Operations Manual or changes in our policies that are communicated to you in writing. You are required to purchase such items to operate your Business. The costs for such items are approximately \$1,000 to \$4,000 (see Item 7). We estimate that the annual cost of technology items and related software and/or hardware upgrades to be approximately \$250 per year. If we develop proprietary software in the future, we will provide you with update and upgrade requirements; however, we are not obligated to provide any upgrades to any third-party software programs. We are not obligated to provide maintenance or repairs to any technology item, hardware, or software that you use in the operation of your Business. We do not install any software that you purchase or license. We reserve the right to have independent access to all information that you store in any computer, laptop, tablet, or software used for the Business (Franchise Agreement, Sections XII.H, XII.I, XX.A and XX.H).
- (9) Reserve the right at our discretion to institute, maintain, and administer a System Advertising Fund (referred to as the “Fund”) to support ongoing technology and new equipment, product, or service development to be made available to franchisees, and such national advertising (including media production costs) as we, in our sole discretion, may deem appropriate to promote the Dream Day Dressing Rooms® name to benefit all franchised businesses as described in Item 6. But we do not use any monies in the Fund to solicit new franchisees. We will direct all such programs and will have sole discretion over the creative concepts, materials and endorsements and media used in such programs, and the placement or allocation of such programs. The source of the advertising will come from our in-house advertising department or may in the future come from a national or local advertising agency. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. The advertising programs may be national, regional, or local at our sole discretion. We are not obligated to spend a specific dollar amount on advertising in your territory (Franchise Agreement, Section X.B).
 - (i) You will pay us ½ % of Gross Revenues or a flat fee of \$40 per calendar month (whichever is greater) for the System Advertising Fee contribution, paid to us, as designated in the Franchise Agreement. We may raise, discontinue, or reduce the contribution, but your total contribution will not exceed 3% of your Gross Revenue per month in any calendar year and/or an increase to the flat fee of more than \$25 per month in any calendar year for the term of the Franchise Agreement. Contributions are due by the fifth day of the month (for the prior month) which will start immediately once your Business is open for operation, then continues for the term of your Franchise (as described in Item 6). Refer to Item 6 for the definition of Gross Revenue. All franchisees pay the System Advertising Fee contribution at that same rate and under the same terms as the Royalty Fee described above. System Advertising Fees are uniformly imposed on all franchisees.
 - (ii) The contributions to the Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities

related to the administration of the Fund and its programs, including conducting evaluation of equipment, new services, technologies, furnishings, fixtures, product development, market research, media production costs, preparing advertising, promotion and marketing materials, and collecting and accounting for contributions to the Fund. Usage of the Fund will include ongoing development of the national website and development of equipment, new products, supplies and services to be made available to franchisees. The media in which advertisements may be disseminated include print ads, signs, billboards, internet, radio, and television and may be conducted on a regional or national basis. We may spend on behalf of the Fund, in any fiscal year an amount greater or lesser than the aggregate contribution of all Dream Day Dressing Rooms® franchises in that year, and the Fund may borrow from us or others to cover deficits; or invest any surplus for future use.

- (iii) In the future, we may form a franchisee-elected Franchisee Advisory Council or cooperative whose sole purpose is to advise on Fund usage and advertising policies. We retain all operational and decision-making authority concerning advertising and the Franchisee Advisory Council will serve only in an advisory capacity. The membership of any Franchisee Advisory Council will be national in scope. The Franchisee Advisory Council will not be separately incorporated and, therefore, it will not have any written documents. If one is formed, we will have the power to select and approve the members and to form, change, dissolve or merge the Franchisee Advisory Council as described below.
- (iv) Neither we nor any Franchisee Advisory Council undertake any obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Fund by franchisees operating in such geographic area or that you or your Business will benefit directly or in proportion to your contribution to the Fund. Neither the Fund nor we shall be liable to you with respect to the maintenance, direction, or administration of the Fund, including without limitation, with respect to contributions, expenditures, investments, or borrowings, except for acts constituting willful misconduct. When the Fund is established and activated, all Dream Day Dressing Rooms® businesses owned by us, or any Owners must contribute to the Fund in the same proportion as all franchisees.
- (v) Any businesses we own will vote in the same manner as franchisee members. We administer the Fund, which is not audited. If contributions paid into the Fund are not spent in the fiscal year in which they accrue, we can use the remaining amounts for the same purposes in future years. All interest earned on monies contributed to the Fund may be used to pay advertising and technology development costs before other assets of the Fund are expended. Fund contributions are not used to sell additional franchises. We will prepare an annual un-audited statement of monies collected and costs incurred by the Fund and furnish it to you upon written request. All financial statements will be available 120 days after the end of our fiscal year. We reserve the right not to spend all of the funds in the Fund in any one year and such funds may be accrued into the next year. The Fund has not been established before the date of this Disclosure Document.
- (vi) We expect to receive advertising and promotional allowances and fees from third party vendors and advertisers who enter into cooperative advertising programs with franchisees and us. For example, suppliers may pay promotional allowances for joint advertising and promotional material. We may disclose the identity of vendors who pay the promotional allowances to you upon request. In addition, if we require you to buy items from a vendor who pays these allowances, we may place the funds in the Fund or spend it on related promotions. Our obligation to provide advertising and marketing will be limited in cost to

the amount of contributions and promotional allowances from third parties actually paid into the Fund.

- (10) We do not now, but may require you to join, participate in and pay into, one or more franchisee marketing councils for your region, determined by the penetration area of local advertising media used (for example, the area of a regional newspaper's circulation). Because we have not yet formed any franchisee marketing councils, we do not know how the area, or the membership of any franchisee marketing council, will be determined. Because we have not formed any franchisee marketing councils, we have not determined whether or not our company-owned business will be contributing to any advertising spent by any franchisee marketing council. In the event that we choose to establish a franchisee marketing council, we will be responsible for administering it. If we do create any franchisee marketing councils, they must operate in accordance with bylaws (or an operating agreement if it is a limited liability company). If we do create any franchisee marketing councils, the franchisee marketing council will prepare annual financial statements that you can review. We will have the right to form, dissolve, and merge any specific franchisee marketing council. We will administer any franchisee marketing council. Even though we have not yet formed any franchisee marketing councils, we may require that all franchisees within close proximity to a consumer show, convention, or exhibition where wedding and/or bridal services and products are being sold to participate in the cost and benefit of the event.
- (11) You must spend at least \$1,500 per calendar quarter on local advertising and promotion, in addition to the System Advertising Fee contribution you pay to us. Your local advertising requirement starts immediately once your Business is open for operation. Your Business is deemed open for operation immediately after you complete the initial training program; therefore your local advertising requirement will be pro-rated for your first quarter. For clarity, the amount of money you spend to pay your salesperson does not count towards your local advertising requirement. You must report your local advertising expenditures to us by the fifth day after the end of each calendar quarter, or at times, on forms, and in a manner we determine.

You will not use any independent advertising or sales promotion programs in any media (including electronic) without our prior review and written approval. We will approve the materials you submit to us within 30 days. If we do not respond within such period all such materials will be deemed automatically disapproved. You will make reasonable efforts to participate in and cooperate with all advertising programs selected by us or by any approved group of franchisees, except that you need not follow or maintain any sales price or suggested pricing. You are responsible for any expenses of this independent advertising.

Unless we approve otherwise in writing, you may not establish a separate Website, and you will only have one Website, as we designate and approve, within our website. The term "Website" includes: anything on the Internet as well as other electronic sites (such as social networking sites like Facebook, Twitter, LinkedIn, Pinterest, Yelp, blogs, and other applications). You must provide us with all login and password information for all Websites and acknowledge that we have the right to monitor, remove, edit, and delete any content (including posts) as we consider appropriate. You must comply with our requirements regarding selling, advertising, discussing, or disseminating any information, or otherwise having a presence on a Website, regarding the Business. However, if we approve a separate Website for you (currently franchisees are authorized to participate on Instagram, LinkedIn and Facebook), we will provide you with guidelines for establishing and maintaining such Websites and each of the following provisions will apply: (i) you may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, you must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work (except for

social networking sites) must be performed by us, our affiliates or approved vendors (as described in Item 8); (iii) you must not use or modify a Website (except for social networking sites) without our prior written approval; (iv) you must comply with our guidelines, standards and specifications for Websites as specified in the Operations Manual or otherwise in writing; (v) if we require, you must establish hyperlinks to our website and other Websites; and (vi) we may revoke our approval at any time by providing written or email notice to you of such revocation.

- (12) Your Business is deemed open for operation the day after completing our initial training program which must be completed within 60 days of signing the Franchise Agreement. Factors that may affect this length of time include: obtaining any licenses or certifications as required by your state to operate your Business (as described in Item 1); securing a location for your Business rather than operating out of your home, negotiation of a lease agreement (if applicable), if you need to purchase either a Trailer or a Vehicle, time of year you open the Business, satisfactory completion of our initial training program by you (or your Owners) and availability of products and supplies necessary for you to begin operating your Business. If you choose to open a location (such as a small storage unit, warehouse, or industrial space) for your Business, you must acquire or lease, at your expense, commercial real estate that is properly zoned for the use of your Business under the Franchise Agreement within the timeframe mentioned above (not applicable if home-based). If opening a location, you must submit to us, in the form we specify, a copy of the location plan and other such information or materials we may require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining the location. We will have 30 days following receipt of this information and materials from you to approve or disapprove the proposed location of your Business and will notify you of the same by e-mail or other form of written communication. Failure to open your Business for operation within 60 days from signing the Franchise Agreement (as mentioned above) will constitute a default under the Franchise Agreement, for which we may terminate the Franchise Agreement. Such default notice, under which we may terminate the Franchise Agreement, shall be given to you in writing.
- (13) Before the opening of your Franchise and regardless of whether you operate out of your home or out of a location (such as a small storage unit, warehouse, or industrial space), yourself, any Owner and proposed manager you designate are required to attend our five-day Franchisee initial training program at our corporate headquarters in Andover, Minnesota unless headquarters is moved. We maintain a regular calendar for the initial training program and the trainings are held approximately six to twelve times per year (or more frequently if needed). The initial training program is included in your Initial Franchise Fee for up to two individuals. You are responsible for all costs associated with attending the initial training program such as travel, room, and board.
- (i) If any proposed manager does not satisfactorily complete our initial training program, we will notify you and you may then select and enroll a substitute manager in our initial training program. If, during the initial training program we determine, in our sole discretion, that you (or your managing partner, member or shareholders) or your manager are not qualified to manage a Dream Day Dressing Rooms® Business, you can appoint someone else to be trained at your expense. If that person does not satisfactorily complete our training, we have the right to terminate the Franchise Agreement. The criteria that we will use to determine whether or not we deem you (or your managing partner, member, or shareholders) or your manager is qualified to manage a Dream Day Dressing Rooms® Business includes, but is not limited to, a lack of industry experience, a personality which makes it difficult for you to obtain clients, or you do not have the appropriate state licenses or certifications to operate a Dream Day Dressing Rooms® franchise. We will send you a written termination notice upon our determination of qualification.

- (ii) After the completion of our initial training program by you and your manager, we can upon your request provide training to any new manager of your Business for which an additional training fee of up to \$250 per person per day may be required. The trainee(s) will be responsible for all costs related to attending training such as travel, room, and board. In addition, we have the right to require that you (or such managing partner, member, or shareholder) and any manager complete supplemental and refresher training programs during the term of the Franchise Agreement, to be furnished at our corporate headquarters (currently in Andover, Minnesota). There may be an additional cost for a supplemental and refresher training program. You are responsible for all costs associated with attending such training opportunities we may provide for you such as travel, room, and board.
- (iii) After the opening of your Business, we will provide to you and your personnel, access to information and support through our intranet system. Support may also be available from our professionals, and we may provide refresher training or continuing education programs either through phone, web based (“webinars”), video or at locations designated by us (most likely at our headquarters). Such refresher or continuing education sessions (other than by phone, webinars, or video) may have a registration charge to you which will not exceed \$250 per person per day plus your expenses. You are responsible for costs associated with you attending the programs such as travel, room, board and related expenses or our expenses if we come to you. The programs will normally not exceed one day, and we expect to have annual programs subject to special need. The content will cover particular aspects including but not limited to: sales presentations, processes and how to acquire clients, service standards, methods and techniques for performing services; new services and packages; best practices for hiring employees and independent contractors (if you choose to hire independent contractors), trends in the industry, operational guidelines, updated plans and schematics, safety, website and software developments, advertising and marketing strategies, and administration. We may conduct an annual convention at such place as shall be designated by us for all franchisees but will most likely be at our headquarters. A registration fee for each participant may be required which we will work in good faith to maintain at our cost and you will be responsible for costs associated with attending the convention such as travel, room, and board. The registration fee for conferences will not exceed \$1,000 per person. The fees charged above may be increased a reasonable amount based on the increase of actual costs incurred by us.
- (iv) We will immediately schedule our initial training program and you must complete our initial training program within 60 days after signing the Franchise Agreement. The training curriculum for our initial training program is fully detailed in the Operations Manual and may change periodically. Our training team will include directors from our corporate headquarters, members of our website development team, members from our approved vendors, suppliers, and service providers.

TRAINING SCHEDULE: AT CORPORATE OFFICES

The Dream Day Dressing Rooms® Franchisee Initial Training Program includes an Operations Manual, presentations, demos, and hands-on training. This training curriculum is fully detailed in the Operations Manual and may change periodically.

TRAINING PROGRAM

The Operations Manual will detail all aspects of Franchise operations presented in training and serve as an ongoing reference. Updates to the Operations Manual will be made available to you through various means including online. All of the training sessions will be taught by Heidi Mathson who has over 35 years of administrative, sales

and business management experience; Amy Michaels who has over 12 years of wedding event planning, customer service and sales experience; and Molly Michaels who has over 15 years of wedding event planning, customer service and sales experience all of whose background is described in Item 2. Occasionally, different guest speakers may make an appearance at the training program to provide information about various products, supplies and services used and offered by us. For example, some speakers may be our employees, franchisees, vendors, or industry experts.

Subject	Classroom Hours	On the Job Training Hours	Instruction	Location
The Dream Day Dressing Rooms® Philosophy, Culture, Standards, and Introduction*	1 Hour		Presentation, demos, and examples	Corporate headquarters in Andover, Minnesota or as we otherwise specify
How Our Process Works	2 Hours		Operations Manual, Presentation and Various Speakers	Corporate headquarters in Andover, Minnesota or as we otherwise specify
Overview of Our Approved Services and Different Packages	2 Hours		Operations Manual, Presentation, Demos and Various Speakers	Corporate headquarters in Andover, Minnesota or as we otherwise specify
Approved Furnishings, Fixtures, Vendors and Suppliers	2 Hours	2 Hours	Operations Manual, Presentation, Various Speakers and On the Job Training	Corporate headquarters in Andover, Minnesota or as we otherwise specify
Sales Presentations, Estimating and Managing Expectations	3 Hours	3 Hours	Operations Manual, Presentation, Various Speakers, Role Play and On the Job Training	Corporate headquarters in Andover, Minnesota or as we otherwise specify
Scheduling, Routing and Maximizing Efficiencies		4 Hours	Operations Manual, Presentation, Various Speakers and On the Job Training	Corporate headquarters in Andover, Minnesota or as we otherwise specify
Vehicle and/or Trailer Setup, Loading and Performing Deliveries		6 Hours	Operations Manual, Presentation, Various Speakers and On the Job Training	Corporate headquarters in Andover, Minnesota or as we otherwise specify
Setting Up Jobs, Placement, Safety and Security	1 Hour	4 Hours	Operations Manual, Presentation, Various Speakers and On the Job Training	Corporate headquarters in Andover, Minnesota or as we otherwise specify
Tear Downs, Cleaning Standards and Maintenance		6 Hours	Operations Manual, Presentation, Various Speakers and On the Job Training	Corporate headquarters in Andover, Minnesota or as we otherwise specify
Technology and Software Training**	2 Hours	4 Hours	Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Andover, Minnesota or as we otherwise specify
Networking, Advertising and Marketing Your Business*	4 Hours	2 Hours	Marketing Plan Creation, Presentations, Operations Manual and Various Speakers	Corporate headquarters in Andover, Minnesota or as we otherwise specify
Recommendations for Hiring and Managing Employees	3 Hours		Presentation, Operations Manual, Various Speakers and On the Job Training	Corporate headquarters in Andover, Minnesota or as we otherwise specify
Record Keeping and Administrative Responsibilities	2 Hours	2 Hours	Operations Manual, Presentation, Various Speakers and On the Job Training	Corporate headquarters in Andover, Minnesota or as we otherwise specify
Total Hours***	22 Hours	33 Hours		

* Prior to attending our initial training program, we expect you to complete approximately 8 hours of self-study at your own pace utilizing materials we send to you.

**Additional software and record keeping training may be provided to you and performed by our approved vendors after the initial training above is completed.

***The actual hours of classroom and on-the-job training may vary. For example, it may take less time to cover a subject in a smaller class than in a larger class and depending on your experience.

Additional Assistance:

In addition to the initial training program mentioned above, we will provide up to three days of onsite assistance and guidance at your location for sales, marketing, and operational assistance at our cost. For your second and subsequent Business that you open, we will (at your option) provide the same type of assistance and guidance at your location; however, you will be responsible for all costs and expenses incurred by us, including but not limited to compensation for personnel and travel expenses. We will provide you with invoices for amounts you owe us, and we may require you to pre-pay all or a portion of the actual amounts owed.

Ongoing Training:

We will provide you with announcements and/or newsletters that will contain ongoing training relating to your Business. We will also provide you with access to additional or refresher training programs that may be conducted through the telephone, webinars, or video training at no cost to you. In very rare instances, we may require that you or your Owners (if you are an entity) and/or your manager(s) complete additional training or refresher training programs to correct, improve and/or enhance the operations of your Business. Such additional or refresher training programs may be conducted through the telephone, webinars, video training or at annual conferences. Anyone attending additional or refresher training programs (training other than by telephone, webinars, or video training) will be subject to an additional training fee and all costs associated with attending the training program such as travel, room, and board (as described in paragraph 13 (iii) above).

ITEM 12 **TERRITORY**

You must operate your single Dream Day Dressing Rooms[®] Business within the specific area identified in your Franchise Agreement. You will not receive an exclusive territory and you may face competition from other franchisees, company-owned businesses we operate or from other channels of distribution or competitive brands that we control. You are awarded a protected territory (“Territory”) of a defined population of as much as 1,000,000 persons which means it may be less than such amount and you must operate your Franchise within the Territory. We reserve the right to grant a Territory that is larger or smaller than the population area defined above, in order to account for more densely or sparsely populated areas. We will determine your Territory based on the most recently published data from U.S. Census Bureau or other sources as we may indicate to you. You will have the only Dream Day Dressing Rooms[®] business within your Territory. All services must be performed within your Territory. You may also conduct business at special events (such as: tradeshow, bridal shows, expos, promotional events, etc.) to promote services and sell products (if we authorize you to sell products in the future) as long as such events are within your Territory. However, you may be able to conduct business at special events or perform services in unassigned geographic areas outside your Territory so long as you have written permission by us. We shall approve or deny your request to either conduct business at special events or to perform services in unassigned geographic areas outside your Territory, which approval is in our sole discretion, within three business days of receipt of your written request and will respond by email or any other form of written communication (as further described below). In addition, you must not perform Target Marketing outside your Territory, as described below, and you can directly market and solicit for venues and clients only within the accepted Territory that has been entered in your Franchise Agreement or made part thereof by an addendum attached to your Franchise Agreement

We cannot establish a company-owned business, franchise nor license another to locate a Dream Day Dressing Rooms® business within your Territory identified in your Franchise Agreement during the term of the Franchise Agreement.

Your licensed Territory is determined by zip code, population, average household income, demographics of the surrounding area, our own assessment of business potential (such as number of: hotels, golf courses, country clubs, churches, community centers, wedding venues, etc. that are in the area), competition, market penetration or other conditions important to the successful operation of a Dream Day Dressing Rooms® Business, as we deem appropriate and as identified in your Franchise Agreement. Your licensed Territory is determined by us once an area is chosen and will not be altered even if there is a population increase or decrease. Your Territory will not be affected by your sales volume, market penetration, or number of venues or clients you service. Certain franchise territories, such as major metropolitan areas may have smaller territories of densely populated areas.

Whether you operate out of your home or a small storage unit, warehouse, or industrial space, we must approve the site in which you intend to operate your Business which must be within your protected Territory, in writing, before your Business is open for operation (whichever comes first). You may not relocate your Business without our prior written consent, which we will not unreasonably withhold or delay.

You must sign a separate Franchise Agreement for each additional Business. You have no rights to operate your Business out of any other site other than the site accepted by us (however your salespersons are authorized to operate out of their home office as described below) or to operate any additional Businesses. You must submit a separate application for each Franchised Business to be established by you. You must pay the fee for each additional acquisition mentioned in Item 5 and be in compliance with all of the terms and conditions of the Franchise Agreement. We will evaluate your proposed location of any additional Dream Day Dressing Rooms® Business based on the criteria described in Items 11 and 12 above.

The Territory described above will affect where you and our other franchisees may solicit business, provide services, sell products (if we authorize you to sell products in the future) and solicit business. If other geographical areas are unassigned, we have the right to sell or assign it, or part of it, at any time, without notice to you and you might not have the right of first refusal or option to buy the territory that was formally unassigned. You are encouraged to directly market for clients located within your Territory to promote services and sell products (if we authorize you to sell products in the future). You can perform services for anyone so long as such services are performed from within your Territory. If we authorize you to sell products in the future, you may sell products to anyone from anywhere even if such persons are within another franchisee's territory so long as your sales do not result from any direct solicitation activities by you and the products you sell are being sold from your Business or at special events within your defined Territory. In addition, in the future, we may allow you and other franchisees or company-owned businesses to promote services and sell products (if we authorize you to sell products in the future) through alternative channels of distribution (such as on Websites). If you are granted permission to promote services and/or sell products (if applicable) through an alternative channel of distribution, per our written approval, all services must be performed within your Territory and you may sell products to anyone from anywhere without compensation to the other franchisee or company-owned business. We, other franchisees, and company-owned businesses reserve the same right to promote services and/or sell products (if applicable) through alternative channels of distribution (such as on Websites) to anyone from anywhere (so long as such services are performed within our/their respective areas) without compensation to you. Therefore, although you may be the only Dream Day Dressing Rooms® business physically located in your Territory, you do not receive an exclusive territory. You are prohibited from soliciting and marketing in general by any means outside of your respective Territory and must not specifically engage in target marketing ("Target Marketing") within the territory of another Dream Day Dressing Rooms® business (franchise and/or a company/affiliate owned business). Target Marketing means a concerted effort by a franchisee to solicit and obtain clients and/or accounts through any type of advertisement or marketing, directed at all or a portion of another franchisees, or company-owned business's territory. We will use commercially reasonable efforts to enforce this requirement regarding Target Marketing if you or any other franchisee violates it.

If you are asked to conduct business at a special event (such as: tradeshows, bridal shows, expos, promotional events, etc.) to promote services and/or sell products (if we authorize you to sell products in the future) or perform services in another geographical area in which there is another franchisee or company-owned business, you must immediately refer that request to the Dream Day Dressing Rooms® business in that geographical area or directly to us. If the other franchise or company-owned business gives you written permission to conduct business at such special event or determines it is in the best interest of the client for you to perform services, then you can proceed to conduct business at such special event or immediately perform services for the client. If there is not a Dream Day Dressing Rooms® franchise or company-owned business in the geographical area where you wish to conduct business at a special event or to perform services, then you must submit a request to us asking to conduct business at such special events or perform services and upon our written approval you can proceed. We shall approve or deny your request to conduct business at such special events or to perform services in other areas not owned by other franchisees or us, which approval is in our sole discretion, within three business days of your written request. Our response to your request will be made by email or any other form of written communication. Approval may be revoked in our sole discretion. However, you must be prepared to immediately cease conducting such special events and/or performing services in that unassigned area when it is otherwise assigned or franchised. We and other franchisees must refer special events and clients that are within your Territory to you and also reserve the same right to sell products (if we authorize the sale of products in the future) to anyone who comes from anywhere and also to perform services for clients who may be within your defined Territory if it is determined by you to be in the client's best interest.

If during the term of the Franchise Agreement, you are unable to promptly and properly provide services to any of your clients due to excessive work or other cause, you must refer that client to another franchise in the System, company-owned location or to us. If you fail to refer special events or clients as set forth herein, we will have the right to terminate the Franchise Agreement. For any default of the Franchise Agreement, as an alternative to termination, we may modify or completely eliminate any rights that you may have with respect to your protected status of the Territory, effective ten days after delivery of written notice to you. In addition, we may modify or eliminate completely, the Territory (Franchise Agreement Sections VI, XII.H and XXIII.F).

Your salespersons are authorized to have a home office. A salesperson's home office is defined as a secondary workspace located in a salesperson's principal residence from which the salesperson conducts business and communications. Your salesperson's home office is not considered a Business site so long as the salesperson does not advertise the home office in any way as an authorized Dream Day Dressing Rooms® location and does not meet any client and/or third party at their home. Your salespersons may list their respective mobile phone number and will be required to have your Business telephone number and your Business address on their business cards, stationery, and other business forms as a direct contact so long as such information meets our standards and guidelines.

We encourage all Dream Day Dressing Rooms® businesses, when owned by different individuals, to work out a referral relationship and an advertising strategy if they are close to each other. We must be notified of all such arrangements.

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to perform services and sell products (if we choose to sell products in the future) to any business or organization which owns, manages, controls or otherwise has responsibility for locations in more than one area whose presence is not confined within any one particular area regardless of the contract amount of the services to be performed or the products (if applicable) to be provided (a "National Account"). After we sign a contract with a National Account, we may, at our option, provide you the option to perform services or provide products (if applicable) to businesses under the National Account contract. If we choose, or if you choose not to perform services or provide products to the National Account, we may direct the National Account to seek such services and products from another franchisee or company-owned location even if the National Account is located within your area and without compensation to you.

We reserve the right to issue binding policies to coordinate marketing councils and/or advertising cooperative programs. For example, we may require that all franchisees within close proximity to tradeshows, conventions, or exhibitions where wedding and bridal-related services or products are being offered or sold to participate in the cost and benefit of the show. We intend to direct and coordinate all franchisee Internet advertising. All such programs and policies are our proprietary trade secrets. In such programs, we will require the person that is acquired through such programs, to be served by the closest franchisee or company-owned location to where the person is located, and you will not be charged or receive any type of referral fee.

Any rights not expressly granted to you are reserved to us. Such rights reserved to us include, but are not limited to the right to:

- (1) Advertise, market, and sell Dream Day Dressing Rooms[®] branded and trademarked services, products, and equipment (if we decide to sell products or equipment in the future) in your Territory;
- (2) Advertise, offer, and promote any services, products and/or equipment (if we choose to sell products and equipment in the future) to promote the System through the Internet and/or other similar venues no matter where the person is based to fulfill the demand in your Territory;
- (3) Offer or distribute anywhere services, products, or equipment (if we choose to sell products or equipment in the future) to anyone from anywhere through any alternative or other channel of distribution, other than local business operations (franchised or owned by us) providing services, products and equipment under the Marks and System and on any terms and conditions we deem appropriate. We have this right whether or not we are using the Marks or System or are acting inside or outside the Territory designated on your Franchise Agreement;
- (4) Develop, manufacture, produce and distribute any labeled product or piece of equipment that has been branded with our Mark or logo or different branded products and equipment through any outlet located anywhere regardless of its proximity to your Business (including, by way of illustration, wedding or bridal stores, retail stores, over the Internet and/or electronic media and similar venues) and on any terms and conditions we deem appropriate. If we decide to distribute products or equipment, you will receive no compensation from us for such sales inside your Territory unless otherwise agreed in writing by us;
- (5) Implement advertising cooperative programs which may allow us or others to offer services, solicit or sell to anyone located anywhere. We also reserve the right to issue mandatory policies to coordinate such advertising cooperative programs;
- (6) Own and/or operate ourselves, or authorize others to own and/or operate (a) any business located outside the Territory as designated on your Franchise Agreement, whether or not using the Marks and/or System, (b) any business anywhere, whether using the Marks and /or System or not, which is not substantially similar to the business franchised to you under the Franchise Agreement and/or (c) any business anywhere which does not use the Marks; and
- (7) Acquire, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere, including arrangements in which we are acquired, and/or company-owned, franchised, or other businesses (including your Franchise Business) are converted to another format, maintained under the System or otherwise. If we acquire or merge with a business similar to a Dream Day Dressing Rooms[®] business within your Territory, we will make commercially reasonable efforts to maintain the protected status of your Territory. You will fully participate in any conversion subject to any person/entity merging with, or acquiring us, reimbursing you for reasonable costs directly related to the conversion.

We are not responsible for paying any compensation to you concerning the sale of any services or of products or equipment (if we choose to sell products or equipment in the future) by us over the Internet or other similar venues, by alternative means of distribution, advertising cooperative programs, outlets, businesses that are not substantially similar to the Franchised Business or any business that does not use the Marks. For clarity, the Franchise Agreement grants you no rights to promote, offer and/or provide services; sell or distribute products and equipment through any alternative channels of distribution (other than our approved list of channels of distribution) without our permission or share in any of the proceeds from our activities through alternative channels of distribution.

We have not established, and do not presently intend to establish, other franchises or company-owned businesses except as disclosed in Item 1 of this Franchise Disclosure Document, offering similar services, or selling products under a trade name or trademark different from our Marks.

ITEM 13 **TRADEMARKS**

Under the Franchise Agreement, we grant you the nonexclusive right to use the Marks in connection with the operation of your Franchise. Our principal trademark is “Dream Day Dressing Rooms[®]” along with the design, as it appears on the first page of this Disclosure Document. We have the right to use and to license others to use the Marks and under any other trade name, trademarks, service marks and logos currently used or that may hereafter be used in the operation of the Business. You must use the Marks only for the operation of your Franchise and in the manner authorized by us.

The word mark “Dream Day Dressing Rooms” is registered on the principal register of the United States Patent and Trademark Office (referred to as “USPTO”) bearing the registration number 5332960 dated November 14, 2017, owned by our affiliate Dream Day Dressing Rooms, LLC and is licensed to us and sublicensed to you. The design and word mark “Dream Day Dressing Rooms” is registered on the principal register of the USPTO bearing the registration number 6983689 dated February 21, 2023, also owned by our affiliate Dream Day Dressing Rooms, LLC and is licensed to us and sublicensed to you. We also claim common law rights in our trademarks based on our prior use. 6983689If our right to use the trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are presently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or material litigation involving the Marks. We have not yet filed an affidavit of use because our trademarks were recently filed and do not need an affidavit. We do intend to renew all of our trademark registrations.

There are no agreements that limit our right to sublicense to you the Marks, other than a perpetual, exclusive, non-transferable, worldwide, royalty free license to use, sub-license, and display the Marks from Dream Day Dressing Rooms, LLC pursuant to a trademark license agreement. The trademark license agreement may be modified or terminated if we fail to follow Dream Day Dressing Rooms, LLC’s quality standards. The trademark license agreement may be modified or terminated if we fail to follow the operating, merchandising, and advertising policies, and such other quality standards that are established by Dream Day Dressing Rooms, LLC. In addition, Dream Day Dressing Rooms, LLC has the right to substitute alternative trademarks for license at any time. Therefore, you may have to change the trademarks that you use in operating your franchise business at your expense. The trademark license agreement will remain in effect for as long as we offer franchises unless we are in default of the trademark license agreement.

Upon termination of the trademark license agreement for any reason, we and franchisees must discontinue all use of the Marks in any form, remove the Marks from our website and any of our franchisees’ websites, remove any and all identification of the Franchised Business with, or reference to, the Marks, and refrain from making any subsequent representation, advertisement or published statement or product sales using or in reference to the Marks, or the business previously conducted using the Marks, and take such action as shall be necessary to change any

corporate name, assumed name or equivalent registration which mentions or refers to the Marks, or any mark similar thereto.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Marks or claim by any person of any rights in any Mark or any similar trade name, trademark, or service mark of which you become aware. We have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation, USPTO proceeding or other administrative proceeding.

We are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or protect you against claims of infringement or unfair competition with respect to them. The Franchise Agreement does not require that we participate in your defense or indemnify you for expenses or damages if you are a party to a judicial or administrative proceeding involving one of the Marks or if the proceeding gets resolved unfavorably to you. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously (Franchise Agreement Section XV.B).

You may not, without our written consent, which is in our sole discretion, commence or prosecute, or seek leave to intervene in, any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after notice by us. You, in connection with the use of a new or modified Mark, may be required, at your own expense, to remove existing signs from your Business (if applicable), and to purchase and install new signs in addition to all marketing and advertising materials. We have no liability to you.

There are no infringing uses actually known to us as of the Issuance Date of this Disclosure Document that could materially affect your use of the Marks in the State of Minnesota or in any other state. You should understand that there could be other businesses using trademarks, trade names or other symbols similar to our Marks with superior rights to our rights. Before starting your business, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise to avoid the possibility of having to change your business name.

All your usage of the Marks granted under the Franchise Agreement is nonexclusive, and we retain the right, among others: (a) to use the Marks in connection with offering services and selling products (if we authorize you to sell products in the future); (b) to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees; (c) to develop and establish other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you as described in Item 12.

All your usage of the Marks and any goodwill you establish are to our exclusive benefit and you retain no right or rights in the Marks on the termination or expiration of your Franchise Agreement. You may not use the Marks as a part of any corporate or trade name, nor may you use any trade name, trademark, service mark, emblem, or logo other than the Marks, as we may designate periodically. You must prominently display the Marks on such items and in the manner we designate. You must obtain such fictitious or assumed name registrations as we require or under applicable law. You must also prominently display in your Business that we are not a joint employer of you and that you are solely responsible for all employment-related decisions and matters. You must also identify yourself as the owner of your Franchise by placing your name on the business and on all Vehicles and Trailers, checks, invoices, receipts, contracts, and other documents that bear any of the Marks, and on all printed materials your name must be followed by the phrase "A franchise of Dream Day Dressing Rooms[®]" or such other phrase as we occasionally direct.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights or have any pending patent or copyright applications which are material to this Franchise; however, we claim common law trade secret and copyright protection for several aspects of our System, services, packages, operational processes, schematics and floor plans, methods, strategies and techniques; third-party software, forms, business procedures, photographs of projects, video presentations, website, Vehicle and Trailer appearance standards, manuals, workbooks and all related materials including advertisement and promotional materials although such materials may not have been registered with the United States Copyright Office. If we do obtain copyright registration on any of the above materials, we intend to renew our registrations. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in your Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the United States Copyright Office or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of our copyrighted materials or trade secrets or claim by any person of any rights in any copyright or trade secret which you become aware. We have the sole discretion to take such action, as we deem appropriate and the right to exclusively control any litigation, United States Copyright Office proceeding or other administrative proceeding. We may require you to discontinue use or modify any materials that may in our opinion infringe on the copyright, trade secret, or patent rights of any other person or business.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any copyrighted materials or trade secrets, and/or use one or more additional or substitute copyrighted materials or trade secrets, you must comply with our directions with respect to such modification, substitution, or discontinuation within a reasonable time after notice by us. We have no liability to you concerning substitution or modification of copyrighted materials or trade secrets.

We possess certain confidential information including knowledge of our: services and products offered (if we authorize franchisees to sell products in the future), our proprietary packages, service standards methods, processes, procedures and techniques when performing services; specifications for all products and supplies used and strategies for securing such items; vendor and supplier relationships, cost and pricing strategies; our proprietary plans and schematics, efficient scheduling, routing and operational strategies, ongoing training programs, procedures for safety and quality control; guidelines for hiring employees and independent contractors (if you choose to hire independent contractors); Vehicle and Trailer appearance standards (including our Vehicle and Trailer graphic specifications), our website, intranet system, third-party software, Operations Manual, photographs, video presentations, forms, contracts, record keeping and reporting methods; proprietary venue partnership programs, sales presentations, client acquisition and referral programs; advertising, marketing, networking and promotional strategies and materials in addition to systems and knowledge of, and experience in, the operation and franchising of a Dream Day Dressing Rooms® business (the “Confidential Information”). We will disclose Confidential Information to you during our initial franchise training program, seminars, workshops, continuing education sessions (see Item 6 and Item 11) and conventions sponsored by us; in our Operations Manual, and in guidance furnished to you during the term of your Franchise Agreement.

If you or your partners, members, managers, directors, shareholders, employees, agents, or independent contractors, develop or create any new service, package, product, piece of equipment, program, video presentation, photograph, concept, technique, schematic, formula, method, process or improvement in the operation or promotion of your Business, you are required to promptly notify us with all necessary related information, without

compensation. However, as a matter of corporate policy, we may create an incentive program to reward you, your partners, members, managers, directors, shareholders, employees, agents or independent contractors for any new service, package, product, piece of equipment, program, video presentation, photograph, concept, technique, schematic, formula, method, process, or improvement that we implement throughout the System. You and if you are an Entity, then one of your Owners acknowledges that any such new service, package, product, piece of equipment, program, video presentation, photograph, concept, technique, schematic, formula, method, process, or improvement will become our property and we may use or disclose such information to other franchisees as we deem appropriate.

The Franchise Agreement provides that you will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of your Dream Day Dressing Rooms® Business during the term of your Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would constitute unfair competition. You also agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of your Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or electronic form; and (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosures to employees and independent contractors of your Franchise and any other business(es) owned by you and if you are an Entity, any of your Owners, and the use of nondisclosure and noncompetition clauses in employment agreements with your Owners, employees and independent contractors.

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

The Franchise Agreement provides that your Business must at all times be under your direct, day-to-day, full-time supervision. We do require that you personally (or if you are an Entity such as a limited liability company, then a managing Owner of such Entity) participate and be involved in the day-to-day operations of your Business and your Business must at all times be under the operation of a manager (“Operations Manager”) whose identity must at all times be disclosed to us. This person must have successfully completed our training program and must use his or her best efforts in the operation of a Dream Day Dressing Rooms® Business.

You are required to retain an Operations Manager for the operation, oversight and management of your Business and must also retain a minimum of one full-time salesperson within 30 days once your Business is open for operation. You must have a minimum of one full-time salesperson on staff for the entire term of the Franchise Agreement. The Operations Manager and the salesperson may, but need not, be you or one of the Owners of the Business. The Operations Manager must meet all of our standards and criteria for such position as set forth in the Operations Manual. The Operations Manager need not have any set percentage of the equity of the Franchised Business. Your Operations Manager must devote all of his or her time and effort to the personal supervision of the Business. This individual and their replacements must also satisfy the applicable training requirements as outlined in the Franchise Agreement (Franchise Agreement Section XII.F).

If we, in our sole discretion, find that your Operations Manager is not properly performing his or her duties, we will advise you and you must immediately take steps to correct the situation; However, we are not responsible for the hiring, discipline, or termination of any Operations Manager that you employ. Upon termination of employment of your Operations Manager and/or salesperson, you must appoint a successor Operations Manager within 60 days and a successor salesperson within 30 days. Any replacement Operations Manager (who we may disapprove in our sole and absolute discretion) and salesperson must be trained by you in accordance with our standards. To clarify, any replacement Operations Manager and salesperson is to be trained by you at your expense.

Our approval of an Operations Manager other than you is conditioned upon the Operations Manager entering into a confidentiality and restriction of like business agreement containing provisions like those contained in the

Franchise Agreement and Schedule 8 of the Franchise Agreement against engaging in competing businesses and use/disclosure of our confidential business information during the tenure of employment with you and for a period of three years following employment by you. You will provide us with executed copies of the same upon request.

If you are an Entity, each of your Owners that holds more than 10% interest in the Franchise Business must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, agree to be bound by the confidentiality provisions and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Guaranty of Obligations is attached as Schedule 5 of the Franchise Agreement.

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

Due to the differing nature of markets across the United States, and because climate and geographic areas will vary, you will have a wide variety of possible locations in which to conduct business operations with our approval. You may not use the Dream Day Dressing Rooms® Business for any other purpose than the operation of a Dream Day Dressing Rooms® business, unless otherwise approved by us in writing. Alternative operation sites that may be approved can include for example incorporating your Business operations within the premises of an existing business so long as the existing business is not wedding or special event related.

You must comply with all of our standards and specifications relating to: offering, selling, and performing services; purchasing products, supplies, Vehicles and Trailers (if you use a Trailer for your Business), Vehicle and Trailer graphics, technology items, software, advertising and marketing materials, promotional items, miscellaneous forms, and other items to be used, offered, or sold in the Business (See Item 8).

You are required to offer only the approved services as specified by us which includes offering: onsite bridal and groom suites using our proprietary plans and schematics, onsite consultations, a variety of different bridal and groom suite signature packages (which includes all furnishings, fixtures, rugs, décor, etc.), delivery and setup services for all bridal and groom packages, breakdown services to return the space to its pre-existing condition, special dressing room event setups (such as green room setups, photo shoot setups, fashion show setups, celebrity appearance setups, etc.) in addition to other wedding or special event-related services and/or products (if we authorize you to sell products in the future) as expressly authorized by us in writing or in the Operations Manual, or developed by us as a result of your pre-market entry study to meet the needs of your unique market, and any updates to be incorporated in the Operations Manual periodically. You must not deviate from our standards and specifications without first obtaining our written consent. We will provide you with a written list of services (including packages) you are authorized to offer, perform, and sell during our initial training program. You must offer only the services and sell only the products (if we authorize you to sell products in the future) that we have expressly approved in writing. You must: offer and perform all services, use and sell only the products we specify (if we authorize you to sell products in the future); perform services and conduct special events within your defined Territory; sell such products (if we authorize you to sell products in the future) either from your Business or at special events within your defined Territory; and you acknowledge that if we allow you to sell products in the future, you may sell products to anyone from anywhere so long as such sales do not result in Target Marketing (as described in Item 12). If we choose to sell products in the future, we, other franchisees, and company-owned businesses reserve the same right to sell products to anyone from anywhere without compensation to you. You acknowledge that this may create competition and you will not receive any compensation from us, other franchisees, or company-owned businesses if products are sold within your Territory.

You can offer, provide, and sell services and sell products (if we authorize you to sell products in the future) at any rate and/or price you establish; however, we will suggest pricing and rate strategy and will establish minimum and maximum rates and/or prices at which you may provide services and sell products to the extent allowed by federal and state laws. You may offer additional services and products (if we authorize you to sell products in the

future) that are unique to your area in an effort to blend in with your community; however, you must obtain our written approval before such services and products are offered and the time to approve or deny your request is 30 days (as described in Item 8). You must discontinue offering, performing, and selling any service or product we may disapprove in writing at any time, whether such service or product is currently in use. We may change and/or modify the types of services and products we authorize you to offer, perform and sell at any time. There are no limits on our right to do so. You may not offer or perform any services or sell any products (if we authorize you to sell products in the future) that have not been specifically approved by us in writing; you are prohibited from using a vendor or supplier of which you (including anyone related to you) own, manage, are employed by, operates or holds any interest; and you may not independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights to sell any products or equipment without our written consent.

In addition, you acknowledge that we currently allow you and other franchisees or company-owned businesses to promote services and sell products (if we authorize you to sell products in the future) through an alternative channel of distribution (such as on the Internet or Websites) provided you adhere to our standards. You acknowledge that this will create competition and you will not receive any compensation from such sales made by other franchisees or company-owned locations.

You must participate in any loyalty or rewards program we establish. You may not create your own rewards or loyalty program unless otherwise approved by us.

You must maintain all proper certifications, permits and licenses to operate a Dream Day Dressing Rooms® Business to provide services and sell products (if we authorize you to sell products in the future) in your area. You must not engage in any trade, practice or other activity that is harmful to our goodwill or reflects unfavorably on our reputation, which constitutes deceptive or unfair competition, or that is in violation of any applicable law or regulation.

You are encouraged to directly advertise and market to offer, promote and sell services and products (if we authorize you to sell products in the future) within your Territory. We place no restrictions upon your ability to provide services and sell products (if applicable) to anyone from anywhere; provided all services are performed from within your Territory and all products (if applicable) are sold either from your Business and/or at special events within your Territory and in accordance with our standards. However, you are prohibited from Target Marketing, performing services, or conducting business at special events in other geographical areas outside your Territory or through any alternative channels of distribution without our permission (see Item 12).

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document. “FA” refers to the Franchise Agreement.

Provision	Section in the Franchise Agreement	Summary
a. Length of the Franchise Term.	FA Section VII.A.	FA – 3 years
b. Renewal or extension of the term.	FA Section VII.B.	FA – up to an additional five (5) year renewal term(s) if you meet certain term requirements.

c. Requirements for franchisee to renew or extend.	FA Section VII.B	FA – Written notice for you to renew, full compliance, not in default under Franchise Agreement, Performance Standards satisfied, satisfied monetary obligations, sign then current form or new franchise agreement which may differ substantially from original franchise agreement, execute general release, satisfy any then current qualifications and training requirements and upgrade Business.
d. Termination by you.	Section XXIII.D	FA – If we have materially failed to comply with terms of the Franchise Agreement after 30 days’ notice.
e. Termination by us without cause.	Not Applicable	We cannot terminate your FA without cause.
f. Termination by us with cause.	FA -Sections XXIII.B and XXIII.C	FA - We can terminate if you breach a material provision of the FA or fail to open the Business.
g. “Cause” defined; curable defaults.	FA – Section XXIII.B	FA-Violation of health or safety laws upon 72 hrs. notice; 5 days for failure to pay amounts owed; 30 days for all other defaults.
h. “Cause” defined; non-curable defaults.	FA- Section XXIII.C	Failure to open the Business, you fail to attend and satisfactorily complete the initial training program; you fail to submit financial statements, tax returns, you use our names or marks on the Internet without our prior written consent; you engage in unfair business practices; abandonment or surrender of control of Business; misrepresentation or omission in application; felony conviction; unauthorized assignment or improper assignment upon death or disability; loss of possession of Business; failure to pay taxes or liens; dishonest or unethical conduct; assignment for benefit of creditors; you fail to satisfy a final judgment within 30 days; and bankruptcy.
i. Your obligations on termination / non-renewal	FA – Section XXIV	FA -Cease operating franchised business; cease use of Confidential Information and Marks; deliver property containing the Marks; cancel assumed or similar name registrations; pay outstanding amounts and damages; deliver Manuals; assign phone numbers; comply with covenants.
j. Assignment of contract by us.	FA – Section XXII.C.	No restriction on our right to assign.
k. “Transfer” by you-defined.	FA – Section XXII.B.	Includes transfer of the contract and business assets by you.
l. Our approval of transfer by you.	FA – Sections XXII.B. and XXII.E	FA – We have the right to approve all transfers by you.

m. Conditions for our approval of transfer.	FA – Sections XXII.C and XXII.E.	FA – Full compliance; transferee qualifies; all amounts due are paid in full; completion of training by transferee; transfer fee paid; transferee agrees to be bound by all terms of Franchise Agreement; you sign and deliver other required documents, including a general release.
n. Our right of first refusal to acquire your Business.	FA – Sections XXII.C and XXII.E.	FA – We have the right to acquire your Business under the same terms you are offering to a third party.
o. Our option to purchase your Business.	FA – Sections XXII.C and XXII.E.	FA – You must notify us if you plan to transfer your Business to a third party. After we have been notified, we will notify you whether or not we will purchase your Business. We have the right to match any offers.
p. Your death or disability.	FA – Section XXII.D.	FA – Franchise must be assigned to approved buyer within 6 months.
q. Non-competition covenants during the term of the Franchise.	FA – Section XIX.C	FA – No involvement in any competitive business anywhere within ten miles of any company-owned business or other franchises.
r. Non-competition covenants after the franchise is terminated or expires	FA – Section XIX.C	FA – No interest in competing business for three (3) years within twenty miles of any company-owned business or other franchises.
s. Modification of the Agreement.	FA – Section XXV.J.	FA – No modification except by written agreement. Operations Manuals are subject to change.
t. Integration / merger clause.	FA – Section XXV.J.	FA – Only terms of the Franchise Disclosure Document and Franchise Agreement are binding subject to state law. Notwithstanding the prior sentence, nothing in the Franchise Agreement or any related agreement is intended to disclaim any representations Franchisor has made in the entire Franchise Disclosure Document. Any representations made outside of the Disclosure Document or the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation.	FA – Sections XXV.C and XXV.D.	FA – Arbitration and mediation in Anoka County, State of Minnesota (subject to State law).
v. Choice of forum.	FA – Section XXV.G.	FA – Litigation in Anoka County, State of Minnesota (subject to state law) or the United States District Court of Minnesota.
w. Choice of law.	FA – Section XXV.G.	FA – State of Minnesota laws apply (unless prohibited by laws of state where Franchise is located; subject to state law).

FA- If the Franchise Agreement is terminated prior to its expiration date, you shall be obligated to pay within thirty (30) days of termination or expiration of the Franchise Agreement, a sum determined by adding together the average Royalty Fee payments and average System Advertising Fee payments that was paid to us during the previous twelve (12) months for either the remaining term (or renewal term) of the Franchise Agreement or two years (whichever comes first) in addition to the amount of Royalty and System Advertising Fee payments due to us for any receivables you have not yet received for jobs that will be closed and completed within ninety (90) days of termination or expiration of the Franchise Agreement. If you have not made twelve (12) months of payments to us, then the number of payments you have made will be used to calculate the average of such Royalty and System Advertising Fund Fee payments in addition to receivables you have yet to collect as described above.

ITEM 18
PUBLIC FIGURES

We currently 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 a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Heidi Mathson, 2319 175th Lane NW, Andover, Minnesota 55304, (612) 361-1361, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
System wide Outlet Summary
For Fiscal Years 2021 thru 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned*	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Total Outlets	2021	1	1	0
	2022	1	1	0
	2023	1	1	0

Table 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Fiscal Years 2021 thru 2023

State	Year	Number of Transfers
Minnesota	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

Table 3
Status of Franchise Outlets
For Fiscal Years 2021 thru 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
MN	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets*
For Fiscal Years 2021 thru 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
MN	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

* “Company-Owned Outlets” includes one non-franchised business location operated by our affiliate, Dream Day Dressing Rooms, LLC. This business location is not part of the franchise system. It may be sold to others or to a franchisee in the future.

** Our fiscal year end is December 31. As of the date of this Disclosure, our affiliate operated 1 non-franchised business at the locations listed below:

Dream Day Dressing Rooms®
2319 175th Lane NW

Andover, Minnesota 55304

Table 5
Projected Openings
As of December 31, 2024

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Current Fiscal Year	Projected New Company Owned Outlets in the Current Fiscal Year
Florida	0	1	0
Iowa	0	1	0
Totals	0	2	0

A list of the names of all franchisees and the addresses and telephone numbers of their Dream Day Dressing Rooms® businesses are listed as Exhibit F to this Disclosure Document. A list of the name and last known home address and telephone number of every franchisee who has had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during Fiscal Year 2023 or who has not communicated with us within 10 weeks of our application date is attached as Exhibit G.

If you buy this Franchise, your contact information may be disclosed to other buyers while you are a franchisee and when you leave the franchise system.

At this time, there are no previously owned Dream Day Dressing Rooms® franchised outlets for sale.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchised system.

At this time, there are no trademark specific franchisee organizations representing Dream Day Dressing Rooms® franchisees, and no such trademark specific franchisee organization has asked us to be included in this Disclosure Document.

ITEM 21 **FINANCIAL STATEMENTS**

Our certified, independent, audited financial statements for the period from our date of formation December 20, 2021, to December 31, 2023, are attached to this Disclosure Document as Exhibit I. Our fiscal year end is December 31. We have not been in business for three years or more and therefore cannot include all financial statements required by the Federal Trade Commission franchise rules for our last three fiscal years.

ITEM 22 **CONTRACTS**

The following agreements are attached as exhibits to this Disclosure Document:

- Franchise Agreement - Exhibit A
 - Schedule 1 – Authorization for Pre-Arranged Payments
 - Schedule 5 – Individual Guaranty
 - Schedule 7 – Collateral Assignment of Lease
 - Schedule 8 – Confidentiality and Non-Compete Agreement
- State Addenda – Exhibit D
- Option Agreement – Exhibit F

ITEM 23
RECEIPTS

Included as the last document of this Disclosure Document (Exhibit I) and/or as a separate executable form, is a Receipt to be signed by you. This Receipt must be signed and dated and delivered to us at least 14 calendar days before signing of the Franchise Agreement or payment of any fee by you.

EXHIBIT A

FRANCHISE AGREEMENT

Between

Suite Surroundings, LLC

and

Franchisee



FRANCHISE AGREEMENT

Between

Suite Surroundings, LLC

2319 175th Lane NW
Andover, MN 55304
Direct: (612) 361-1361
Toll Free: 877-438-2500

Web: www.DreamDayDressingRooms.com

and

Collectively referred to as “Franchisee”

**Suite Surroundings, LLC
FRANCHISE AGREEMENT**

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Suite Surroundings, LLC FRANCHISE AGREEMENT

PARTIES

THIS FRANCHISE AGREEMENT (“Agreement”) is made by and between Suite Surroundings, LLC, a Minnesota limited liability company, hereinafter known as “SSL” or “Franchisor” and the person or entity named above, hereinafter known as “you” or “Franchisee.” If the Franchisee is a corporation or limited liability company, partnership or other entity, certain provisions of this Agreement also apply to Franchisee’s shareholders, members, partners, or owners. Any such entity may be referred to as an “Entity” and those who own the Entity may be referred to as “Owners.” For ease of reference, Suite Surroundings, LLC will also be referred to as “we,” “us” or “our” in this Agreement. The persons signing as Franchisee or Guarantors may be referenced to herein individually as “you” or “yours” or collectively as “Franchisee.” We and the Franchisee (sometimes collectively referred to as the “Parties” and individually as a “Party”) are entering into this Agreement to evidence the agreement and understanding between the Parties as follows:

RECITALS

WHEREAS, we have developed standards, specifications, business techniques and procedures (the “System”) to operate an onsite wedding and special event dressing room business that provides services to setup fully furnished suites with all the amenities at any location. Each Dream Day Dressing Rooms® business will provide individuals and businesses who plan or host weddings with a variety of choices for their onsite bridal and groom suites using proprietary plans and schematics which include but are not limited to: onsite consultations, a variety of bridal and groom suite signature packages (which include all furnishings, fixtures, rugs, décor, etc.), delivery and setup services for all bridal and groom packages, special dressing room event setups (such as green room setups, photo shoot setups, fashion show setups, celebrity appearance setups, etc.) and breakdown services to return the space to its pre-existing condition (all of which is collectively referred to as “Services”) at any Dream Day Dressing Rooms® franchised location and other locations at our discretion (hereinafter referred to as the “Franchise,” “Business” “Franchise Business” or “Franchised Business”); and

WHEREAS, we identify our System by means of certain trade names, service marks, trademarks, logos, emblems, trade dress, and other indicia of origin, including but not limited to the mark “Dream Day Dressing Rooms” and all other trade names, service marks, trademarks and trade dress as are now designated (and may in the future be designated by us in writing) for use in connection with the System (the “Names and Marks” or “Names” or “Marks”); and

WHEREAS, we have entered into an exclusive license (“License Agreement”) with Dream Day Dressing Rooms, LLC for the right to use and sublicense to our franchisees the right to use the Names, Marks, and other property in connection with the operation of a Dream Day Dressing Rooms® business; and

WHEREAS, we continue to develop, use, and control the use of such Names and Marks to identify for the public the source of services and products marketed thereunder and under our System, and to represent the System's high standards of consistent quality, appearance, and service; and

WHEREAS, we have established substantial goodwill and business value in our Names and Marks, expertise, and System; and

WHEREAS, we have the right to license the System, including expertise for conducting and operating a business under the Marks; and

WHEREAS, Franchisee desires to obtain a franchise from us for the right to use the Names, Marks and the expertise for operating a Dream Day Dressing Rooms® business, and to obtain the benefits and knowledge of our System including, but without limitation our: unique Services, proprietary packages, plans, schematics, methods, processes, techniques and procedures when performing Services; specifications for products and supplies and strategies for purchasing such items; vendor and supplier relationships, cost controls and pricing strategies; guidelines for hiring employees and independent contractors and employees (if Franchisee chooses to hire independent contractors), our operations manual, website, intranet system and franchise website housed within our national website; strategies for acquiring clients, sales presentations, advertising, marketing and promotional materials; record keeping and accounting methods, and in general a style, method and procedure of business operation utilizing our Names and Marks as a Franchisee; and

WHEREAS, Franchisee recognizes the benefits to be derived from being identified with and licensed by us, and Franchisee understands and acknowledges the importance of our high standards of quality, appearance, and service and the necessity of operating the Business in conformity with our standards and specifications.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the Parties hereto, intending to be legally bound, do hereby agree as follows:

I. FRANCHISEE'S ACKNOWLEDGEMENT OF BUSINESS RISK AND ABSENCE OF GUARANTEE

Franchisee (and each Owner) hereby represents that Franchisee has conducted an independent investigation of our Business and System and recognizes that the business venture contemplated by this Agreement involves business risks, and that its success will depend upon Franchisee's abilities as an independent businessperson. We expressly disclaim the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, revenues, gross income, margins, profits, or success of the Business contemplated by this Agreement. Franchisee further acknowledges that none of our employees, or agents has any authority to make any statement, warranty, or guaranty of the potential volume, revenues, gross income, margins, profits or success of the Business contemplated by this Agreement, and that we have expressly instructed all of our employees not to make any warranty, guaranty, statement, or representation regarding the potential volume, revenues, gross income, margins, profits or success of the Business contemplated by this Agreement. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that we have advised Franchisee to have this Agreement reviewed by an attorney of its choosing. Franchisee hereby releases us, our employees, shareholders, members, directors, managers, affiliated companies, and agents from liability based on such representations or agreements, to the extent permitted by law or regulation.

Franchisee acknowledges that we have not made, and do not hereby make, any representation or warranty as to potential revenues, income, margin, gross income, profits, volume or success of the

Franchise or merchantability, performance, accuracy of informational content, system integration, quality of any computer programs that we may provide the Franchisee, condition, fitness or suitability for the Franchisee's purposes of any component of the System, or any other representation or warranty with respect to the System. We shall not be liable to Franchisee for, nor shall Franchisee's obligations hereunder be affected by, any loss, claim, liability, cost, damage or expense of any kind caused, or alleged to be caused, directly or indirectly, by the System, or by an inadequacy of the System for any purpose, or by any defect in, the use or maintenance of, any repairs, servicing or adjustments of, or any interruption or loss of service or use of, the Business, or any loss of business, profits, consequential or other damages of any nature.

II. FRANCHISEE'S ACKNOWLEDGMENTS CONCERNING RECEIPT AND THOROUGH EVALUATION OF AGREEMENT

Franchisee acknowledges having received, read, and understood this Agreement, the Franchise Disclosure Document, and all attachments. Franchisee further acknowledges that we have accorded Franchisee with ample time and opportunity to consult with independent legal counsel and other advisors of its own choosing concerning the potential benefits and risks of entering into this Agreement. Franchisee acknowledges that Franchisee has received a completed copy of this Agreement, attachments, and schedules (collectively referred to as the "Schedules") referred to herein, and agreements relating hereto, as well as the entire Franchise Disclosure Document, at least 14 calendar days prior to the date on which this Agreement was executed or money was paid by Franchisee for the franchise.

Franchisee acknowledges that it has read and understands this Agreement, the Schedules and any agreements relating thereto, and that Franchisee has been advised by our representative to consult with an attorney or advisor of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement prior to its execution.

Franchisee acknowledges that any statements, oral or written, by us or our agents preceding the execution of this Agreement were for informational purposes only and do not constitute any representation or warranty by us. The only representations, warranties, and obligations we have made are those specifically set forth in the Franchise Disclosure Document and this Agreement. Franchisee must not rely on, and the Parties do not intend to be bound by, any statement or representation not contained therein.

Franchisee acknowledges that we will not provide or designate locations for Franchisee (this Business can be operated home-based or out of a small storage unit, warehouse or industrial space), we will not provide financial assistance to Franchisee and we have made no representation that we will buy back from Franchisee any products, supplies, technology items (such as: computer or laptop, tablets, printers, router, modems, etc.), furnishings and fixtures, vehicle, trailer, signage (if applicable and if operating out of a location) purchased by Franchisee in connection with the Business, except where we are otherwise required by law or regulation to buy back such items upon expiration or termination of this Agreement.

III. NO PROJECTED OR FORECASTED FRANCHISE SALES, PROFITS OR EARNINGS

We do not make or present and have not prepared Financial Performance Representations and have not made them as an exhibit to the Franchise Disclosure Document.

Franchisee, and each Party executing this document hereto, acknowledges that neither we nor any of our officers, directors, employees or agents have made, and Franchisee has not received or relied upon, any express or implied oral, written, or visual information, representations, assurances, warranties, guarantees, inducements, promises or agreements concerning the actual, average, projected or forecasted franchise sales, revenues, profits, earnings or likelihood of success that Franchisee might expect to achieve from operating the Business (defined as "Financial Performance Representations"). Furthermore, we do

not authorize any agent, officer, director, or employee of ours to make any Financial Performance Representations.

IV. RELATIONSHIP OF THE PARTIES

A. Franchisee is an Independent Contractor

During the term of this Agreement, and any renewals or extensions hereof, Franchisee shall hold itself out to the public as an independent contractor operating its business pursuant to a franchise from us. Franchisee agrees to take such affirmative action as may be necessary, including, without limitation, exhibiting multiple public notices of that fact, the content and display of which we shall have the right to specify. For example, such notices shall be provided on letterhead, business cards, bank account names, bank checks and signs at the place of business (such as an office if Franchisee chooses to operate out of a small storage unit, warehouse, or industrial space). Franchisee is responsible for collecting and remitting Social Security, Medicare, unemployment contributions and/or any other mandated county, state, or federal obligations on behalf of its employees. Franchisee acknowledges that we have no responsibility to ensure that Franchisee's Business is developed and operated in compliance with all applicable laws, ordinances, and regulations and that we shall have no liability in the event the development or operation of the Business violates any law, ordinance, or regulation.

B. Franchisor is Not in a Fiduciary Relationship with Franchisee

It is understood and agreed by the Parties hereto that this Agreement does not establish a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either Party as an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. In addition, we shall not have any fiduciary relationship to Franchisee by virtue of the fact that we may operate a System Advertising Fund (as defined in Section X.B of this Agreement).

It is understood and agreed that nothing in this Agreement authorizes Franchisee, and Franchisee shall have no authority, to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt, bond, indenture, promissory note or other obligation in our name; and that we shall in no event assume liability for, or be deemed liable hereunder or thereunder as a result of any such action; nor shall we be liable by reason of any act or omission of Franchisee in its conduct of the Business or for any claim or judgment arising therefrom against Franchisee or us.

Franchisee represents, warrants and agrees as follows: Franchisee is duly organized and is in good standing in all jurisdictions where legally required in order to carry on its business, has duly authorized the execution, delivery and performance of this Agreement and all other documents contemplated hereby, which are, or upon signing, will be binding on Franchisee, do not and will not contravene any other instrument or agreement to which Franchisee is a party, and there is no pending litigation, tax claim, lien, encumbrance or mortgage, proceeding or dispute that may adversely affect Franchisee's financial condition or impair its ability to perform its obligations under the terms of this Agreement.

It is understood that Franchisee will have sole responsibility for its employees and independent contractors (if Franchisee chooses to hire independent contractors) and all acts of its employees and independent contractors in addition to all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, Social Security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment (as described in Section XII.F). Franchisee must disclose to each of its employees and independent contractors in writing, in a form approved by us in advance, that we are not a "joint employer" of Franchisee's employees or independent contractors. Franchisee acknowledges that we do not control the Franchisee's personnel policies, including establishing wage and hour requirements,

hiring, firing, setting wages, disciplining, supervising, and record keeping of its employees and independent contractors.

V. FRANCHISE GRANT

We hereby grant to Franchisee, upon the terms and conditions herein contained and subject to this Agreement, the right, license, and privilege, and Franchisee hereby accepts a franchise under the terms and conditions set forth herein for the right to operate a Dream Day Dressing Rooms® Business that has been assigned a protected territory (referred to as the “Territory”) for the entire term of this Agreement, as set forth in Section VI, with the right to use solely in connection therewith our Names and Marks, Services, advertising and marketing methods, and our System, as all may be changed, improved and further developed from time to time only in the accepted territory as set forth in Section VI and provided Franchisee shall adhere to the terms and conditions hereof.

It is understood and agreed that, except as expressly provided herein or any other agreement that is executed, this franchise grant does not include the right of Franchisee to sub franchise.

Except as provided in this Agreement, Franchisee shall be free to use the materials provided by us in the manner that Franchisee, in Franchisee’s sole and absolute discretion, deems most appropriate for the operation of a Dream Day Dressing Rooms® Franchise, provided that Franchisee shall not violate any applicable law, regulation, or provision of this Agreement in exercising such discretion.

VI. TERRITORY

Franchisee is not granted an exclusive territory. The Territory is a protected marketing territory as defined in this Agreement. The Franchise Business shall be: within the State of _____ in the county(ies) of _____. If the actual Franchise Business address has not yet been chosen, the initial Territory will be defined from the following crossroads: _____ and _____. The final Territory will be defined from the actual Franchise Business address once chosen.

The specific location (“Accepted Location”) from where the Business will be operated will be:

The Territory is defined by the following numbered zip codes:

_____.
_____.
_____.
_____.

The total population for the above zip codes is: _____

Franchisee must operate the Business, offer, and perform all Services and sell products (if we authorize Franchisee to sell products in the future) within the Franchisee’s Territory. If the Parties do not select a Territory (area in which Franchisee wants to conduct business) prior to the signing of this Franchise Agreement, then it shall be entered at a later date, under the terms of this Agreement. Franchisee’s failure to open the Business for operation within sixty (60) days after the execution of this Agreement will permit

us to terminate this Agreement, as provided in Section XXIII.C. The Territory, under the terms of this Agreement, is a defined population with as many as one million (1,000,000) persons, but it could be less. We reserve the right to, in our sole discretion, change, modify or grant a territory that is larger or smaller than the population described above, in order to account for more densely or sparsely populated areas. The Territory will be determined with our approval at the time of the execution of the Agreement. Franchisee may conduct business at special events (such as: tradeshows, bridal shows, expos, promotional events, etc.) to promote Services and/or sell products (if we authorize Franchisee to sell products in the future) as long as such events are within Franchisee's Territory. However, Franchisee may be able to conduct business at special events or perform Services in unassigned geographic areas outside its Territory with written permission by us. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within three (3) business days of receipt of Franchisee's written request and we will respond by email or any other form of written communication (as described below). The Territory includes the specific location where the Business is based (referred to as "Premises"). The term "Premises" means the location of the Business consented to by us as described above, and also from which one or more of the following are being performed:

- a) The storage of any furnishings, fixtures, products, supplies, vehicles and/or trailers used in association with the Business;
- b) Where employees and/or independent contractors meet before performing Services;
- c) Franchisee maintains one or more of the following: a telephone, fax, email, or postal address of the Business at this location;
- d) Franchisee advertises the address, telephone, fax or email address or any other contact information for the location;
- e) Franchisee keeps accounting records for all or any part of the Business (excluding any office space or home office of any independent contractor, accountant, or payroll service used by the Franchisee); and
- f) The location is responsible for or generating more than fifty percent (50%) of the Gross Revenues. As defined in this Agreement, "Gross Revenue" shall include all revenue accrued from the performance of Services and sale of all products (if we authorize Franchisee to sell products in the future) in, at, upon, about, through or from the Business, whether for cash, credit or for barter and regardless of collection in the case of credit, and income of every kind and nature related to the Business. Gross Revenue also includes fair market value for any service or product Franchisee receives in barter or exchange for its Services and/or products (if we authorize Franchisee to sell products in the future); the retail value of any donated and/or complimentary (free) Services or products given to clients in addition to all insurance proceeds and/or condemnation awards for loss of sales, profits, or business. However, Gross Revenue shall not include: (i) service fees for credit card transactions; (ii) revenues from any sales taxes or other add on taxes collected from clients by Franchisee for transmittal to the appropriate taxing authority, (iii) gratuities paid by clients to Franchisee's employees; (iv) and the amount of cash refunds the Franchisee in good faith provides to its clients; and (v) the retail value of any donated and complimentary (free) Services or products (if applicable) offered to clients or employees up to a maximum of two percent (2%) of Gross Revenues for the Business for each calendar year (Franchisee's first calendar year will be pro-rated). For clarity, in no event may Franchisee exclude or deduct from Franchisee's Gross Revenues more than the two percent (2%) per calendar year under circumstances as described above. We have the right to change, modify or discontinue Franchisee's ability to exclude donated and complimentary Services and/or products, from Franchisee's Gross Revenue calculation

for any reason whatsoever upon ninety (90) days' written notice to Franchisee. The sale of Services and sale and delivery of all products (if we authorize Franchisee to sell products in the future) away from the Business (such as special events) is included in computing Gross Revenue.

If not determined when this Agreement is executed, Franchisee is responsible for selecting the site and location for the Premises within the designated Territory specified above and in accordance with this Agreement. Unless otherwise approved by us in writing, Franchisee's Premises must be within its Territory as identified in this Section VI.

The size of the Territory (as described above) will be determined by zip codes, population, average household incomes, demographics of the surrounding area, business potential (such as number of: hotels, golf courses, country clubs, churches, community centers, wedding venues, etc. that are in the area), competition, market penetration or other conditions important to the successful operation of a Franchised Business as we deem appropriate. The boundaries of the Territory described above is determined by: zip codes, population base, density of population, growth trends of population and major topographical features which clearly define contiguous areas such as: rivers, mountains, major freeways, and underdeveloped land. We determine the Territory, which is described above. Franchisee shall not relocate the Premises within its Territory, without our express prior written consent (specified in Section XXII.A). The Territory is not dependent upon achievement of certain sales volume, number of clients Franchisee services, market penetration or any other contingency.

During the term of this Agreement, we shall not establish or license another party or entity to establish, a Dream Day Dressing Rooms[®] business within the Territory outlined above. If Franchisee decides to open additional Businesses and buys the rights to additional Franchises, then those separate franchise agreement(s) will dictate the terms of the applicable territory (a separate Franchise Agreement is required for each additional Business as defined in Section IX.D of this Agreement).

Whether Franchisee chooses to operate the business from home or out of a location (such as a small storage unit, warehouse, or industrial space) we must approve the location of the Premises within the Territory in writing, especially prior to Franchisee becoming obligated on a lease (if applicable). Franchisee may not operate the Business out of any other location or operate any business other than a Dream Day Dressing Rooms[®] Business from the Accepted Location that has been set forth in this Agreement or made a part hereof by an addendum attached to this Agreement. However, Franchisee's salespersons are authorized to operate out of their home office. A salesperson's home office is defined as a secondary workspace located in the salesperson's principal residence from which the salesperson conducts business and communications. A salesperson's home office is not considered a Business Premises so long as the salesperson does not advertise its home office in any way as an authorized Business location and does not meet any client or third party at its home. Franchisee's salespersons may list their respective mobile phone numbers and will be required to have Franchisee's Business telephone number and Business addresses on their business cards, stationery, and other business forms so long as such information meets our standards and guidelines as outlined in our manuals and other written materials.

Franchisee is encouraged to directly advertise and market within its Territory to promote and offer Services and sell products (if we authorize Franchisee to sell products in the future). However, Franchisee is prohibited from promoting Services and selling products (if we authorize the sale of products in the future) through any alternative channels of distribution (such as on Websites as defined below) without our written approval. If Franchisee submits a request and is granted permission to promote Services and/or sell products (if applicable) through an alternative channel of distribution, per our written approval, Franchisee must perform all Services within its Territory and may sell products (if applicable) to anyone from anywhere without compensation to the other franchisees or company-owned businesses. Our response to Franchisee's request will be made within thirty (30) days after we receive it, otherwise the request will be deemed disapproved. We, other franchisees, and company-owned businesses reserve the same right to

promote Services and sell products (if applicable) in those alternative channels of distribution to anyone from anywhere (so long as such Services are performed within our/their respective areas) without compensation to Franchisee. If we authorize the sale of products in the future, Franchisee can sell products to anyone from anywhere so long as all products are sold from the Accepted Location or special events within Franchisee's Territory and such sales do not result from any direct solicitation activities by Franchisee. To clarify, Franchisee is prohibited from soliciting, directly advertising, promoting, and marketing in general to anyone by any means outside Franchisee's Territory and cannot perform any target marketing ("Target Marketing") into any other Territory of another franchisee. The term "Target Marketing" means a concerted effort by a Franchisee to solicit and obtain clients and/or accounts by any type of advertising or marketing directed at all or a portion of another franchisee's territory, company-owned business, or unassigned area.

Franchisee may be granted permission to conduct business at special events (such as: tradeshows, bridal shows, expos, promotional events, etc.) to promote Services and/or sell products (if we authorize Franchisee to sell products in the future) or perform Services in unassigned geographical areas outside its Territory (as outlined below) as long as such activities do not result from any direct solicitation activities by Franchisee. If Franchisee is asked to conduct business at a special event or perform Services in another geographical area (outside the Territory) in which there is another franchisee or company-owned business, Franchisee must immediately refer the request to conduct business at such special event or perform Services to the Dream Day Dressing Rooms® business in that geographical area or to us. If the other Dream Day Dressing Rooms® business (whether a franchise or company-owned business), gives Franchisee written permission to conduct business at such special event or determines it is in the client's best interest for Franchisee to perform Services, then Franchisee can immediately proceed. If there is not another Dream Day Dressing Rooms® franchise or company-owned business in that unassigned area, then Franchisee must submit a written request to conduct business at such special event or perform Services to us and upon our approval Franchisee can proceed. We shall approve or deny Franchisee's request to conduct business at special events to promote Services and/or sell products (if we authorize Franchisee to sell products in the future) or perform Services in the unassigned geographic areas, which approval is in our sole discretion, within three (3) business days of receipt of Franchisee's written request. We will respond to Franchisee's request by email or any other form of written communication. If we fail to respond to Franchisee's request within said three (3) business day period, Franchisee's request shall be deemed denied. If we approve Franchisee's request to conduct business at special events to promote Services and/or sell products (if applicable) or perform Services in geographic areas that are unassigned, we reserve the right to sell or assign it, or part of that geographical area, at any time to another franchisee without notice to Franchisee and Franchisee may not have the right of first refusal or an option to buy the territory that was formally unassigned. We and other franchisees and company-owned businesses must refer special events, or clients within Franchisee's Territory to Franchisee and reserve the same right to perform Services to clients who are within Franchisee's Territory if it is determined to be in the client's best interest.

If during the term of the Franchise Agreement, Franchisee is unable to promptly and properly perform Services and/or provide products (if applicable) due to excessive work or any other cause, Franchisee must refer that client to another franchise, company-owned business, or us. If Franchisee fails to refer special events or clients as described herein, we will have the right to terminate this Agreement, Section XXIII.C. For any default of this Agreement which triggers our ability to terminate, as an alternative to termination, we have the right, in our sole discretion, to modify or completely eliminate any rights Franchisee may have with respect to the protected status of the Territory, effective ten (10) days after delivery of written notice to Franchisee.

Franchisee acknowledges that it is in Franchisee's best interest to refer prospective clients to other franchisees in the Dream Day Dressing Rooms® system or us when, because of distance or excessive work, or for other reasons, Franchisee cannot promptly or properly perform Services or provide products (if we authorize Franchisee to sell products in the future) to such clients. Franchisee agrees that Franchisee will not undertake any work that Franchisee is not capable of performing promptly and properly. If Franchisee

is prevented by the terms of this Section VI from accepting more clients, Franchisee will refer such prospective clients to one or more other franchisees or company-owned businesses who are closest to those clients not being served or to us. Any referral that is provided to franchisees by us, the Franchisee will not be required to pay any type of referral fee.

We encourage Dream Day Dressing Rooms® franchises, when owned by different individuals, to work out a referral relationship and an advertising strategy if they are within close proximity of each other. We must be notified in writing of all such arrangements and give our approval.

We may, from time to time, establish certain programs for the benefit of franchisees and the System whereby Dream Day Dressing Rooms® franchisees will be permitted to offer Services and products (if we authorize the sale of products in the future) in accordance with the specifications described in any particular program established by us. Currently in effect is our National Account program. The National Account program is defined as follows:

- a) The term “National Account” means a special class of clients which may include but are not limited to large businesses, national organizations or non-profit organizations with outlets located in multiple territories and government agencies who on their own behalf or through agents, franchisees or other third parties owns, manages, controls or otherwise has responsibility for buildings or common-services in more than one location whose presence is not confined within any one particular franchisee’s Territory regardless of the aggregate contract amount of the Services and/or products (if we authorize Franchisee to sell products) the Franchisee wishes to perform or provide. Any dispute as to whether a particular client is a National Account shall be determined by us in our sole and absolute discretion and our determination shall be final and binding;
- b) We shall have the exclusive right, unless otherwise specifically delegated in writing, on behalf of ourselves, Franchisee and/or any other franchisees utilizing our Marks, to negotiate and enter into agreements or approve forms of agreement to use the facilities of a National Account or to offer Services and products (if we authorize the sale of products in the future) to a National Account, including any affiliate, company-owned or franchised locations within the Territory;
- c) Following the execution of a contract with or the acceptance of a bid by a National Account which contemplates the provision of Services or products (if we authorize Franchisee to sell products in the future) to one or more National Account locations within the Territory, we will, if Franchisee is qualified and not in default under any terms of this Agreement, provide Franchisee the option to perform Services and/or offer such products (if applicable) pursuant to the terms and conditions of the National Account contract or on such terms and conditions as we in our sole discretion determine;
- d) If Franchisee elects not to provide Services and/or products (if we authorize Franchisee to sell products) to a National Account in conformity with the terms and conditions of the National Account bid or contract, or fails to make an election within the time specified by us, of being offered the opportunity by us, we shall have the right, exercisable in our sole discretion, to:
 - i. Provide directly or through any other affiliate, franchisee or company-owned business utilizing our proprietary Marks, the Services and/or products (if applicable) to the National Account location(s) within the Territory on the terms and conditions contained in the National Account bid or contract; and/or

- ii. Contract with another party to provide such Services and/or products (if applicable) to the National Account location(s) within the Territory on the terms and conditions contained in the National Account bid or contract between us and the National Account, utilizing our proprietary Marks or any trademarks, service marks or trade names.
- e) Neither the direct provision by us (or a franchisee, affiliate, or agent of ours) of Services or products (if we authorize the sale of products in the future) to National Accounts as authorized in (i) above, nor if we contract with another party to provide such Services and/or products as authorized in (ii) above, shall constitute a violation of Section VI of this Agreement relating to the protected status of the Territory. Franchisee disclaims any compensation for Services performed or products sold by others to a National Account in the Territory pursuant to this section.

Franchisee's rights in the Territory are exactly (and only) as expressly set forth in this Section VI. Except as expressly provided in this Agreement, Franchisee has no right to exclude, control or impose conditions on any specific locations, operation, or otherwise of present or future Dream Day Dressing Rooms® (or any other brand) units or distribution channels of any type, franchised or company-owned, regardless of their location or proximity to the Business and whether or not they provide Services or products (if we authorize the sale of products in the future) to anyone within the Territory. Franchisee does not have any rights with respect to other and/or related businesses, services, equipment and/or products, in which we or any related persons or entities of ours may be involved, now or in the future.

Any rights not expressly granted to the Franchisee are reserved to us. Such rights reserved to us include but are not limited to the following:

- 1) Own and/or operate ourselves, and/or authorize others to own and/or operate:
 - a) Any kind of business in the Territory which is not substantially similar to a Dream Day Dressing Rooms® business, whether or not using the Marks and System and on any terms and conditions we deem appropriate; and
 - b) Any kind of business outside of the Territory, including, without limitation, Dream Day Dressing Rooms® businesses, whether or not using the Marks and System;
- 2) Develop, manufacture, distribute and sell Dream Day Dressing Rooms® labeled and branded (or any other brand) products, which includes equipment (if we develop and choose to sell products and/or equipment in the future) to anyone located anywhere (whether or not competitive) using any channel of distribution (including, but not limited to wedding or bridal stores, retail stores or other similar venues and other channels of distribution such as television, mail, catalog sales, wholesale to unrelated retail outlets or over the Internet);
- 3) Develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using Dream Day Dressing Rooms® System and/or the Marks, and award franchises under such other concepts for businesses located and/or operating anywhere;
- 4) Acquire, be acquired by, sell our assets, sell our stock, membership interests or units, or partnership units to, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), located anywhere. Such transactions may include (but are not limited to) arrangements involving competing businesses and brand

conversions (to or from the Marks and System). Franchisee agrees to participate at its expense in any such conversion as instructed by us. However, if we acquire or merge with a business within Franchisee's Territory that is similar to a Dream Day Dressing Rooms® business, we will make commercially reasonable efforts to maintain the protected status of Franchisee's Territory;

- 5) We may choose in our Business Judgment (as defined in Section XXI of this Agreement) to advertise, sell, and offer Services, products, or equipment (if we choose to sell products or equipment in the future) through the Internet and other similar venues (no matter where the client is located) to promote the System. The Internet is a channel of distribution we reserve to ourselves exclusively, and Franchisee may not independently market on the Internet or conduct e-commerce without our prior written consent; and
- 6) Acquire any Websites utilizing a domain name incorporating our Marks and one or more of the words: bridal, bride, day, demand, dream, dress, event, groom, package, pop, rent, room, special, services, suite, up or wedding. The term "Website" includes the Internet as well as other electronic sites (such as social networking sites including, but not limited to, Instagram, Facebook, Twitter, LinkedIn, Pinterest, Yelp, blogs, and other applications). Currently Franchisee is authorized to participate on Instagram, LinkedIn, and Facebook. Other than Instagram, LinkedIn and Facebook, Franchisee shall not establish a Website on the Internet using any domain name containing the words listed above or any variation thereof. Franchisee acknowledges that we have all right, title, and interest in and to such domain names, websites, and content, as we shall designate in the Operations Manual. Franchisee must provide us with all login and password information for all Websites and acknowledges that we have the right to monitor, remove, edit, or delete any content (including posts) as we consider appropriate. Franchisee must also comply with our requirements regarding discussing, advertising, or disseminating any information, or otherwise having a presence on a Website, regarding the Business. If we approve a separate Website, then each of the following provisions will apply: (i) Franchisee may neither establish nor use any Website without our prior written approval; (ii) before establishing any Website, Franchisee must submit to us, for our prior written approval, a sample of the proposed Website, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta-tags), in the form and manner we may require and all such work must be performed by us, our affiliates or approved vendors; (iii) Franchisee must not use or modify a Website without our prior written approval; (iv) Franchisee must comply with our guidelines, standards and specifications for Websites as specified in the Operations Manual or otherwise in writing; and (v) if we require, Franchisee must establish hyperlinks to our website and other Websites; and (vi) neither Franchisee nor any of its employees shall post any information regarding us or the System, on any Website or any internet site, without our prior written approval, nor any disparaging statement either during or after termination or expiration of the Agreement. Further, Franchisee shall monitor its employees to prevent them from making any such postings. We retain the right to pre-approve Franchisee's use of linking and framing between the Franchisee's website and all other Websites. The Franchisee shall within five (5) days, dismantle any blogs, frames and links between the Franchisee's website and any other Websites, if and as requested by us.

We may provide Franchisee with options, rights of first refusal or similar rights to acquire additional franchises in other areas or areas contiguous to the Territory. Franchisee's Territory may be altered during the initial term, but only: (i) by mutual consent in writing from both Franchisee and us; (ii) at the time of transfer or renewal as a condition to transfer or renewal; (iii) for any default of this Agreement which triggers our ability to terminate as described above; or (iv) after our merger or other reorganization

that involves assuming a similar type of business as Franchisee's, after we have made reasonable efforts to preserve Franchisee's Territory.

VII. TERM AND RENEWAL OF AGREEMENT

A. Term

The franchise herein granted for a Dream Day Dressing Rooms® Franchise, shall be for a term of three (3) years commencing from the date of execution and acceptance (the "Effective Date") of this Agreement by us and subject to earlier termination as herein provided.

B. Renewal

Franchisee shall have the option to renew this Agreement for an additional five (5) year term, provided we are still offering franchises at that time, and further subject to the following conditions, all of which must be met prior to renewal:

1. Franchisee shall give us written notice of its election to renew not more than twelve (12) months and not less than six (6) months prior to the end of the then current term. We will respond to Franchisee's written notice to renew no later than thirty (30) days after receipt of such notice by email or any other form of written communication;
2. Franchisee must not currently be in default under any provision of the Agreement, any amendment hereof or successor hereto, or any other agreement between us and Franchisee, and Franchisee shall have complied with all the terms and conditions of all such agreements during the terms thereof;
3. Franchisee's right to renew is contingent on satisfactory performance of and full compliance with this Agreement and any renewal agreement. We may refuse to renew or extend the franchise if: (a) Franchisee has failed to use its best efforts to operate the Franchised Business to our satisfaction, as determined by us at our sole discretion; (b) the Franchise is terminable by law, regulation, or under this Agreement; (c) Franchisee fails to give timely written or email notice of its exercise of its renewal option; (d) we are withdrawing from franchising in the geographic market Franchisee serves; (e) Franchisee fails to satisfy our then-current standards for new franchisees or (f) Franchisee has been in default of this Agreement more than three (3) times during the entire three (3) or five (5) year term of this Agreement.
4. Franchisee shall have satisfied all monetary obligations owed by Franchisee to us and our affiliates, if any, and shall have timely met these obligations throughout the previous term;
5. Franchisee shall execute, before the renewal term, our then-current form of franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ substantially from the terms of this Agreement. We will not charge Franchisee any type of renewal fee to allow Franchisee to operate its Business within the same protected area as outlined in Section VI or Territory, above;
6. Franchisee shall comply with our then-current qualification and training requirements;
7. Franchisee must execute a general release, in a form prescribed by us as described in Section XXII.B of this Agreement, of any and all claims against us and our affiliates, and their respective officers, directors, agents and employees, if such release is not in conflict with any local, state, or federal laws; and

8. Whether Franchisee operates the Business home-based or out of a small storage unit, warehouse or industrial space, Franchisee shall upgrade, remodel and/or refurbish the Business (both inside and outside) and maintain all vehicles and trailers (if Franchisee chooses to use a trailer for its Business) to meet our then-current standards. All technology items (such as: computer or laptop, tablets, printers, router, modems, etc.) located on the Premises must be updated to meet our then-current requirements. All remodeling, modernization, redecoration, or replacements will be completed at Franchisee's expense in accordance with our specific standards and specifications.

VIII. FRANCHISEE'S INITIAL INVESTMENT

Franchisee's initial investment will vary depending upon the time of year Franchisee starts operating the Business, if Franchisee operates out of his or her home or chooses to lease a small storage unit, warehouse or industrial space; amount of furnishings, fixtures, products and supplies Franchisee purchases; if Franchisee purchases a new or used vehicle, if Franchisee chooses to purchase a trailer for its Business, number of employees Franchisee hires, if Franchisee chooses to hire independent contractors, implementation of a marketing plan, Franchisee's management skills, economic conditions, competition in the surrounding area and other factors.

Franchisee hereby certifies that he or she has reviewed the estimated initial investment and start-up costs as detailed in the Franchise Disclosure Document and has sufficient cash resources available to meet said expenses. These start-up costs include the initial franchise fee.

IX. FRANCHISEE'S INITIAL FRANCHISE FEE / TIMING FOR OPENING

A. Initial Franchise Fee and Payment

By executing this Agreement, the applicant agrees to become a Franchisee and pay an "Initial Franchise Fee" in the amount of fifteen thousand dollars (\$15,000) for a Dream Day Dressing Rooms[®] business. This Initial Franchise Fee includes the right to operate a Dream Day Dressing Rooms[®] Franchise within a protected territory that serves a population of up to one million (1,000,000) persons, determined by zip code and census (with the final agreed upon Territory as described in Section IV of this Agreement). The Initial Franchise Fee includes a website housed within our national website that includes online ordering functionality, a startup kit that includes various marketing materials, access to our self-study program (and related materials) to be completed prior to attending our initial training program, our proprietary operations manual (along with other materials), a comprehensive five (5) day initial training program at corporate headquarters and up to three (3) days of onsite sales, marketing assistance and guidance.

The Initial Franchise Fee is due upon execution of this Franchise Agreement. The Initial Franchise Fee is uniform as to all persons currently acquiring a Franchise and is non-refundable. The Initial Franchise Fee shall be paid in a lump sum in United States funds and shall be deemed fully earned upon the opening of the Business for the deliverables as described above in Section IX.A.

B. Time Limit for Starting Business

The Franchisee shall maintain the Business in accordance with the provisions and requirements of Section XII hereof, must complete our initial training program and have the Business operational to start offering and performing Services (the "Opening") within sixty (60) days of the date of execution of this Agreement (the "Opening Date"). This includes securing a lease that has been approved by us (if Franchisee chooses to open a location such as a small storage unit, warehouse or industrial space for the Business as described in Section XII.S). Prior to the Opening, it is Franchisee's responsibility to obtain all

necessary business licenses, permits and certifications needed to perform the Services. We may grant Franchisee one thirty-day (30) extension past the allotted time within which to open the Business for operation.

Upon Franchisee's failure to agree on a Territory and/or to timely satisfy the Opening requirement within sixty (60) days from the Effective Date, we may, at our sole discretion, terminate the Franchise and this Agreement and retain all fees paid by Franchisee without breach of this Agreement as specified in Section XXIII.C.

During the term of this Agreement, the accepted Premises shall be used exclusively for the purpose of operating a franchised Dream Day Dressing Rooms® business. In the event the Premises shall be damaged or destroyed by fire or other casualty, or be required to be repaired, Franchisee shall commence the required repair of the Premises within thirty (30) days from the date of such casualty or notice of such governmental requirement (or such lesser period as shall be designated by such governmental requirement), and shall complete all required repairs as soon as possible thereafter, in continuity, but in no event later than ninety (90) days from the date of such casualty or requirement of such governmental notice. The minimum acceptable appearance for the restored Premises will be that which existed just prior to the casualty; however, every effort should be made to have the restored Premises include the then-current image, design, and specifications of a Dream Day Dressing Rooms® business.

As between us and the Franchisee, the Franchisee shall bear the entire risk of any damage, loss, theft, or destruction to the Premises from any cause whatsoever or requisition of the Premises by any governmental entity or the taking of title to the Premises by eminent domain or otherwise (collectively, "Loss"). The Franchisee shall advise us in writing within ten (10) days of any such Loss. No such Loss shall relieve the Franchisee of the obligation to pay Royalty Fees and all other amounts owed hereunder. In the event of any such Loss, we, at our option, may: (a) if the Loss has not materially impaired the Premises (in our reasonable Business Judgment), require that the Franchisee, upon our demand, place the Premises in good condition and repair reasonably satisfactory to us as mentioned above; or (b) if the Loss has materially impaired the Premises and is substantially destroyed (in our sole judgment), we may require the Franchisee to repair the existing Premises or find an alternative location within its Territory within thirty (30) days. We may extend this period an additional thirty (30) days at our discretion and failure of Franchisee to comply may result in termination of this Agreement. We may choose at our option if the Loss materially impairs the Franchised Premises, to relieve the Franchisee of all obligations under this Agreement, and the Franchisee must return to us all Business and System-related materials, and we have the first right of refusal to purchase all Assets (as described in Section XXIV.G), but any such purchase price will be reduced to account for the Loss the Franchisee incurred.

It is understood and agreed that, except as expressly provided herein or any other agreement that is executed, this Agreement includes no right of Franchisee to sub-franchise.

C. Cooperation Required

Franchisee shall cooperate reasonably with us to ensure that the various actions occur, which is necessary to obtain acceptance by us of the Business location. In particular, Franchisee shall furnish any pertinent information as may be reasonably requested by us regarding Franchisee's business and finances.

D. Establishing Additional Franchise Businesses

If Franchisee desires to establish and operate additional Dream Day Dressing Rooms® businesses, we may in our sole discretion, grant Franchisee the right to operate additional Businesses for a reduced Franchise Fee of seven thousand five hundred dollars (\$7,500) per each additional Business. Franchisee must meet minimum conditions: (a) Franchisee must have satisfied our then-current qualifications and training requirements; (b) Franchisee must execute our then-current franchise agreement; and (c) the

Franchisee must not be in default of any terms of this Agreement plus any other requirements to purchase an additional franchise.

X. OTHER FEES

A. Royalty Fees

In addition to the Initial Franchise Fee described in Section IX above, the following recurring or isolated payments are required to be made by the Franchisee. The Franchisee shall pay to us a “Royalty Fee” of three percent (3%) of Gross Revenues (Gross Revenues is defined in Section VI) or a flat two hundred fifty dollars (\$250), whichever is greater, per calendar month and begins once the Business is deemed open for operation. Franchisee’s Business is deemed open for operation immediately after (specifically the day after) completing our initial training program. The Royalty Fee is due on the fifth (5th) day of each month (for the prior month) for the entire term of the Agreement and is to be received as we specify in writing. The Royalty Fee is uniform as to all persons currently acquiring a Dream Day Dressing Rooms® franchise and is nonrefundable. If the Franchise Agreement is terminated, Franchisee may be required to continue paying such royalty payments as described in Section XXIV.H.

Any payment or report not actually received by us on or before the specified date shall be deemed overdue. If any payment is overdue, in addition to the right to exercise all rights and remedies available to us under this Agreement, Franchisee shall pay us, in addition to the overdue amount, interest on such amount from the date it was due until paid at the lesser of the rate of one and one half percent (1.5%) per month or the maximum rate allowed by the laws of the state in which Franchisee’s business is located or any successor or substitute law (referred to as the “Default Rate”), until paid in full.

B. System Advertising Fee

Franchisee will pay a System Advertising Fee equal to one-half percent (1/2%) of Gross Revenues or a flat forty dollars (\$40), whichever is greater, per calendar month to be paid in the same manner as the royalty obligation that begins immediately after the Franchisee’s Business is deemed open for operation and continues for the term of the Agreement (as defined in Section X.A). The System Advertising Fee can be increased by us and such increase will not exceed three percent (3%) of Franchisee’s Gross Revenue per month in any calendar year and/or an increase of more than twenty-five dollars (\$25) per month in any calendar year. If we increase the System Advertising Fee, Franchisee will be given ninety (90) days’ notice prior to such increase.

The System Advertising Fee is to be received by us on or before the fifth (5th) day of each month for the prior month. This fee will be deposited into our System Advertising Fund (the “Fund”) for ongoing technology, new equipment, furnishings, fixtures and product development, and such national advertising (including media production costs) or public relations programs as we, in our sole discretion, may deem appropriate to promote the mark Dream Day Dressing Rooms®. The Fund may also be used for local franchisee group advertising or marketing and Franchisee advisory council expenses; local, regional, national, or international advertising or marketing; administration of advertising and marketing (including salaries, accounting, collection, legal and other costs), related expenses and any media (including media production costs) or agency costs. We will direct all such programs, and will have sole discretion over the creative concepts, materials, endorsements, and media used in such programs, and the placement or allocation of such programs. We reserve the right to determine in our sole discretion the composition of all geographic territories and market areas for the implementation and development of such programs. Dream Day Dressing Rooms® businesses owned or operated by us will contribute on the same basis to the Fund.

We may disclose the identity of vendors who pay promotional allowances to us upon request and only after Franchisee has signed an appropriate non-disclosure agreement. If we require Franchisee to buy items from a vendor who pays these allowances, we may do one of the following: (i) place all or some of

the allowances in the Fund or (ii) spend them directly on related advertising. This does not apply to fees we receive from purchases that are not required to be made by Franchisee from a specified source. We are not obligated to spend more on advertising and marketing than the amount of the Fund. Any unspent balance in the Fund at the end of the year may be carried over to later years and used for the purposes described in this Agreement. Neither we nor any of our shareholders, members, managers, or directors has any fiduciary duty to the Franchisee regarding any System Advertising Fund.

Franchisee's failure to pay required advertising contributions is a material breach of this Agreement, subjecting Franchisee to all remedies at law and as set forth in this Agreement. We may delete Franchisee from advertising or marketing without notice if Franchisee fails to timely remit its System Advertising Fee.

C. Local Advertising

Franchisee will spend a minimum of one thousand five hundred dollars (\$1,500) per calendar quarter on local advertising and promotion, in addition to payment of the System Advertising Fee required above. This local advertising requirement starts immediately once the Franchisee's Business is deemed open for operation (as described in Section X.A of this Agreement); however Franchisee's local advertising requirement will be pro-rated for Franchisee's first calendar quarter. We shall have the right to approve or disapprove any advertising proposed for use by Franchisee. For clarity, the amount of money Franchisee spends to pay its salesperson does not count towards its local advertising requirement. Franchisee may choose to advertise its Business any way it chooses so long as such advertising and marketing materials are approved by us (as described in Section XII.L) and are in the format as specified in our operations manual.

D. Electronic Funds Transfer

We reserve the right to require Franchisee to remit fees and other amounts due to us hereunder via electronic funds transfer or other similar means utilizing our approved computer system or otherwise. If we notify Franchisee to use such payment method, Franchisee agrees to comply with procedures specified by us and/or perform such acts and deliver and execute such documents including the attached Schedule 1 "Authorization Agreement for Prearranged Payments" for direct debits from Franchisee's business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure Franchisee shall authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest and related processing fees charged due thereon. Franchisee shall make funds available to us for withdrawal by electronic transfer no later than the due date for these payments. If Franchisee has not timely reported the Business's Gross Revenue to us (as defined in Section VI) for any reporting period, then we shall be authorized, at our option, to debit Franchisee's account in an amount equal to (a) the fees transferred from Franchisee's account for the last reporting period for which a report of the Business's Gross Revenue was provided to us as required hereunder or (b) the amount due based on information retrieved from our approved computer system (whichever is greater).

E. Software and Ongoing Support Fee

Franchisee will be required to use a specific third-party customer relationship management software program for the operation of its Business and must use our approved vendors for such software. This software program is specific to the service industry that manages all customer records, tracks jobs, sends messages and has inventory tracking, reporting, and billing functionality in addition to integrating well with other third-party software programs. The current software fee for the usage and ongoing support of such program is currently seventy-nine dollars to eighty-nine dollars (\$79-\$89) for two users per month then an additional thirty-five dollars (\$35) for each additional user and is payable to us, our affiliates, or approved vendors.

It is Franchisee's responsibility to install, maintain and upgrade any hardware necessary to operate the software described above, including networking at its own expense. The use of these third-party software programs, as described above, may require Franchisee to sign a third-party license agreement. Franchisee acknowledges that software fees may be changed in response to any increase in the United States Consumer Price Index; if we or the manufacturers make more functionality and/or features available; or if we believe that conditions in the overall economy or in the market for such software warrant any change in fees. We, at our sole discretion, may change such software requirements (including programs and/or vendors) at any time and will provide Franchisee with ninety (90) days' written notice to implement such changes. Franchisee acknowledges that Franchisee must comply with such changes in software requirements at its own expense. If Franchisee fails to use the required customer relationship software as described above and/or fails to comply with the software fee requirements as stated above, such failure will be deemed a material breach of this Agreement as described in Section XXIII.C of this Agreement.

F. Website Edits, Updates, Changes, Maintenance and Promotion Fee

We, our affiliates and/or approved vendors will perform all website edits, changes, updates, and content revision for Franchisee. Franchisee will pay a rate of sixty-five dollars to one hundred twenty-five dollars (\$65-\$125) per hour (or current fair market rates) to us, our affiliates, or approved vendors for such services. Any requests for changes, edits or updates to Franchisee's website or any type of website promotion over the Internet must be approved by us in writing and the work is to be performed by either us, our affiliates, or approved vendors. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request by email or any other form of written communication. We may change such website edit, change, and update requirements, at our sole discretion, and Franchisee shall have ninety (90) days after receipt of our written notice within which to adhere to the new website edit, change, and update requirements at Franchisee's expense, without any liability to us. If Franchisee fails to comply with our website edit, change, and update requirements and/or fails to obtain our approval for any type of website promotion Franchisee wishes to conduct over the Internet within the timeframe mentioned above, such failure may be deemed a material breach of this Agreement subjecting Franchisee to all remedies at law and as set forth in this Agreement.

G. Product, Vendor and Supplier Assessment Fee

Franchisee must obtain our written approval for any type of product (this includes supplies such as furnishings and fixtures), services or vendors (this includes service providers) to be used in the Business (to the extent not then on our list of approved products, vendors or suppliers and as described in Section XII.I of this Agreement). We will have thirty (30) days following the receipt of Franchisee's written request to approve or disapprove proposed products, supplies, services, or vendors. Such approval or disapproval shall be made by e-mail or any other form of written communication. Franchisee will pay a fee for our approval of any product or supply, vendor and/or supplier that Franchisee wishes to use or sell (if we authorize the sale of products in the future) in the operation of the Business which may also require third party testing. The fee is one hundred dollars (\$100) for a single product, vendor and/or supplier that Franchisee wishes to use, substitute, or sell (if applicable) in the Business. We may waive these fees if the products, vendors, or suppliers (this includes service providers) that the Franchisee selects meet our requirements and make it on our approved list of products, vendors, or suppliers for all franchise locations. Franchisee also acknowledges that any additional cost for third party testing is Franchisee's responsibility.

XI. FINANCING ARRANGEMENTS

Franchisee hereby acknowledges that financing is the responsibility of the Franchisee. We do not finance or guarantee the obligations of the Franchisee for a Dream Day Dressing Rooms® Business. The Initial Franchise Fee is due and payable upon execution of this Agreement and as set forth in Section IX.A of this Agreement.

XII. GENERAL OBLIGATIONS OF FRANCHISEE

A. Follow Operations Manual and Directives of Franchisor

Franchisee agrees that use of our System and adherence to our Operations Manual (the “Operations Manual” or “Manual”), compliance with our standardized design and specifications for performing Services, selling products (if we authorize Franchisee to sell products in the future), vehicle and trailer appearance standards and uniformity of the Business are essential to the image and goodwill thereof. The Manual contains mandatory and suggested specifications for the Business, standards and operating procedures and further define Franchisee’s obligations under this Agreement. We may change or add to the Manual to reflect changes in our image, specifications and procedures and methods of operation and will lend Franchisee copies of any changes or additions. Franchisee shall cooperate and assist us with any consumer or marketing research program that we may institute from time to time. Franchisee’s cooperation and assistance shall include, but not be limited to, test marketing new Services or products, purchasing a reasonable quantity of products or supplies to be tested, providing communication with us regarding such testing programs, the distribution, display and collection of surveys, comment cards, questionnaires, evaluations, and similar items.

B. Operate Franchised Business Only

Franchisee shall use the System and the Names and Marks provided to Franchisee by us for the operation of the Business and shall not use them in connection with any other line of business or any other activity. Neither Franchisee, its Owners, nor any of its employees or independent contractors (if Franchisee chooses to use independent contractors), may conduct any other business other than that authorized pursuant to this Agreement, without our prior written approval. Neither Franchisee, its Owners, nor any of its employee or independent contractors, may conduct any activity in the Business or in connection therewith which is unethical, illegal or which could result in damage to our Names and/or Marks or our reputation and goodwill. Franchisee will not allow the Franchised Business to be used for any immoral, unethical, unauthorized, or illegal purpose. Failure of Franchisee to adhere to these requirements will result in immediate termination of this Agreement as specified in Section XXIII.C.

Franchisee must conduct all business through its Dream Day Dressing Rooms[®] Business unless otherwise approved by us in writing. Franchisee must disclose to us any pre-existing businesses and if Franchisee is converting its existing business into a Dream Day Dressing Rooms[®] Business. Franchisee agrees to sign and deliver to us, along with a signed copy of this Agreement, the attached Schedule 2 “Pre-Existing Businesses” attached to this Agreement.

C. Comply with Laws

Franchisee shall comply with all federal, state, and local laws, ordinances, zoning laws, transportation laws, health and safety ordinances, and regulations that may be required for full and proper operation of the Business franchised under this Agreement in Franchisee’s state of operation. Franchisee must also comply with all consumer protection laws and regulations, including compliance with federal and/or state solicitation, telemarketing (for example, the “do not call” registry), email solicitation, privacy and consumer credit and collection laws which are generally applicable to all businesses that sell directly to the end-user. Such laws include but are not limited to: wage and hour laws, labor laws, Workers’ Compensation and unemployment laws, laws relating to non-discrimination in hiring and accessibility, zoning laws, transportation laws, health and safety ordinances, Equal Employment Opportunity Commission (“EEOC”), Federal Trade Commission (“FTC”), laws and regulations relating to occupational hazards and health (“OSHA”) and other laws and/or regulations that may be required for full and proper operation of the Business franchised under this Agreement in Franchisee’s state of operation. There are also many state and local laws and regulations detailing how to define independent contractors for different

purposes, such as tax, effect of applicable employment laws, unemployment compensation and workers' compensation that Franchisee is responsible for knowing.

It is Franchisee's responsibility to know all such laws and requirements in its state. Franchisee must secure and maintain in force all required licenses, permits and certificates relating to the operation of a Dream Day Dressing Rooms® Business and must at all times operate the Business in full compliance with all applicable laws, ordinances and regulations (including without limitation, regulations relating to fictitious name registrations, sales tax permits, fire clearances, safety, truth in advertising, occupational hazards, health, laws relating to non-discrimination in hiring and accessibility, workers' compensation, harassment and unemployment insurance. In addition, with respect to credit card transactions and client information obtained through credit card usage, Franchisee agrees to diligently comply with all laws and rules regarding such usage. Franchisee will protect the privacy of credit card clients and must at all times remain compliant with the payment card industry data security standards ("PCI Compliant"). Copies of all subsequent inspection reports of the conduct of a Dream Day Dressing Rooms® Business which indicates the Franchisee's failure to meet or maintain governmental standards, or less than substantial compliance by the Franchisee with any applicable law, rule, or regulation, shall be forwarded to us within five (5) days of the Franchisee's receipt thereof. Franchisee agrees to defend, hold harmless and indemnify us under Section XVIII of this Agreement which includes any claims arising out of Franchisee's failure to perform Franchisee's obligations as described above.

It is Franchisee's sole responsibility and absolute obligation to research all applicable federal, state, and local laws and regulations governing the operation of a Dream Day Dressing Rooms® Business. Our standards may exceed any and all of the requirements of any laws and regulations. We make no representations or assurances as to what licenses, permits, certifications, authorizations or otherwise will be required for Franchisee in the Franchisee's state or Territory in connection with a Dream Day Dressing Rooms® business. We may provide, assistance and guidance to Franchisee when obtaining permits, certifications, and authorizations; however, it is Franchisee's sole responsibility to identify and obtain all permits, certifications, and authorizations necessary for operation. Franchisee agrees to maintain high standards of honesty, integrity, fair dealing, and ethical conduct in all business activities.

Franchisee shall agree to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the Franchised Business as may be required by law. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section XVIII pertain to Franchisee's obligations hereunder. Franchisee agrees to sign and deliver to us, along with a signed copy of this Agreement, the attached Schedule 3 "Executive Order 13224 and Related Certifications."

A Dream Day Dressing Rooms® business can be operated home-based (we encourage franchisees to operate out of their home); however, Franchisee can choose to operate out of a location (such as a small storage unit, warehouse, or industrial space). If Franchisee chooses to operate the Business out of a location, such location is to be operated in compliance with all local, state, and federal laws, including (without limitation) the Americans with Disabilities Act ("ADA"). Even though we may help to design the Business space, Franchisee is responsible for compliance with all applicable federal, state, and local laws and regulations concerning access by individuals with disabilities. Any required modifications to the Business are Franchisee's sole responsibility and expense. Franchisee agrees to execute and deliver to us an ADA Certification in the form attached to this Agreement as Schedule 4 before Franchisee opens the Business and to confirm and certify that the Business and any proposed renovations comply with the ADA requirements.

D. Maintain Confidentiality of Proprietary Information

Neither Franchisee nor any of its owners, members, managers, partners, shareholders, officers, directors, agents, or employees, except as required in the performance of the duties contemplated by this Agreement, may disclose, or use at any time, whether during the term of this Agreement or thereafter, any confidential and proprietary information disclosed to or known by Franchisee or any such person as a result of this Agreement. Such information, includes, but shall not be limited to, confidential matters, trade secrets, such as our: Services, proprietary packages, service standards and specific methods, processes, procedures and techniques when performing Services; specifications for all products and supplies and strategies for securing such items; vendor and supplier relationships, cost and pricing strategies; proprietary plans and schematics, efficient scheduling, routing and operational procedures, ongoing training programs, procedures for safety and quality control; guidelines for hiring employees and independent contractors (if Franchisee chooses to use independent contractors for its Business), vehicle and trailer appearance standards (including vehicle and trailer graphic specifications), website, intranet system, third-party software, Operations Manual, photographs, video presentations, forms, contracts, record keeping and reporting methods; proprietary venue partnership programs, sales presentations, client acquisition and referral programs; advertising, marketing, networking and promotional strategies and materials in addition to any products (if we develop or choose to sell products in the future), proprietary information conceived, originated, discovered or developed by Franchisee or by any employee of Franchisee which is not generally known in the trade or industry about our Services including any information relating to discoveries, ideas, purchasing, accounting, website development and design, marketing or the offering and selling of our Services and products, if we choose to sell products in the future, (collectively referred to as “Confidential Information” and further defined in Section XVI.A of this Agreement).

Franchisee further acknowledges that the Confidential Information was unknown to Franchisee prior to negotiation for and execution of this Agreement and that the unique and novel combination of “know how” and methods developed by us and licensed to Franchisee for the operation of a Dream Day Dressing Rooms® Business are particular to the wedding and event planning industries conducted by a Dream Day Dressing Rooms® Business. Franchisee agrees to take all steps necessary, at Franchisee’s expense, to protect against the disclosure and dissemination of the Confidential Information to any other person both during the term of this Agreement and subsequent to the termination or expiration of this Agreement without our prior written consent.

Franchisee further agrees that it will not contest in any litigation, arbitration, mediation or in any other matter, our ownership rights to any or all of the above Confidential Information.

E. Maintain and Renovate the Premises

Franchisee shall at all times maintain the Premises in a clean, orderly condition and in first class repair in accordance with all maintenance and operating standards set forth in the Operations Manual. Franchisee shall make, at Franchisee’s expense, all additions, repairs, replacements improvements and alterations that may be determined by us to be necessary so that the vehicles and trailers (and if applicable the Franchisee’s small storage unit, warehouse, or industrial space if Franchisee chooses to operate out of a location) which are viewed by the public will conform to the uniform corporate image, as may be prescribed by us from time to time. Franchisee shall undertake and complete such additions, repairs, replacements, improvements, and alterations within the time and under the terms and conditions, which may be reasonably specified by us.

If at any time, in our sole and absolute discretion, the general state of repair, appearance or cleanliness of the Premises (if Franchisee chooses to operate out of a location), any vehicles, trailers and/or signage (if applicable and operating out of a location) does not meet our standards, we have the right to notify Franchisee, specifying the action Franchisee must take to correct the deficiency. If Franchisee does

not initiate action to correct such deficiencies within ten (10) days after Franchisee receives our notice, and then does not continue in good faith and with due diligence, a bona fide program to complete any required maintenance and refurbishing, we have the right, in addition to all other remedies, to enter the Premises and do any required maintenance or refurbishing on Franchisee's behalf, and Franchisee agrees to reimburse us on demand for any expenses we incur.

Franchisee shall maintain and refurbish the Premises including all vehicles and trailers (including adhering to our vehicle and trailer appearance standards) at its expense, to conform to our design, trade dress, color schemes, and presentation of Marks consistent with our designated image, including, without limitation, remodeling, redecoration, and modifications to existing improvements.

F. Maintain Competent Staff

We will create and make available to Franchisee and its managing partners, members or shareholders training programs and other selected training materials as we deem appropriate. Franchisee must staff a position to have day-to-day supervision for the operation and management of the Business (referred to as "Operations Manager"). Franchisee's Business must be personally managed on a full-time basis by an Operations Manager who has successfully completed our mandatory training and meets our then-current standards. The Operations Manager may, but need not, be Franchisee or one of the Owners of the Business (could even be the same person); however, this does not relieve Franchisee of its responsibility. Franchisee's Operations Manager must be readily and continuously available to us. Franchisee will keep us advised, in writing, of all management personnel involved in the Business. Upon termination of Franchisee's Operations Manager, Franchisee must replace its Operations Manager within sixty (60) days. Franchisee's replacement Operations Manager (who we may disapprove in our sole and absolute discretion) must be trained by Franchisee at its expense. Any replacement Operations Manager may attend our training program for a fee and subject to space availability. Currently, the fee is two hundred fifty dollars (\$250) per person per day as described in Section XX.A of this Agreement. Franchisee is responsible for all our travel expenses (travel, room, board, and food expenses) if we train its Operations Manager at Franchisee's location; and Franchisee is responsible for all travel expenses for its Operations Manager if training is at our corporate headquarters. We have the right to require that Franchisee's Operations Manager be at the Business for any inspection we, our affiliates or third parties' conduct.

Franchisee acknowledges that it is Franchisee's sole and absolute responsibility to hire and train all salespersons, delivery drivers, administrative staff, etc. ("Employees") to promote and/or perform Services and sell products (if we authorize Franchisee to sell products in the future) according to our standards as outlined in the Operations Manual and Section XX.E of this Agreement. Franchisee, its Operations Manager, Employees, and any independent contractor Franchisee uses (if Franchisee chooses to hire independent contractors) are prohibited from providing any type of service that requires certain licenses or certifications that has not been approved by us in writing. Franchisee is also required to hire a minimum of one full time salesperson within thirty (30) days once the Business is open for operation and must keep one full time salesperson on staff for the entire term of this Agreement. The salesperson may, but need not, be the Franchisee or one of the Owners of the Business. Franchisee will keep us advised, in writing, of any changes to its salesperson involved in the Business. Upon termination of Franchisee's full-time salesperson, Franchisee must hire another full-time salesperson within thirty (30) days. Franchisee must replace and train a replacement full time salesperson at its expense. Failure of Franchisee to have one full-time salesperson that is either the Franchisee or one of its Owners or to hire and maintain a minimum of one full-time salesperson as described above may result in termination as described in Section XXIII.C. As Franchisee hires Employees and independent contractors (if Franchisee chooses to hire independent contractors), Franchisee can negotiate any rate for such services that is consistent with applicable federal and state laws and regulations. Franchisee is solely responsible for all its Employees, independent contractors, employment decisions and functions including hiring, firing, establishing wage and hour requirements, disciplining, supervising, and record keeping. Franchisee acknowledges that at no time will Franchisee or any of its Employees or independent contractors be deemed to be employed by us.

Franchisee must not use unethical tactics to recruit Employees or independent contractors. Franchisee shall properly hire Employees (subject to applicable employee protection laws) and independent contractors (if Franchisee chooses to use independent contractors) which include carefully screening all Employees and independent contractors by the use of background checks, before employing them, to ascertain fitness for employment. Specifically, Franchisee must use its best efforts, including taking every action required by applicable laws related to background checks of persons working in or representing the Business, to ensure that no person is employed who has a record of child molestation or abuse, immoral conduct, drug, alcohol, or substance abuse; criminal behavior or any other pattern of conduct which might jeopardize the welfare of the clients or reflect adversely on our reputation or the System. Franchisee will indemnify us (as described in Section XVIII) for all claims arising out of or relating to Franchisee's use of independent contractors, its Employees and Franchisee's hiring, firing and discipline decisions regarding employees, including payment of wages, overtime, and any applicable benefits.

Franchisee is not required by us to have its Operations Manager, Employees and/or independent contractors (if Franchisee chooses to use independent contractors) wear some type of uniform or any type of uniform dress bearing one or more of our Marks. If in the future we require Franchisee to implement some type of uniform dress with its Operations Manager, Employees, and independent contractors (if applicable) it shall be of such design and color as we may prescribe, and we will give Franchisee ninety (90) days to implement such uniform dress standards within its Business at its own cost.

Franchisee will keep us advised, in writing, of all management and non-management personnel involved in the operation of the Business.

G. Open Business within Time Limit

Time is of the essence. The Franchisee must have the Business operational the day after completing our initial training program which must be completed within sixty (60) days after the execution of this Agreement. Prior to getting the Business operational, Franchisee shall complete, to our satisfaction, all preparations of the Business, in accordance with specifications set forth in the Operations Manual and other written materials, and as required by local governmental agencies, including: obtaining insurance for the Business, the acquisition of all products and supplies, technology items (such as: computer or laptop, tablets, printers, router, modems, etc.), software, vehicle and/or trailer (any type of new or used vehicle and/or enclosed trailer as described in Section XII.H), completion of our self-study program and initial franchisee training program and provision to us of all required local information, artwork and photos for the completion of the Franchisee's website.

H. Operate Business in Strict Conformity to Requirements

Franchisee shall offer and perform Services, adhere to our level of service standards, and operate the Business in strict conformity with such standards, techniques, and procedures as we may from time to time prescribe in the Operations Manual, or otherwise in writing, and shall not deviate without our prior written consent. In addition, Franchisee agrees to purchase all supplies (specifically furnishings and fixtures) and technology items (such as: computer or laptop, tablets, printers, router, modems, etc.) and agrees to operate, service, repair, maintain and clean all such items according to our standards as outlined in the Operations Manual. Franchisee must keep all supplies (specifically its furnishings and fixtures) and technology items in clean and good working order at all times and purchase only approved parts to repair such items from our approved vendors and suppliers. All maintenance to Franchisee's supplies (specifically furnishings and fixtures) and technology items that cannot be completed by Franchisee must be performed by our approved vendors. Unless otherwise agreed by us in writing, in no event shall Franchisee use supplies (specifically furnishings and fixtures) or any technology item that is more than ten (10) years old. Franchisee agrees to replace its supplies (specifically furnishings and fixtures) and any technology item at Franchisee's expense as such items (i) become obsolete or inoperable; or (ii) if, in our sole discretion,

replacement is necessary because of new functionality, change in software, change in methods of service or because of health or safety considerations. Franchisee has ninety (90) days after Franchisee receives written notice from us to either remove or replace such items. Failure of Franchisee to remove, replace and/or maintain its supplies (specifically furnishings and fixtures) or technology items as described above may result in termination as described in Section XXIII.C of this Agreement.

Franchisee is required to offer and perform only approved Services and sell approved products (if we authorize Franchisee to sell products in the future) in the manner and style we specify, which may, from time to time, be amended or modified in writing, designated, and approved by us. All Services must be performed within Franchisee's Territory (as identified in Section VI of this Agreement). If we authorize Franchisee to sell products in the future, Franchisee can sell products to anyone who comes from anywhere so long as such products are sold and shipped from Franchisee's Accepted Location as described in Section VI of this Agreement. Prior to opening the Business for operation, Franchisee must adequately supply its Business with products and supplies; and use all such products and supplies in accordance with our specifications (as described in Section XII.I). Franchisee will be required to offer all Services, all programs and abide by the policies for such programs as developed by us.

We will provide Franchisee with a written list of all Services (including packages) and programs Franchisee is required to offer in its Business during the initial training program. Nothing in this Agreement shall be construed to be a promise or guarantee by us as to the continued existence of a particular Service, package, program or product (if we authorize Franchisee to sell products in the future); nor shall any provision herein imply or establish an obligation on the part of us to reinstate any Service, package, program or product (if we authorize Franchisee to sell products in the future) discontinued by us or for any liability to Franchisee for any loss of revenue incurred by Franchisee as a result of our decision to discontinue a particular Service, package, program or product (if we authorize Franchisee to sell products in the future). Franchisee agrees that we have the right, in our sole discretion, to change, modify, add, or discontinue any approved Service, package, program or product (if applicable) Franchisee is authorized to offer, perform, or sell and specifications for such at any time, in our sole discretion. Franchisee promises to promptly accept and implement, in the operation of the Business, all such additions, modifications and changes at Franchisee's expense within ninety (90) days of receiving such notice. Additional services, packages, programs, or products Franchisee desires to sell, offer or use, in its Business must be authorized in writing by us (as described below and in Section XII.I). Failure of Franchisee to adhere to our approved Services, packages, programs and products (if we authorize Franchisee to sell products in the future) that Franchisee is authorized to use, offer, perform and/or sell according to our standards and specifications and/or to adhere to any additions, modifications or changes to such standards and specifications after receiving written notice from us (as described above) will be considered a breach of this Agreement and we, in our sole discretion, may terminate this Agreement as described in Section XXIII.C.

Franchisee cannot implement, offer, perform, or sell any other service, package, program, or product unless approved by us in writing. We will respond to Franchisee's request to implement, offer, perform, or sell a new service, package, program, or product (if we authorize Franchisee to sell products in the future) by email or any other form of written communication within thirty (30) days from the date the request is received. Such approval or disapproval shall be made by e-mail or any other form of written communication. We shall have the right to require, as a condition of our approval and review, that Franchisee submit to us all materials and supporting documentation describing the service, package, program, or product Franchisee wishes to implement, offer, perform and/or sell in its Business. The cost of such investigation for approval shall be paid by Franchisee (if applicable) and we shall not be liable for denying Franchisee's request. Failure of Franchisee to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C.

Franchisee will need a vehicle to service clients. Franchisee must either have a box truck or must have a reliable pickup truck or van (referred to as "Vehicle") and an enclosed trailer ("Trailer") to transport items and perform Services within its Territory. It is expected that Franchisee will need a Trailer and can

use its existing Vehicle (specifically either a pickup truck or van) to pull the Trailer so long as such Vehicle meets our appearance standards (which include our Vehicle and Trailer Graphic specifications). Our Vehicle and Trailer appearance standards will be given to Franchisee during the initial training program. We require that any Vehicle and Trailer Franchisee operates must not be more than twenty (20) years old and must meet our appearance standards as outlined in the Operations Manual. Franchisee is responsible for the cost and maintenance of the Vehicle and its Trailer (if Franchisee is using a Trailer) and installation of Vehicle and Trailer Graphics. Franchisee must maintain its Vehicle(s) and Trailer(s) as outlined in Section XII.U of this Agreement.

Franchisee may be required to accept credit and debit cards and may choose to use other payment systems and check verification services as specified by us, which we may change from time to time. Franchisee shall also offer for sale, and will honor for clients, any incentive or loyalty programs, which we may institute from time to time, and Franchisee shall do so in compliance with our standards and procedures for such programs to the extent permitted by the laws of Franchisee's state. These programs may include, without limitation, membership programs, maintenance programs, repetitive use for service and/or product programs, co-op programs and other local and national activities. Franchisee's full and complete participation in such programs is required. Except as otherwise provided herein, compliance and participation shall be at Franchisee's expense.

Franchisee agrees to fully comply with all mandatory specifications, standards, operating procedures and rules in effect which may change from time to time relating to: offering and performing Services and programs, using approved plans and schematics, adhering to our service standards, selling products (if we authorize Franchisee to sell products in the future), safety, maintenance, cleanliness, sanitation, usage of third-party software, Vehicle and Trailer appearance standards and appearance of the Business (if operating out of a location); technology items, software, furniture, fixtures, décor and signage (if applicable). Franchisee is prohibited from offering Services and selling products (if we authorize Franchisee to sell products in the future) through alternative channels of distribution (such as on Websites); however, if given permission to do so, as described in Section VI, Franchisee must adhere to our Website standards as outlined in the Operations Manual. If Franchisee is given permission, which we are not obligated to grant, all Services must be performed within its Territory and all products (if we authorize Franchisee to sell products in the future) sold over the Internet must be sold and shipped directly from the Accepted Location or at special events within its Territory (as described and identified in Section VI). Other than having a presence on Instagram, Facebook and LinkedIn, Franchisee is not permitted to sell or offer Services or products (if we authorize Franchisee to sell products in the future) in any other media or alternative channels of distribution, whether known or hereinafter invented. If Franchisee attempts to offer or sell Services and/or products through any alternative channel of distribution (as described above) without our prior written permission, such action will be considered a breach of this Agreement and may result in termination of this Agreement as described in Section XXIII.C.

Franchisee is encouraged to accept the referral of any client from another franchisee, company-owned business or us who desires Services or products (if we authorize Franchisee to sell products in the future) from Franchisee (so long as all Services are performed within Franchisee's Territory and all products are sold from the Premises or at special events within its Territory, as described in Section VI of this Agreement). If Franchisee chooses not to accept the referral, then we may provide Services and/or products (if applicable) directly or through another franchisee or third-party without compensation to Franchisee. We encourage all Dream Day Dressing Rooms® businesses, when owned by different individuals, to work out a referral arrangement. Franchisee can perform Services to anyone outside of Franchisee's Territory if there is not a franchise or company-owned business in that area and only upon our written approval (which may be revoked in our sole discretion), as described in Section VI of this Agreement, provided once that area is sold or we have begun to operate in that area, Franchisee must no longer perform Services in that area. We shall use commercially reasonable efforts to address any Dream Day Dressing Rooms® business that violates this policy.

Franchisee must respond promptly to all inquiries and complaints to achieve client satisfaction. If Franchisee does not provide clients with satisfactory service and/or fails to resolve complaints at the time the complaint is registered or if Franchisee violates operating standards or this Agreement, we may, in addition to our other remedies, complete the services and bill the Franchisee or client for such services. Franchisee shall reimburse us for any expense incurred. In addition, there may be other System oriented programs designed to promote to the public the quality of service provided by a Dream Day Dressing Rooms® business that we may wish to implement on a system-wide basis and advertise and market. Franchisee shall be required to participate in the then-current specials or promotions as may be developed by and as may be modified periodically by us, in our sole discretion.

We may institute various programs designed to verify customer satisfaction and/or Franchisee's compliance with all operational and other aspects of the System, including (but not limited to) a toll-free number, online surveys, comment cards, secret shoppers or otherwise. We will share results of such programs with Franchisee as they pertain to Franchisee's Territory and Franchisee will reimburse us for all costs associated with any and all such programs in the event that Franchisee is not in compliance with this Agreement and the System.

Franchisee recognizes that one of our primary methods of communication with franchisees is through email, mobile texting, announcements and/or memos we may periodically publish and distribute through an intranet system provided to franchisees on our website. Franchisee is responsible for knowing all of the information contained in the emails, mobile texts, announcements, memos, and the intranet system and complying with any standards and specifications provided within them. We may establish and change the standards and specifications for the operation of your Business through our announcements, memos, and intranet system. If we establish an intranet system on our website, we will have no obligation for the hosting of the intranet system (for example if hosting company goes down or shuts down the intranet system for maintenance or security reasons) or to maintain the intranet system indefinitely and we may dismantle it at any time without notice and without liability to Franchisee and the following will apply:

1. We will establish policies and procedures for use of the intranet system. These policies, procedures and other terms of use may address issues such as (i) restrictions on the use of abusive, slanderous or otherwise offensive language in electronic communications; (ii) restrictions on communications between or among franchisees that endorse or encourage breach of any agreement with us; (iii) confidentiality of materials that we transmit; (iv) password protocols and other security procedures; (v) grounds for suspending, or revoking Franchisee's access to the intranet system; (vi) restrictions on copyright and other intellectual property infringement matters; and (vii) a privacy policy governing our access to and use of electronic communications that franchisees submit on the intranet system. Franchisee acknowledges that as administrator of the intranet system, we can access and view any communication that anyone posts on the intranet system. Franchisee further acknowledges that the intranet system and all communications that are posted to it will become our property, free of any claims of privacy or privilege that Franchisee or any other person may assert.
2. Upon receipt of notice from us that the intranet system has become operational, Franchisee agrees to purchase and install all necessary additions to their computers and to establish and continually maintain electronic connection with the intranet system that allows us to send messages to and receive messages from Franchisee. Franchisee's obligation to maintain connectivity with the intranet system will continue until expiration or termination of this Agreement.
3. We may use part of the System Advertising Fund that we collect under this Agreement to develop, maintain, and further develop the intranet system.

We may require Franchisee to join and participate in industry specific, local, or national associations. Such associations include but are not limited to Franchisee's local chapter of National Association for Catering and Events and also International Live Events Association. These associations are deemed invaluable and necessary for the continued growth of the Business. Franchisee is responsible for all membership fees and any related costs. We reserve the right to require Franchisee to join and participate in other professional organizations as we deem appropriate in our sole discretion. Franchisee's full and complete participation in such programs and associations is required. Except as otherwise provided herein, compliance and participation shall be at Franchisee's expense.

In the marketing and operation of a Franchisee's Business, Franchisee will use each of, and only, the contracts, waivers and/or other forms and/or materials as are designated by us periodically. However, if Franchisee chooses to operate out of a location (such as a small storage unit, warehouse or industrial space rather than home-based) Franchisee may lease a space subject to the landlord's lease, as long as the lease contains all of the terms and conditions required by this Agreement; the lease is adjusted to accommodate this Agreement (ideally the lease is coterminous with this Agreement but not required); and the Franchisee may execute its lender's standard promissory note, personal guaranty and security agreement provided that the terms and conditions of any promissory note, personal guaranty and security agreement do not affect or impair this Agreement, or any of our rights or remedies under this Agreement. If the Franchisee has two or more Owners or it is an Entity, then the Franchisee must submit a copy of its Operating Agreement, Partnership Agreement, Business Trust Agreement, or Shareholders Agreement and bylaws, as applicable for our review prior to execution as specified in Section XII.R of this Agreement.

All advertising and promotions by Franchisee in any medium shall be conducted in a dignified manner and shall conform to our standards and requirements as set forth in the Operations Manual. Franchisee shall have the right to offer and sell Services and/or products (if we authorize Franchisee to sell products in the future) at any rates or prices Franchisee may determine, except that we reserve the right to establish minimum and maximum rates and/or prices for any given Service or product (if we choose to sell and allow you to sell products in the future) nationwide to the extent allowed by federal and state laws. To clarify, Franchisee agrees we have the right, in our sole discretion, to establish minimum and maximum rates and/or prices for any Service or product (if applicable) so long as such decisions are made with the honest belief that the measure, we are adopting will help everyone in the System meet competition and succeed in the marketplace. Franchisee is prohibited from heavily discounting Services and products offered for sale (if we authorize Franchisee to sell products in the future) and must adhere to our minimum and maximum pricing guidelines, except as otherwise provided by applicable federal or state laws. If Franchisee elects to offer or sell any Service and/or product (if applicable) at any price or rate recommended by us, Franchisee acknowledges that we have made no guarantee, statement, or warranty that offering such Services and/or products at the recommended rate or price will enhance Franchisee's sales or profits. Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions promulgated by us periodically.

I. Use of Approved Products, Vendors and Suppliers

Franchisee acknowledges that we have spent considerable time in determining what products, supplies, processes, methods, and vendors to use in the operation of a Dream Day Dressing Rooms® business. Franchisee acknowledges that Franchisee is to use only approved products, supplies, services, vendors and suppliers that include but are not limited to: products (such as: steamers, vacuum, table cloths, blankets, towels, area rugs, etc.), supplies (such as: furnishings, fixtures, office and cleaning supplies), technology items (computer or laptop, tablets, printers, router, modems, etc.), Vehicle, Trailer, Vehicle and Trailer graphics, software, promotional merchandise, marketing materials and printed advertising materials, software providers, merchant service providers, shows and event marketing opportunities, and vendor, co-branding, affinity programs. We will provide Franchisee with a written list of approved vendors and/or suppliers for all products, supplies and services that Franchisee is authorized to use in its Business. We may derive income through license fees, promotional fees, advertising allowances, rebates or other

monies paid by approved vendors and/or suppliers. We do not know the precise basis of these payments because we have never previously collected them. If we require Franchisee to buy from us, we will exercise commercially reasonable efforts to ensure that the product's price and quality will be comparable to similar products from other sources. We may take a portion of income earned from license fees, promotional fees, advertising allowances or rebates to spend on advertising or place in a separate franchise advertising account. If we require Franchisee to buy products, supplies or services from a vendor that pays such allowances, we may spend all such fees on related advertising or place them in the advertising account Fund as described in Section X.B of this Agreement. If we do not require the purchase, we do not need to place such funds in a separate account or use them on advertising. Franchisee agrees that we may periodically and upon written notice, add to, modify, or change such approved products, supplies, services, vendors, and suppliers. Franchisee promises to promptly accept and implement, in the operation of the Business, all such additions, modifications and changes at Franchisee's expense. In addition, Franchisee acknowledges that:

1. To ensure the consistent high quality and uniformity of Services provided by Dream Day Dressing Rooms® franchised businesses and to maintain our ethical standards, Franchisee must purchase products, supplies and services (as described above) from us, our affiliates, or those approved vendors (including service providers, manufacturers, distributors, and other sources) who demonstrate to our continuing satisfaction an ability to meet our standards and specifications. We are not liable to Franchisee for any loss or damage, or deemed to be in breach of this Agreement, if we, our affiliates, or approved vendors and/or suppliers cannot deliver, or cause to be delivered, Franchisee's order of the items mentioned above where such items are out-of-stock or discontinued. Franchisee is prohibited from purchasing and using products, supplies and services from unapproved vendors and/or suppliers (including service providers) who are not on our approved list without our written approval. All vendors and suppliers (including service providers) that Franchisee purchases from must be approved in writing by us and may be disapproved by us anytime thereafter. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Such approval or disapproval shall be made by e-mail or any other form of written communication. If Franchisee uses a vendor or supplier in which Franchisee has an interest in (as described above); or purchases or uses any products, supplies, or services from any unapproved vendor or supplier without our permission, as described above, it will result in termination of this Agreement as specified in Section XXIII.C.
2. In approving any vendor or supplier, we may consider factors such as: price, quality, composition, performance, accuracy of product claims, durability, safety, technical specifications, frequency of delivery, design, service maintenance programs, experience, determination of quality control, value, customer service strength, prompt attention to complaints, litigation against the vendor or supplier, reputation, any product recalls instituted by the United States Consumer Product Safety Commission (if applicable), the vendor's or supplier's financial strength and capacity to supply franchisee's needs promptly, reliably and cost effectively. All vendors and suppliers (including service providers) must be approved in writing by us and may be disapproved by us anytime thereafter. If Franchisee desires to purchase unapproved products or supplies or services from unapproved vendors, Franchisee must submit to us a written request for such approval. We will respond to Franchisee's request within thirty (30) days from the date the request is received by email or any other form of written communication. We shall have the right to require, as a condition of our approval and review, that our representatives be permitted to inspect the facilities of the proposed vendor or supplier and that the proposed item is delivered to us or our designee for testing. The cost of such inspection and testing shall be paid by Franchisee, vendor or supplier and we shall not be liable for damage to or for the return of any sample. We may require Franchisee's vendors to sign

our pre-approved Confidentiality and Nondisclosure Agreement and guarantee our level of quality. We reserve the right to re-inspect the facilities and to re-test the products and supplies of any approved vendor or supplier and to revoke any approval if the vendor fails to continue to meet our high standards.

3. Franchisee will not make any claims against us with respect to any vendor and/or related supplier (including our affiliates) for products, supplies or services (as described above) necessary for the operation of the Business (and/or our designation of, or our relationship with, any vendor or supplier). WE MAKE NO WARRANTIES REGARDING ANY VENDOR PRODUCTS OR SUPPLIES AND HEREBY DISCLAIM THE IMPLIED WARRANTY OF MERCHANTABILITY, THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, THE IMPLIED WARRANTY OF QUALITY OF COMPUTER PROGRAMS, THE IMPLIED WARRANTY OF SYSTEM INTEGRATION, AND THE IMPLIED WARRANTY OF INFORMATION CONTENT. FRANCHISOR MAKES NO WARRANTY THAT ANY VENDOR PROVIDED SOFTWARE WILL BE BUG FREE, VIRUS FREE, OR FREE OF TROJAN HORSES OR WORMS. FRANCHISEE HEREBY AGREES THAT SUCH DISCLAIMER IS AN ESSENTIAL PART OF THE BARGAIN, AND THAT WE WOULD NOT HAVE ENTERED INTO THIS TRANSACTION ABSENT SUCH DISCLAIMER. Any claim with respect to any vendor-related and/or similar matters shall be made only against the vendor in question. Franchisee will provide us with written notice prior to taking any action in connection with such a claim. We will use diligent efforts to assist Franchisee in resolving any disputes with vendors approved and/or designated by us.
4. Franchisee may be required to use and/or offer for sell all branded merchandise or Proprietary Products, if developed by us, which will be listed in the Operations Manual (currently not in effect). The term “Proprietary Products” is defined as all products, supplies, marketing materials and Dream Day Dressing Rooms® branded products all of which must be purchased by the Franchisee directly either from us, our affiliates, or approved vendors, unless the Franchisee has submitted and received written approval from us to use an alternate supplier. Currently we have not developed any Proprietary Products; however, if Proprietary Products are developed, we may become the only approved supplier for such items and failure to use and/or sell such Proprietary Products will result in termination of this Agreement as specified in Section XXIII.C of this Agreement.
5. Franchisee acknowledges that we currently do not require Franchisee to maintain in inventory a Minimum Representation of products, supplies or Proprietary Products (however we retain the right to do so in the future). “Minimum Representation” shall be defined as the continuous maintenance of a number of products, supplies and/or Proprietary Products meeting requirements as defined in the Operations Manual. If this requirement is implemented, Franchisee shall at all times comply with our Minimum Representation requirements and the terms of any auto-ship requirements (currently we do not have any auto-ship requirements; however, we do require that Franchisee purchase updates for all advertising, promotional and marketing materials and miscellaneous forms when designated as mandatory by us and as specified in the Operations Manual).
6. Franchisee shall not make changes to any products, Proprietary Products or any other type of equipment or any third-party products including making modifications, changing containers, packaging, labeling, promotional materials, advertising, cartons, or the like without our or the manufacturer’s prior written approval, which may be withheld in our or the manufacturer’s sole discretion. Failure to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C.

7. Franchisee may not independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights to distribute any products, supplies, Proprietary Products and/or any other type of equipment inside or outside its Territory without our written consent. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Failure to adhere to these guidelines will result in termination of this Agreement as specified in Section XXIII.C of this Agreement.
8. Franchisee shall not manufacture or produce any piece of equipment, product or supply that is similar to, or competes with any of our Services, Proprietary Products or third-party products, or any piece of equipment used or offered in a Dream Day Dressing Rooms[®] business without the advanced written consent of us or manufacturer, which may be granted or denied in ours or the manufacturer's sole discretion. Violation of this provision shall be grounds for immediate termination as specified in Section XXIII.C of this Agreement.
9. Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at our sole option, we may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known vendors and suppliers who are willing to supply all or some Dream Day Dressing Rooms[®] businesses with some or all of the products and supplies that we require for use and/or sale in the development and/or services used in the operation of the Business. In this event, we may limit the number of approved vendors with whom Franchisee may deal, designate sources that Franchisee must use for some or all products, supplies and other services, and/or refuse any of Franchisee's requests if we believe that this action is in the best interests of the System. We shall have unlimited discretion to approve or disapprove the vendors or suppliers who may be permitted to sell products, supplies, and provide services to franchisees;
10. Franchisee agrees to purchase, use, maintain and update at Franchisee's expense all technology items and software meeting our specifications, as we may modify them. Franchisee may be required to purchase software from us, our affiliates, or our approved vendors. We reserve the right to have independent access to all information that Franchisee stores in any computer, laptop, tablet, or software used for the Business. Franchisee agrees to comply with our then-current Terms of Use and Privacy Policies and any other upgrade requirements regarding all computers or laptops, tablets, and software, including Internet usage. Supplier and/or licensor charges for use, maintenance, support and/or updates of such required items are the Franchisee's responsibility.
11. Franchisee may be required to use our proprietary software for the operation of the Business (currently not in effect). If we develop proprietary software and require Franchisee to use such software, we will provide Franchisee with a ninety (90) day written notice to purchase (if applicable) and use such software for the operation of the Business. We will provide all update and upgrade requirements for the proprietary software, as necessary. The installation, maintenance, repairs, and upgrade costs for the proprietary software will be the responsibility of the Franchisee. Usage of any proprietary software ("Software"), if developed, will be subject to the following terms:
 - a. Franchisee will use our Software on a computer system that: (i) meets our computer hardware specifications; and (ii) is located at the Premises or on a backup system if the original computer is inoperable. Franchisee will be licensed to use our Software only for Franchisee's internal, in-house data processing and

data communications purposes and only in connection with the Business and not for re-marketing or redistribution under any circumstances;

- b. Franchisee acknowledges and agrees that we will be the sole and exclusive owner of all right, title, and interest in and to our Software, and its source code, including all trade secrets and copyrights related to the Software, subject only to the rights we expressly license to Franchisee in this Agreement. This license will not provide Franchisee with title or ownership of the Software, but only a limited right of use at the Franchisee's principal place of business, in accordance with the Software's documentation. Franchisee agrees that Franchisee will not contest or otherwise seek to share, diminish, or invalidate our ownership rights in our Software;
- c. Franchisee will not modify the Software in any way without our prior written consent. Franchisee will promptly disclose to us all ideas and suggestions for modifications or enhancements to the Software that Franchisee conceives or develops, and we will have the right to use such ideas and suggestions. All modifications or enhancements made to the Software will be our property and belong exclusively to us, without regard to the source or creator of the modification or enhancement; however, we may provide incentive programs for such contributions;
- d. We will have the right at all times to access Software and to retrieve, analyze and use all the data in Franchisee's files stored on Franchisee's computers, laptops or tablets or any other type of computer system. Additionally, Franchisee will electronically transfer all files and reports to us on our request. All information that Franchisee stores in any computer, laptop or tablet shall become our confidential and proprietary information, and subject to all of the terms and conditions of this Agreement regarding our Confidential Information.
- e. Franchisee and its Owners will ensure its Operations Manager and Employees will not make available the Software, or portions thereof, to anyone without our prior written consent. Franchisee agrees that Franchisee will not: (i) copy the Software except as necessary for use in the Business; (ii) translate, reverse engineer, reverse compile, modify, alter, disassemble, or create derivative works based on the Software; (iii) sublicense, rent, lease, sell or otherwise transfer the Software or any portion thereof, or any rights therein, to any person or entity. Failure to adhere to these guidelines or allowing unauthorized usage of the Software will result in termination of this Agreement as specified in Section XXIII.C of this Agreement;
- f. Franchisee acknowledges and agrees that the Software, if developed, will be our valuable, proprietary product, the design and development of which took the investment of considerable time, money, and the effort of skilled computer programmers. Franchisee will keep the Software and any data generated by the use of the Software confidential during and after the term of this Agreement and will maintain security precautions to maintain the secrecy of the Software and to prevent unauthorized access or use of the Software. Franchisee agrees that we will treat the Software as confidential and that the Software will contain substantial trade secrets of ours that we have entrusted to Franchisee in confidence to use only as we authorize under this Agreement. We will claim and reserve all rights and benefits afforded under copyright law, patent law, intellectual property law and other laws relating to confidential and proprietary material. Franchisee agrees not to improperly use, disseminate, or disclose the Software, and to ensure that

Franchisee's employees who gain access to the Software will protect the Software against improper use, dissemination, or disclosure;

- g. THE SOFTWARE WILL BE PROVIDED ON AN "AS-IS" BASIS WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY, SYSTEM INTEGRATION, QUALITY OF COMPUTER PROGRAMS, INFORMATIONAL CONTENT AND FITNESS FOR A PARTICULAR PURPOSE. ALL WARRANTIES AGAINST INFRINGEMENT ARE HEREBY DISCLAIMED EXCEPT WE REPRESENT THAT WE HAVE SUFFICIENT AUTHORIZATION TO LICENSE THE SOFTWARE TO FRANCHISEE. WE WILL NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE SOFTWARE MEET FRANCHISEE'S REQUIREMENTS OR THAT THE USE OF THE SOFTWARE WILL BE UNINTERRUPTED, BUG FREE, WORM FREE, TROJAN HORSE OR ERROR FREE. WE MAKE NO WARRANTIES REGARDING ANY OPEN-SOURCE SOFTWARE. In no event will we be liable to Franchisee for damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to the use of or inability to use the Software, even if we have been advised of the possibility of such damages, or for any claim by any other party. The foregoing limitations of liability are intended to apply without regard to whether other provisions of this Agreement have been breached or proven ineffective;
 - h. Franchisee acknowledges and agrees that Franchisee's license to the Software will terminate immediately should Franchisee fail to adhere to any of Franchisee's obligations under the license or if this Agreement expires or is terminated for any reason;
 - i. Franchisee acknowledges and agrees that any violation by Franchisee of the provisions of the Software license would cause us irreparable harm for which we would not have an adequate remedy at law; and that, in addition to other remedies available to us, we will be entitled to seek injunctive relief against any such violation;
 - j. In the event Franchisee fails to adhere to any of Franchisee's obligations under this Agreement, or is no longer a franchisee of ours, or this Agreement expires or terminates for any reason, Franchisee will immediately (within five (5) days) terminate the use of the Software and destroy any and all material or information related to the Software or any data generated by use of the Software unless we specifically instruct otherwise; and
 - k. Franchisee must update all computer systems upon our request to optimize performance of the Software.
12. Franchisee acknowledges that neither we nor our affiliates, will have any liability and/or obligation (and neither you or any managing partners, managing members, members or shareholders will make any claims) for any loss of data, loss of information, inability to use, failures, errors or any other occurrences relating to any computer, laptop, or tablet hardware and/or software without an express written warranty from us, even if recommended or specified by us. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must also take reasonable steps to verify that information about Franchisee's vendors, suppliers, lenders,

landlords, clients, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems and use of backup systems.

13. We may set standards or specifications for leases, real estate, the construction and build out of the Business (applicable if Franchisee chooses to operate out of a location); décor items, signage and Internet or network access services, at our discretion, including our subjective determinations relating to quality, value, and appearance.

Nothing in this Agreement shall be construed to be a promise or guarantee by us as to the continued existence of a particular product or supply nor shall any provision herein imply or establish an obligation on the part of us and our affiliates to sell products or supplies to Franchisee if Franchisee is in default of any payment to us, our affiliates, or any other designated vendor or approved supplier, or otherwise is in default under this Agreement. If Franchisee fails to pay in advance in full for each shipment of items purchased (if applicable), we or our affiliates shall not be obligated to sell such items to Franchisee.

J. Use Approved Design and Signage for the Premises

In operating a Dream Day Dressing Rooms[®] business and if Franchisee chooses to operate out of a location (such as a small storage unit, warehouse, or industrial space rather than home-based), Franchisee must adhere to our signage standards and utilize signage designs in accordance with the standards and specifications recommended by us, or that which will continue to be recommended by us. Franchisee may be required to purchase signage from us, our approved suppliers, or submit an alternate supplier to us for approval. If Franchisee operates out of a location, Franchisee shall purchase or lease, subject to local building codes and regulations, such signs that provide maximum displays of our Names and Marks. Upon a renewal of this Agreement, Franchisee shall be solely responsible for obtaining and equipping the Premises with the signage that is approved for use by us at the time of the renewal of this Agreement. The color, size, design, and location of said signage shall be as specified and/or approved by us. Franchisee shall not place additional signs, posters, newspaper racks, video games, juke boxes, gaming machines, gum machines, any type of games or rides, vending machines or other similar devices and décor items in the Business (if operating out of a location) without our prior written consent.

K. Participation in the Operation of the Business

Franchisee acknowledges that a Dream Day Dressing Rooms[®] business involves hard work and sometimes long hours, similar to most small businesses that are owner operated. Franchisee acknowledges that we have not represented that this business is going to be easy for Franchisee (or any of its Owners) and agrees to participate in the day-to-day operation of the Business. Franchisee may assign the supervision of the Business to an Owner or an Operations Manager once approved by us. Franchisee agrees that its Operations Manager will supervise all Employees and independent contractors (if Franchisee chooses to hire independent contractors). The Operations Manager will also be responsible for providing continuing guidance, oversight, day-to-day management, instruction and properly process all reports or complaints.

L. Advertising the Business

Franchisee agrees to create a local advertising and marketing plan by which Franchisee shall place local advertising in any media it desires, provided that such advertising conforms to our standards and requirements as set forth in the Operations Manual or otherwise designated by us. Such advertising may include but is not limited to: any type of media (media advertising is further described below), telephone, mail, email (or any type of electronic network), Internet, domain name, electronic network, directory, and listings of the Business per our written approval. All items mentioned are our property and on termination will revert to us. Franchisee agrees to execute any and all documents needed to perfect such reversions.

Franchisee shall not advertise the Business in connection with any other business, except with our prior written approval. Franchisee shall obtain our prior approval of all unapproved printed and/or digital advertising and promotional plans and materials (including photographs and video presentations) that Franchisee desires to use thirty (30) days before the start of any such plans. Franchisee shall submit such unapproved plans and materials to us (by personal delivery, through the mail with return receipt if requested or any method we prescribe). Franchisee shall not use such plans or materials until they have been approved by us and shall promptly discontinue use of any advertising or promotional plans and materials upon our written request. Any plans or materials submitted by Franchisee to us, that have not been approved or disapproved in writing, within thirty (30) days of receipt, by us, shall be deemed not approved.

Franchisee will not independently advertise or promote the Business in any media (including on any Websites as defined in Section VI) without our prior written approval and that does not adhere to our guidelines, as specified in the Operations Manual. Franchisee can use any materials previously approved by us. Franchisee must submit a request to us to use unapproved materials (such as photographs of jobs or video presentations) for any type of media promotion in addition to any edits, changes, or updates to Franchisee's website and all such edits, changes or updates must be performed by us, our affiliates, or approved vendors. We shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee will participate in, at its own expense, and cooperate with, all advertising and promotional programs we or any advertising group of franchisees selects, including any franchisee marketing council we may implement. Franchisee is not required to follow or maintain any sales price, except that we will set minimum and maximum rates and/or prices and will suggest rates and prices, to the extent allowed by federal or state law.

Franchisee shall at all times use its best efforts to promote and increase recognition of the Services and products (if we authorize Franchisee to sell products in the future) offered by the Business pursuant to the System and Operations Manual, to affect the widest and best possible distribution of Services and products (if applicable) from the Business and to devote its best efforts to growing the Business.

M. Maintain Regular Business Hours

Franchisee's Business must have active office hours at a minimum 8am to 5pm Monday thru Thursday in addition to being open for operation to perform Services on the beforementioned days and also on Fridays, Saturdays, and Sundays, except holidays as specified in the Operations Manual; or the hours and/or days otherwise approved in writing by us; or as required by the lease of the Premises on which the Business is operated. It is also required that the Franchisee respond to after hour inquiries and service calls immediately or within twenty-four (24) hours of the initial inquiry (as further described in the Operations Manual) and maintain an e-mail address for the Business to take messages and respond to clients outside of regular business hours.

N. Maintain Uniform Operating Standards

Franchisee understands and acknowledges that every detail of the operation of the Business is important to the Franchisee, us, and other franchisees in order to develop and maintain uniform operating standards, to increase the demand for Services offered by the Business under our System and to protect our reputation, quality standards, and goodwill.

Franchisee acknowledges and agrees that the System must continue to evolve in order to reflect changing market conditions and meet new and changing consumer demands. As a consequence, changes, modifications, and variations to the System's standards, Services, and products (if we authorize Franchisee to sell products in the future) offered may be required from time to time to preserve and enhance the public image of the System and enhance the operational efficiency of all franchises.

Franchisee therefore agrees that we may periodically and upon written notice, add to, modify or change the System, including without limitation making changes to: approved Services, packages, programs and products (if we authorize Franchisee to sell products in the future) Franchisee is authorized to offer; products, supplies, vendors, suppliers, methods, strategies and techniques as used in the operation of the Business; the adoption and use of new or modified trademarks, uniform dress requirements, Vehicle and Trailer appearance standards, signage (if applicable), software, employee hiring and retention programs, sales, advertising, promotional and marketing materials. Franchisee promises to promptly accept, implement, and use in the operation of the Business, all such additions, modifications, and changes at its expense.

Franchisee agrees to maintain high standards of honesty, integrity, fair dealing, and ethical conduct in all business activities. Franchisee will not engage in any services, trade practices, abusive, excessive, or illegal collection techniques or other activity that we determine to be harmful to the goodwill, quality standards, or to reflect unfavorably on the reputation of Franchisee or us, the Franchised Business, or the Services performed, and products sold (if we authorize Franchisee to sell products in the future); or which constitutes deceptive or unfair competition, results in unfounded litigation against Franchisee's clients or otherwise is in violation of any applicable laws. The above limitations are closely related to our business image, purpose, and marketing strategy of the System, and therefore any change therefrom would fundamentally change the nature of the business.

We will not require Franchisee to make any changes, modifications and variations to the System that are not required of all franchisees (unless such change, modification or variation relates only to certain franchisees due to one or more unique factors such as geographic location, local laws, regulations, or customs); furthermore, we may periodically meet with representative groups of franchisees and solicit their input prior to the implementation of any material change or modification. Franchisee's failure to comply with modifications to the System within ninety (90) days of such written notice is an incurable default as described in Section XXIII.C of this Agreement.

O. Telephone Number of Business and Website

Franchisee understands and agrees that the telephone number(s), URL address, website and if permitted, Website for the Business (and any mobile phone numbers) constitute a part of the System and are subject to the restrictions of this Agreement. Accordingly, Franchisee shall not change the telephone number(s), URL address, website or Website for the Business without prior notice and written approval by us. Franchisee shall advertise and publicize the telephone number(s), URL address, website and Website for the Business in the manner prescribed by us. As stated above, all telephone numbers, URL addresses, website, Websites, Internet or similar connections, directory and listings for the Franchised Business are our property and upon termination will revert to us.

P. Disclose Discoveries and Ideas to Franchisor

Franchisee shall promptly disclose to us all services, packages, products, equipment, discoveries, methods, techniques, schematics, formulas, processes, programs, video presentations, photographs of projects, concepts, operational procedures, inventions or ideas, whether patentable or not, relating to our business, which are conceived or made by Franchisee or any Owner, agent, or employee of Franchisee solely or jointly with others, during the term of this Agreement, whether or not our facilities, materials, or personnel are utilized in the conception or making of such discoveries or ideas. Franchisee hereby acknowledges and agrees that all such services, packages, products, equipment, discoveries, methods, techniques, schematics, formulas, processes, programs, video presentations, photographs of projects, concepts, operational procedures, inventions, or ideas are our exclusive property, and that we shall have no obligation to compensate the Franchisee for any such discovery or idea. However, as a matter of corporate policy, we may, in our sole discretion, create an incentive program to reward Franchisee, its owners, employees or agents for any such new service, package, product, equipment, method, technique,

schematic, formula, process, program, video presentation, photograph of a project, concept, invention or improvement that we implement throughout the System. Franchisee, its officers, directors, managers, members, partners, and shareholders agree to execute all documents deemed reasonably necessary by us to assign all such patent, trade secret, trademark, copyright and intellectual property rights in any Franchisee discovery or idea to us. The term “all copyright and intellectual property rights” shall mean all means, methods, and processes, by all media whether now known or hereinafter invented, including complete and entire interactive rights and rights to derivative works. The purpose of this clause is to ensure that ideas for improvements to the System that may be generated by franchisees within the System will be distributed to the other franchisees as a benefit of belonging to the System. Franchisee agrees to execute all documents that we deem reasonably necessary to carry out such transfer of intellectual property rights to us.

Q. Permit Franchisor to Enter the Premises

Franchisee shall permit us and our agents or representatives to enter the Premises during normal business hours for the purpose of conducting inspections of the operation of the Business with a twenty-four (24) hour notice to Franchisee to review business operations (including at job sites) and service standards in general, in addition to removing samples of products and supplies, without payment, for us to review to determine if such items meet our then-current standards and specifications. Franchisee shall cooperate fully with our representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from us or our agents, and without limiting our other rights under this Agreement, shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections. In the event Franchisee fails or refuses to promptly correct any deficiency detected during such inspection, we shall have the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. The foregoing shall be in addition to any other remedies we may have pursuant to this Agreement.

R. Additional Requirements for Corporate Franchisee

If Franchisee is or becomes a corporation, limited liability company, general partnership or other organization or entity, the following requirements shall apply:

1. Franchisee shall confine its activities to the establishment and operation of the Business;
2. Franchisee’s Articles of Incorporation or Articles of Organization, Certificate of Formation, Shareholders Agreement, Operating Agreement, Partnership Agreement Business Trust Agreement, and/or Bylaws (or comparable governing documents) shall at all times provide that its activities are confined exclusively to the operation of the Business and that the issuance, redemption, purchase for cancellation and transfer of voting stock, or other ownership interest therein, is restricted by the terms of this Agreement. Franchisee shall furnish us promptly upon request copies of Franchisee’s Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, Business Trust Agreement, Shareholders Agreement, and other governing documents, and any other documents we may reasonably request, and any amendments thereto, from time to time;
3. Franchisee shall maintain a current list of all owners of record and beneficial owners of any class of voting stock or other ownership interest in Franchisee and shall furnish such list to Franchisor upon request;
4. Franchisee shall maintain stop transfer instructions against the transfer on its record of any equity securities (voting or otherwise) or the certificate of any other entity evidencing ownership except in accordance with the provisions of Section XV of this Agreement. All securities or other ownership interests issued by Franchisee shall bear the following

legend, which shall be printed legibly and conspicuously on each stock certificate or other evidence of ownership interest:

THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF THIS FRANCHISE AGREEMENT WITH SUITE SURROUNDINGS, LLC AS OF THE SIGNING DATE. REFERENCE IS MADE TO SAID AGREEMENT AND TO THE RESTRICTIVE PROVISIONS OF THE ARTICLES AND BYLAWS OF THIS CORPORATION (IF THE FRANCHISEE IS A LIMITED LIABILITY COMPANY, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE LIMITED LIABILITY COMPANY'S OPERATING AGREEMENT, IF THE FRANCHISEE IS A PARTNERSHIP, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE PARTNERSHIP AGREEMENT. IF THE FRANCHISEE IS A BUSINESS TRUST, REFERENCE WILL BE MADE TO THE TRANSFER OF OWNERSHIP RESTRICTIONS SET FORTH IN THIS FRANCHISE AGREEMENT, IN THE TRUST AGREEMENT);

5. Any individual or Entity who owns ten percent (10%) or more ownership in the Franchise Business shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of this Agreement; provided, however, that the requirements of this Section XII.R shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly-Held Corporation");
6. If Franchisee is or becomes a partnership, Franchisee shall furnish Franchisor a copy of its partnership agreement or comparable agreement, and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a limited liability company, Franchisee shall furnish us with a copy of its operating agreement and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a corporation, Franchisee shall furnish us a copy of its shareholders agreement, bylaws, and any other documents we may reasonably request, and any amendments thereto, from time to time. If Franchisee is or becomes a business trust, Franchisee shall furnish us a copy of its trust agreement, and any other documents we may reasonably request, and any amendments thereto, from time to time. If such change to a franchisee or to an entity is proposed (or has occurred), we shall have the right to do any of the following: (i) require the new entity to sign the Franchise Agreement and all Owners sign guarantees, (ii) require the representatives of the entity to sign the Franchise Agreement and provide that it and the Owners are all franchisees, or (iii) take no action;
7. Each individual or Entity holding a ten percent (10%) or greater ownership or beneficial ownership interest in the Franchisee's Business, directly or indirectly, (including each individual holding a fifty percent (50%) or greater interest in any limited liability company, partnership or corporation which has a ten percent (10%) or greater interest in the Franchisee's Business) shall enter into a continuing guaranty agreement, in the form attached hereto as Schedule 5 as such form may be amended or modified by us, from time to time (if such guaranty agreement is to be executed subsequent to the date hereof in accordance with the terms of this Agreement); and

8. From and after the date of this Agreement, Franchisee and its Owners shall not sell, transfer, assign, pledge, mortgage, hypothecate or encumber all or any direct or indirect ownership interest in Franchisee without first obtaining our prior written consent, which shall be approved or denied within thirty (30) days of Franchisee's request.

S. Selection of Premises

If Franchisee chooses to operate out of a location (rather than home-based) Franchisee assumes all costs, liability, expense, and responsibility for locating, obtaining, and developing a space for the Business to be established under the Franchise Agreement and for the build out and equipping the business at such Premises. A typical Dream Day Dressing Rooms® business is operated out of a home or a small storage unit, warehouse or industrial space that has approximately one thousand (1,000) square feet of space. If Franchisee chooses to operate out of a location that shares a space with another business and such arrangement is approved by us, the space for the Business must be enclosed and separate from other businesses with its own locking door, unless otherwise approved by us in writing. Franchisee may buy or lease the required real property and improvements from any source and on terms approved by us in writing. On the execution of any lease for the Business, Franchisee will deliver to us a copy of the executed lease and an option to assume the lease executed by the lessor in favor of us in a form acceptable to us. All improvements to the Business must be approved by us.

FRANCHISEE ACKNOWLEDGES THAT OUR ACCEPTANCE OF A PROSPECTIVE SITE AND THE RENDERING OF ASSISTANCE IN THE SELECTION OF A SITE DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY, OR GUARANTEE BY US THAT A Dream Day Dressing Rooms® FRANCHISE OPERATED FROM THE THAT SITE WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL.

Franchisee acknowledges and agrees that the design, layout, and other characteristics of the Business for Dream Day Dressing Rooms® businesses constitute and/or contain our Confidential Information and/or Trade Secrets. Franchisee agrees that the Premises for the Business shall be maintained and operated as follows:

1. Franchisee will maintain every component of the Premises in good order and repair at all times as specified in the Operations Manual and may be required to upgrade such items as technology advances or in our sole discretion because of new functionality so as to always use our then-current specifications;
2. Franchisee will keep the Premises fully insured as specified in this Agreement and in the Operations Manual;
3. Franchisee will keep the Premises at all times in a clean and tidy condition and free of any advertising and promotional materials other than that required by law or the Operations Manual, and will exhibit such signage, colors and logos at the Premises and upgrade or review the same as specified in the Operations Manual;
4. Franchisee will not alter or in any way amend the appearance of the Premises, or any furnishings, fixtures, or signage, contained within the Premises as specified in the Operations Manual;
5. Franchisee will maintain and upgrade the Premises and all signage (if applicable) as specified from time-to-time in the Operations Manual so as to always use our then-current specifications; and

6. Franchisee shall meet and maintain the highest level of health standards and ratings applicable to the operation of the Premises. Franchisee shall furnish to us, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates and/or ratings resulting from inspections conducted by any federal, state, or local governmental authority with jurisdiction over the Business.

If Franchisee chooses to operate out of a location, Franchisee shall not execute a lease or sublease for the Business, or make any modifications or amendments to the lease, without our prior written consent, which we may grant, condition, or withhold in our Business Judgment (as defined in Section XXI). Franchisee will deliver to us a copy of any lease for our review at least ten (10) days before execution. Franchisee must deliver a copy of the signed lease or sublease to us within five (5) business days after it is signed. We do not offer legal services to Franchisee and Franchisee shall consult independent legal counsel for a legal review of the lease. Franchisee shall ensure that the lease for the Business contains, in an addendum or otherwise, the following provisions which:

- 1) Permit Franchisee to operate a Dream Day Dressing Rooms[®] business in accordance this Agreement and the Manuals;
- 2) Provide that the Premises will be used only for the operation of a Dream Day Dressing Rooms[®] business, and prohibit Franchisee from assigning or modifying any of Franchisee's lease rights, or extending the term without our prior written consent;
- 3) Require the lessor to concurrently provide us with a copy of any written notices (whether of default or otherwise) to Franchisee under the lease and give us the right to cure any default if we so choose; within fifteen (15) days following the expiration of the Franchisee's cure period under the lease;
- 4) Provide us with a right to take assignment and possession of the Premises, without the lessor's consent or any additional consideration. If we exercise this right and Franchisee is in good standing, we will sign a sublease with Franchisee for the same rent Franchisee is paying. In any case, we will not have any liability for any obligations incurred prior to our occupancy. Franchisee agrees to take whatever actions are necessary to accomplish such assignment and will when signing this Franchise Agreement, also sign the Collateral Assignment of Lease attached as Schedule 7. If Franchisee loses lease rights to the site in connection with any bankruptcy, the lessor will, on our request, enter into a new lease with us on essentially the same terms as the terminated lease;
- 5) Provide that the lessor consents to the use of the Marks, trade dress and other aspects of the System, as modified from time-to-time, and give us the right to enter the Premises during normal business hours for purposes of inspection, to take steps to protect the Marks and trade dress and/or prevent/cure any default.
- 6) Not contain any clause providing that if Franchisee sells the assets of its Business, or the stock/membership units/partnership units of the Business, Franchisee must pay the landlord a certain percentage or a flat amount of the sale. Provided, that nothing in this sentence shall impair the Franchisee from entering into a lease that allows its landlord to impose a reasonable administrative fee for processing the assignment or sublease.

T. Development and Construction of Premises

If Franchisee chooses to operate out of a location, rather than home-based, Franchisee may be required to select and employ licensed contractors reasonably acceptable by us for the complete build out and/or any leasehold improvements. Franchisee is solely responsible for the selection and work of any

contractor selected and/or employed by Franchisee, even if referred by us, and for the preparation of working drawings necessary to complete construction and/or build out at the approved Premises. Franchisee may be provided with guidelines for the layout of the Premises along with suggested plans and specifications (interior and exterior) for the build out of the Premises which may include specifications for storage, signage, and all décor items. We may, if needed, review Franchisee's final set of drawings or architect's final plans prior to implementation. Such drawings, plans and specifications are subject to alteration as may be necessary in our sole discretion and Franchisee must be in full and strict compliance with the drawings, plans and specifications approved by us. Franchisee is responsible for the cost and installation of all build out specifications. We reserve the right to receive rebates, commissions, or other forms of consideration from designated or approved vendors and suppliers involved in the construction and fixturing of the Premises and to use such rebates, commissions, or other consideration in any way we deem appropriate in our sole discretion, without obligation to share or remit any portion of such rebates, commissions, or other consideration to Franchisee.

We would expect that if Franchisee operates the Business out of a location (such as a small storage unit, warehouse, or industrial space), the space will need minimal construction improvements, if any. Costs may vary widely depending on such factors as property location, climate, the condition of the property and the extent of alterations required for the property. Franchisee shall be responsible for obtaining all zoning classifications, clearances, permits and certifications which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to the Premises. After having obtained such approvals and clearances, Franchisee shall submit to us, for our approval, final plans for construction based upon the preliminary plans and specifications. Once approved by us, such final plans shall not thereafter be changed or modified without our prior written permission. Any such change made without our prior written permission may constitute a material default under this Agreement and we may withhold our authorization to open the Business until the unauthorized change is rectified (or reversed) to our reasonable satisfaction.

Franchisee shall comply with all federal, state, and local laws, codes, and regulations, including without limitation, the applicable provisions of the ADA regarding the construction, design, and operation of the Premises. If Franchisee receives any complaint, claim or other notice alleging a failure to comply with the ADA or other law or regulation related to health or safety, Franchisee agrees that it shall provide us with a copy of such notice within five (5) days after receipt thereof.

If Franchisee operates out of a location, Franchisee shall not open the Business for operation until we have determined that all construction has been substantially completed, and that such construction conforms to our standards including, but not limited to, materials, quality of work, signage, and decor, and we have given Franchisee written approval to open, which approval shall not be unreasonably withheld. Our approval to open the Business for operation does not constitute a waiver of our right to require Franchisee to conform the Business to our standards.

U. Maintain and Operate Vehicle

Franchisee acknowledges it is necessary to have a Vehicle (a box truck or any type of used or new reliable pickup truck or van and a Trailer (if Franchisee does not have or purchase a box truck then Franchisee will have to purchase an enclosed trailer) as described in Section XII.H of this Agreement (and as specified in the Operations Manual) to be used in the operation of the Business. Franchisee agrees that its Vehicle(s) and Trailer(s) (if Franchisee is using a Trailer) shall be maintained and operated as follows:

1. Franchisee will maintain its Vehicle(s) and Trailers(s) and every component of the equipment in good order and repair at all times as specified in the Operations Manual;
2. Franchisee will keep its Vehicle(s) and Trailer(s) fully registered and roadworthy in accordance with applicable laws;

3. Franchisee will keep its Vehicle(s) and Trailer(s) fully insured as specified in the Operations Manual.
4. Franchisee will keep its Vehicle(s) and Trailer(s) at all times, in a clean and tidy condition and free of any advertising or promotional materials other than that required by law or the Operations Manual and will exhibit only approved graphics, signage, design, colors, and logos on its Vehicle(s) and Trailer(s). Franchisee must adhere to our Vehicle and Trailer appearance standards as specified in the Operations Manual;
5. Franchisee will not alter or in any way amend the appearance of its Vehicle(s) or Trailer(s) unless as specified in the Operations Manual or approved by us;
6. Franchisee will maintain and upgrade its Vehicle(s) and Trailer(s) as specified from time-to-time in the Operations Manual so as to always use our then-current Vehicle and Trailer graphic specifications;
7. Franchisee will drive, park, and store its Vehicle(s) and Trailer(s) in a safe and legal manner and location at all times.

V. Training

Prior to Franchisee's opening of the Business for operation, Franchisee, its Owner, and Operations Manager shall complete to our satisfaction the five (5) day initial training program required by this Agreement. We may, at our discretion, make available additional training programs, certifications, seminars, as well as refresher courses available to Franchisee its Owner and Operations Manager from time to time. We may, at any time, discontinue such training and decline to certify Franchisee, any Owner or Operations Manager who fails to demonstrate an understanding of the training acceptable to us. If Franchisee, any Owner and/or its Operation Manager's training is discontinued by us, Franchisee shall have thirty (30) days to present an alternative acceptable candidate for management training to us. If Franchisee's new candidate does not satisfactorily complete the training, then we shall have the option of terminating this Agreement. We shall provide instructors with training materials for all required training programs; and Franchisee or its employees shall be responsible for all other expenses incurred by Franchisee, its Owners or Operations Manager in connection with any training programs, including, without limitation, the cost of transportation, lodging, meals, and wages.

W. Ongoing Training and Support

Franchisee will have access to our personnel for questions, ongoing training and support by phone and e-mail during regular business hours (Central Time Zone). We will continue to consult with and advise Franchisee with regard to Services by providing a dedicated telephone line only for our franchisees, free of charge, to answer any questions from Franchisee or its staff (Section XX.A of this Agreement), provide updates to the Manual in addition to vendor, supplier, marketing, and operational updates as they become available; review advertising and supplier approval requests; and administer the System Advertising Fund.

XIII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO INSURANCE

A. Overall Coverage Required

Before Franchisee opens its Business, Franchisee must purchase insurance coverage from a responsible carrier with a performance rating of A or higher as rated in the most recent edition of Best Insurance Reports (or comparable criteria as we may specify). Franchisee must maintain such insurance throughout the duration of the initial term of the Franchise Agreement and any renewal terms. Franchisee will procure and maintain general liability and product liability insurance (covers Franchisee for damages

that result in injury from products that Franchisee distributes) with minimum policy limits of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate or in amounts specified by us. Franchisee must also procure and maintain “All Risks” insurance (coverage for the full cost of replacement of the premises and all other property); business interruption insurance to fully insure loss of earnings for a period of one-hundred eighty (180) days or longer as we may specify; and automobile liability insurance that includes hired and non-owned coverage with a minimum policy limit of one million dollars (\$1,000,000) including uninsured motorist/minimum of one hundred thousand dollars (\$100,000) or what is in accordance with Franchisee’s state guidelines. Franchisee may also need to procure and maintain statutory workers’ compensation insurance with limits of greater than \$100,000 or the minimum limits required by law. Each insurance policy that we require under this Agreement must contain a provision that the policy cannot be canceled without thirty (30) days’ written notice to us.

If Franchisee opens a location for the Business, any construction, renovation, refurbishment or remodeling of the location, Franchisee may be required by us to require that the general contractor maintain, with an approved insurer, commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builders’ risk and independent contractor’s coverage) with limits of no less than one million dollars (\$1,000,000) per claim, naming Franchisee, us and our affiliates as additional insureds, as their interests may appear, together with workers’ compensation and employer’s liability insurance as required by law. It is Franchisee’s responsibility to obtain certificates of insurance from the contractor prior to the initiation of any construction.

To the extent available, we may require Franchisee to obtain professional liability insurance (covers Franchisee for damages that do not result in property or bodily injury), cyber liability insurance, employer’s liability insurance, employment practices liability insurance, employee dishonesty insurance and crime insurance as well as other disability benefits type insurance as may be required by the statute or rule of each state, with policy limits of one million dollars (\$1,000,000) or in the amount Franchisor specifies.

All insurance policies will name Franchisee as certificate holder and us and our affiliates as an additional named insured with waiver of subrogation by Franchisee for the benefit of us. We may establish minimum standards for coverage to be met by underwriters for insurance and we have the right to audit Franchisee’s insurance policies at any reasonable time without notice. Before opening for operation, Franchisee will obtain any other liability insurance required by law, provide us with certificates of insurance within ten (10) days of issuance, and maintain all required insurance during the term of this Agreement. Franchisee shall also furnish us with certificates and endorsements evidencing insurance coverage within ten (10) days after each of the following events (i) at all policy renewal periods, no less often than annually and (ii) at all instances of any change to, addition to or replacement of any insurance. Lapses, alterations, or cancellations require immediate notice to us and may be deemed a material breach of this Agreement as set forth in Section XXIII.C. If Franchisee fails to obtain the required insurance and to keep the same in full force and effect, we may, but shall not be obligated to, pay the premiums, or acquire insurance and bill Franchisee. Franchisee shall reimburse us for the full cost of such insurance, along with a reasonable service charge to compensate us for the time and effort expended to secure such insurance. We may change these insurance requirements on reasonable notice to Franchisee.

Franchisee’s insurance will cover all claims for injury, damage, and death or otherwise, arising directly or indirectly out of the Franchised Business.

Franchisee shall notify us immediately in writing of the occurrence of any material event that does or could give rise to an insurable claim by Franchisee or the Franchised Business, and no later than the date on which Franchisee notifies its insurance carrier.

We reserve the right to change or modify (including increasing) the required minimum coverage limits. We make no representation or warranty to Franchisee that the amount of insurance to be carried by

Franchisee under the terms of this Agreement is adequate to fully protect Franchisee's interest. If Franchisee believes that the amount of any such insurance is insufficient, Franchisee is encouraged to obtain, at its sole cost and expense, such additional insurance as it may deem desirable or adequate. Franchisee agrees to seek the advice of its insurance advisor regarding the appropriate types of coverage and coverage limits Franchisee may need to sufficiently protect its Business. Franchisee acknowledges that we shall not, by the fact of approving, disapproving, waiving, accepting, or obtaining any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of such insurance, the solvency of any insurance companies or the payment or defense of any lawsuit in connection with such insurance coverage, and Franchisee hereby expressly assumes full responsibility therefore and all liability, if any, with respect thereto.

Franchisee's compliance with insurance requirements shall not relieve Franchisee of its liability under the indemnity provisions of this Agreement, Section XVIII. Obligations to maintain insurance coverage will not be affected by reason of any separate insurance maintained by us, nor will the maintenance of such insurance relieve Franchisee of any obligations under this Agreement.

Franchisee shall also acquire tenant's liability insurance (if applicable); any other insurance required by the state or locality in which the Business is located and operated, in such amounts as required by statute; and other insurance coverage, as we or the landlord may reasonably require.

Franchisee shall furnish us with certified copies of each of the insurance policies described above on either the earlier of the opening of the Business for operation or sixty (60) days following the date this Agreement is executed.

XIV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO ACCOUNTING AND RECORDS

A. Bookkeeping, Accounting and Records

Franchisee acknowledges that the maintenance of accurate financial records and the preparation of financial statements on a timely basis are essential to the efficient operation of the Business. If Franchisee is not qualified to maintain accurate financial records in our reasonable determination, Franchisee agrees to hire a qualified bookkeeper who will maintain the financial records of the Franchisee and who will attend to the Business not less than once a month for that purpose.

Franchisee shall maintain during the term of this Agreement and shall preserve for a minimum of seven (7) years, full, complete accurate records of sales, payroll, accounts payable and accounts receivable in accordance with the standard accounting system described by us in the Operations Manual or otherwise specified in writing. Franchisee will keep its books and records related to the Business separate from any other business owned by Franchisee or its principals. Any such separate business will be conducted by a separate entity.

Franchisee will provide us all hard copy and digital copies of reports we prescribe on or before the fifth (5th) day of each month or daily if we require. Franchisee will deliver or provide electronic access to business records (we will have independent access to all information that Franchisee stores in any computer, laptop, tablet, or software used for the Business), including an itemized report of Franchisee's Gross Revenue for the prior period on a form we prescribe, which will include payment for that periods or months' fees due, and may include, to the extent that we require:

1. Franchisee's profit and loss statements, payroll records, certification, or records of Gross Revenue (as defined in Section VI), vendor summary reports, report of account receivables and account payables for the month, week, day, or period reported; and/or

2. Copies of any estimates, invoices, and client contracts with updated location information in any format we specify;
3. Copies of all invoices for purchases of products and supplies;
4. Franchisee's most recent sales tax report and/or sales tax return;
5. Copies of all merchant account printouts received from the Franchisee's merchant account banking provider (i.e. records of credit and debit card transactions);
6. Copies of all bank deposits, and bank deposit records made by the Franchisee; and
7. A complete list of all clients, their email addresses, physical addresses, and telephone numbers, who have canceled or terminated Service, filed a complaint (internally or with third parties such as the Better Business Bureau) or sought any type of refund during the preceding month, by the fifth (5th) day of each month.

Franchisee acknowledges and agrees that we, at all times during and after termination, expiration or cancellation of this Agreement, have the right to access (electronically or otherwise) all Business Records of the Business. We may use, transfer, copy or analyze such Business Records as we determine in our sole discretion to be in the best interest of the System. For purposes of this Agreement, "Business Records" means all records, documents, insurance policies, databases and the like (whether in print, electronic or other form), including all names, addresses, phone numbers, email addresses, client records, contracts, financing and purchase agreements, vendor and/or supplier records and all other records contained in databases created and maintained by Franchisee pertaining to the operation of a Dream Day Dressing Rooms[®] business, including but not limited to clients, employees, vendors and other professionals related to the Business.

Franchisee will be required by us to obtain specified computer or laptop hardware and/or software, including, without limitation, a license to use Software if developed by us, or software from any of our vendors in accordance with Section XII.I of this Agreement and the Operations Manual. Franchisee agrees to pay all costs in connection with obtaining, maintaining, upgrading, etc. the hardware and software and other systems (and additions, modifications, maintenance, or support). We have the right to charge a reasonable fee for the license, modification, maintenance and/or support of Software (if developed) that we may license to Franchisee and other Services and products that we furnish to you related to the computer and other systems.

Franchisee will adopt a fiscal year as designated by us and prepare all financial reports in accordance with U.S. generally accepted accounting principles, consistently applied. Franchisee must periodically deliver to us accounting, tax and other information or copies of documents, as we request.

B. Franchisor's Right to Audit

We or our agents may enter the Franchisee's location to examine or audit Franchisee's business at any reasonable time with twenty-four (24) hour notice. We will examine, inspect, or audit Franchisee's database and Business Records, which records will include, but will not be limited to: payroll records, ledgers, sales reports, timecards, check stubs, bank deposits, bank statements, merchant account printouts, receipts, sales tax records and returns, payroll tax records, insurance policies and other documents. We will bear the cost of the audit except for when, Franchisee fails to report as required or understates Gross Revenue by two percent (2%) or more for any reported time period; in which case Franchisee will pay the audit costs in addition to amounts owed to us plus interest at eighteen percent (18%) per annum (1.5% per month) for all understated Gross Revenues or the maximum rate allowed by the laws of the state in which Franchisee's business is located as specified in the Operations Manual. Franchisee will immediately pay

us all sums owed. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

In addition to the cost of the audit described above, Franchisee shall reimburse us for any and all costs and expenses relating to the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs), and, at our discretion, submit audited financial statements prepared, at Franchisee's expense, by an independent certified public accountant satisfactory to us. If an inspection discloses an understatement in any payment to us of two percent (2%) or more, twice within any two (2) year period, such act or omission shall constitute grounds for immediate termination of this Agreement, as set forth in Section XXIII.C. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

C. Method of Payment

All payments Franchisee makes to us will be by any method we specify, including cash, check, certified check, money order, credit card, automatic pre-authorized payment plan, Internet, or electronic funds transfer (as described in Section X.D of this Agreement). All payments to us and dollar amounts stated in this Agreement are in United States dollars unless otherwise expressed. Notwithstanding any other provision in this Agreement to the contrary, in the event the United States currency is redeemed, renominated or another currency is issued in its place the new currency will be required. If a conversion of royalties or other payments from another currency is made, the conversion shall be made as of the date the payment is due, or the date the payment is made, whichever is more beneficial to us. Franchisee is responsible for any fees associated with payment methods other than cash or check.

D. Submission of Financial Statements

Franchisee will provide us with a copy of Franchisee's annual financial statements including a profit and loss statement and a balance sheet and containing complete notes and disclosures. Such statements will be prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), by an independent accountant, and will be delivered to us within ninety (90) days after Franchisee's fiscal year end.

E. Disclosure of Financial Statements

Franchisee hereby grants us permission to release to Franchisee's lenders or prospective lenders and to our purchasers or prospective resell purchasers, any financial and operational information relating to Franchisee and/or the Business; however, we have no obligation to do so. Should we have acquired Franchisee's business and intend to sale it to a prospective franchisee, we may show such buyer Franchisee's financial statements and related information.

Franchisee also authorizes us to make reasonable inquiries of Franchisee's bank, suppliers and creditors concerning the Business and hereby directs such persons and companies to provide to us such information and copies of documents pertaining to the Business as we may request.

XV. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO USES OF NAMES AND MARKS

A. Names and Marks are Licensed by Franchisor

We warrant with respect to the proprietary Names and Marks that:

1. Pursuant to a License Agreement between us and Dream Day Dressing Rooms, LLC, we have been granted the exclusive right to use the Names and Marks to establish Dream Day Dressing Rooms® franchises in the United States.
2. We are taking and will take such steps as are reasonably necessary to preserve and protect the ownership and validity of such Names and Marks; and
3. Franchisee acknowledges that there may be third party pre-existing users or applicants/registrants of trademarks, trade names, or business names similar to the Marks. We and Franchisee shall investigate such use, applications, or registrations, if any, and we shall in our sole discretion decide on the appropriate action to be taken. Any unsuccessful challenge made by us shall not constitute a ground for the termination of this Agreement. In the event we determine in our sole judgment that challenging any such third party's use of the Marks will not likely be successful, or would not be economically feasible to achieve, or if Franchisee shall be required to cease using the Marks (or any other mark) by court order, or as a result of any settlement of any such trademark claim by a prior registrant or any pre-existing user, or any other such trademark claim, or if we shall deem it necessary or appropriate to change the name of the Franchise in order to mitigate any potential exposure or damages arising under any trademark claim, Franchisee shall promptly change the name of its Franchise, and thereafter utilize an alternative name established by us. We shall have no obligation to reimburse the Franchisee for any costs, causes of action, damages, demands, expenses, fines, liabilities, or penalties, arising out of such a trademark, service mark, logo, or trade name change.
4. We will use and permit Franchisee and other franchisees to use the Marks in compliance with the System and standards attendant thereto and contained in the Operations Manual as well as our policy statements, which underlie the goodwill associated with and symbolized by the Marks.

B. Franchisee is Licensed to Use Names and Marks

With respect to Franchisee's franchised use of the Names and Marks pursuant to this Agreement, Franchisee agrees that:

1. Franchisee shall: (i) use only the Names and Marks as are approved in writing by us for Franchisee's use, (ii) use them only in the manner authorized and permitted by us, and (iii) acknowledge that in any use whatsoever of our Names and Marks, the Names and Marks are identified as being registered to or owned by Dream Day Dressing Rooms, LLC with exclusive rights given to us;
2. Franchisee shall use the Names and Marks only in connection with the operation of the Business and in advertising for the Business conducted at or from the Franchisee's website and accepted Business location;
3. Franchisee shall use and display, as we may require in the operation of the Business, a notice in the form approved by us indicating that Franchisee is a "Franchise" of Dream Day Dressing Rooms® and that the Names and Marks are used by Franchisee under such Franchise. Franchisee must indicate to third parties that it is "independently owned and operated" and we authorize Franchisee to use the Names and Marks under a license;
4. Unless otherwise authorized or required by us, Franchisee shall operate and advertise the Business under the Name and Mark "Dream Day Dressing Rooms®,"

5. Franchisee's right to use the Names and Marks is limited to such usages as are authorized under this Agreement, and any unauthorized use shall constitute an infringement of our rights and material breach of this Agreement;
6. Franchisee must obtain our approval for any use of any item of printed or digital material of any kind bearing any of the Names and Marks unless we supplied the item. We shall approve or deny Franchisee's request, which approval is at our sole discretion, within thirty (30) days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee shall use such notices of trademark registrations and copyrights as we specify;
7. Franchisee shall not use the Names and Marks to incur any obligations or indebtedness on our behalf;
8. Franchisee shall not use the Names and Marks or any part thereof as part of its corporate or other legal name;
9. Franchisee shall not use the Names and Marks or any part thereof in any form on the Internet or any Website including but not limited to, addresses, domain names, URLs, links, metatags, locators, and search techniques;
10. Franchisee shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registration, and shall execute any documents deemed necessary by us or our counsel to obtain protection for our Names and Marks or to maintain their continued validity and enforceability;
11. In the event any litigation involving the Names and Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify us and shall cooperate fully with us in defending such litigation. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our sole opinion, be reasonably necessary or advisable to protect and maintain the interests of us or any other interested party in the Names and Marks. Other than what is stated in this Agreement, we are not obligated to protect Franchisee's right to use the Names and Marks or protect Franchisee against claims of infringement or unfair competition with respect to them and may direct Franchisee not to use the Names and Marks or to change the Names and Marks at Franchisee's expense. We will control any litigation, arbitration and mediation involving our Names and Marks. The Franchisee has no authority to institute any litigation, file an arbitration, or institute any request for mediation involving our Names and Marks, nor does the Franchisee have any authority to enter into any settlement negotiations. Although we are not contractually obligated to protect the Names and Marks or Franchisee's right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously;
12. During the term of this Agreement and any renewal, Franchisee shall identify itself as the owner of the Business in conjunction with any use of the Names and Marks, including, but not limited to, on invoices, order forms, receipts, and contracts, as well as at such conspicuous locations on the Premises as we may designate in writing. The form and content of such identification shall comply with standards set forth in the Operations Manual; and
13. Franchisee further agrees to follow all of our quality standards that are inherent in our Names and Marks. Such quality standards are contained in the Operations Manual, as well

as various policy statements issued by us, and may be changed from time to time at our sole discretion.

C. Franchisee Will Not Challenge Franchisor's Rights in Its Names and Marks

Franchisee expressly understands and acknowledges that:

1. As between the Parties hereto, Dream Day Dressing Rooms, LLC is the owner of all right, title, and interest in and to the Names and Marks and the goodwill associated with and symbolized by them;
2. The Names and Marks are valid and serve to identify the System and those who are franchised under the System;
3. Franchisee shall not directly or indirectly contest the validity or the ownership of the Names and Marks;
4. Franchisee's use of the Names and Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Names and Marks, except the non-exclusive Franchise granted herein;
5. Any goodwill arising from Franchisee's use of the Names and Marks in its Business under the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Names and Marks;
6. We reserve the right to substitute different Names and Marks for use in identifying the System, the Business and other franchised businesses operating there-under;
7. Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute, or add Names and Marks. We cannot and do not make any guaranty that a modification, discontinuance or otherwise will not be required for any reason. In such event, we have no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance, or other action, and/or with any dispute regarding the Names and Marks. There is always a possibility that there might be one or more businesses using a name and/or marks similar to us with superior rights;
8. Franchisee hereby agrees not to register or attempt to register the Names and Marks in Franchisee's name or that of any other firm, person, business, or corporation.
9. The right and license of the Names and Marks granted to Franchisee is nonexclusive, and we thus have and retain the rights, among others:
 - a. To use the Names and Marks in connection with selling Services, products, and equipment (if we decide to sell products and/or equipment in the future);
 - b. To use the Names and Marks to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising, and co-branding arrangements. Franchisee may not establish a presence on the Internet except as we may specify and only with our prior written consent. We retain the right to approve any linking to our website or any other Website specific to our Services;

- c. To grant other licenses for the Names and Marks, in addition to those licenses already granted to existing franchisees; and
 - d. To develop and establish other systems using similar Names and Marks, or any other proprietary marks, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.
10. Franchisee understands and acknowledges that we have the unrestricted right to engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents, and others, at wholesale, retail and otherwise, in the distribution and sale of equipment products and/or Software (if developed) bearing the Names and Marks licensed or other names or marks, including without limitation, equipment and products included as part of the System. Franchisee shall not under any circumstances engage in any wholesale trade or sale of equipment, products, supplies and/or Software for resale and/or independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights for any equipment, product, supply and/or Software or non-System equipment products or software without our written consent.

D. Ownership of Intellectual Property

Franchisee acknowledges that we are the exclusive owner of the intellectual property which includes the following: our Names, Marks (some by license from Dream Day Dressing Rooms, LLC), all Confidential Information, all intellectual property associated with the Names, Marks and the System, all vendor and supplier relationships, all Employee lists (including independent contractors, if Franchisee chooses to hire independent contractors) and client lists; and all client phone listings/addresses/URLs held by Franchisee. Franchisee agrees that Franchisee will not use these lists for any purpose other than in relation to the Franchised Business. Franchisee will, on demand, promptly deliver to us a complete list of Franchisee's clients, Employees, and independent contractors (if Franchisee chooses to hire independent contractors) including information we may request related to such clients, Employees, and independent contractors. The use of any or all such intellectual property shall not create in Franchisee, its managing partners, members or shareholders title or interest in or to any of it except as expressly provided in this Agreement. Neither Franchisee nor any of its Owners shall directly or indirectly assert any right, title, or interest in or to any of the Marks or any other part of the intellectual property other than as provided for in this Agreement. Franchisee acknowledges that we shall own all intellectual property rights to any materials provided to the Franchisee by us or developed by the Franchisee pursuant to this Agreement. Such ownership rights shall be in all media, whether now known or hereinafter invented, by all means, methods, and processes, including complete and entire interactive rights and rights to derivative works.

XVI. SPECIFIC OBLIGATIONS OF THE FRANCHISEE RELATING TO CONFIDENTIALITY OF PROPRIETARY INFORMATION

A. Franchisee Shall Learn Proprietary Matters

Franchisee acknowledges that it will obtain knowledge of proprietary matters, techniques and business procedures of ours that are necessary and essential to the operation of the Franchise, without which Franchisee could not effectively and efficiently operate such Business, including, without limitation, knowledge regarding our: System, Services, proprietary packages, proprietary plans and schematics; service standards, specific methods, processes, procedures and techniques; Vehicle and Trailer appearance standards (including Vehicle and Trailer Graphic specifications), photographs, video presentations, venue partnership programs, sales presentations, client acquisition and referral programs; advertising, marketing, networking and promotional materials, operational strategies of the Business and the Operations Manual. Franchisee further acknowledges that such proprietary information was not known to Franchisee prior to

execution of this Agreement and that our methods are unique and novel to the System. Franchisee acknowledges that Confidential Information shall also include:

1. Persons, corporations, or other entities, which are, have been or become franchisees of the System and any investors therein;
2. Persons, corporations, or other entities, which are, have been or become clients of the Business;
3. The terms of any negotiations relating to past or current Franchise Agreements with respect to the System;
4. The operating procedures of the System, including without limitation: how to execute Services, specific methods and techniques when managing jobs; using approved plans and schematics, strategies for managing vendors, Employees and independent contractors (if Franchisee chooses to use independent contractors); how to schedule and route to maximize efficiencies; conducting sales presentations and implement our client acquisition and referral programs; how to use contracts, forms and waivers; record keeping and accounting procedures, website information and maintenance, using advertising and marketing materials; sales and networking strategies and how to implement our marketing methods;
5. The economic and financial characteristics of the System and franchisees, including without limitation: pricing policies, profitability, earnings and losses and capital and debt structuring;
6. The Services and products (if we authorize franchisees to sell products in the future) offered to clients of a Dream Day Dressing Rooms[®] business, including, without limitation, the scope of services performed and services refused, products offered (if applicable) as well as all future product and service development plans, marketing strategies; and
7. All documentation of the information listed in Sections XVI.A.1 through XVI.A.7 including, without limitation, our initial training program and Operations Manual. During the term of this Agreement and for a period of five (5) years, following the expiration or termination of this Agreement, Franchisee (including anyone related to Franchisee) agrees not to use, divulge, directly or indirectly, any Confidential Information, without our prior written consent. Nothing contained herein shall be construed to allow Franchisee to divulge any secret methods, processes, formulas, or the like.

B. Franchisee's Employees Will Not Disclose Confidential Information

Franchisee must keep the methods of operations (confidential information found in the Manuals and other documents) and Manuals confidential and not disclose them except to Franchisee's employees, agents, and representatives, as they must have access to it to operate a Dream Day Dressing Rooms[®] business. Franchisee is encouraged to follow all our security procedures, which include the execution and delivery to us of an approved nondisclosure and non-competition agreement from its Operations Manager (Employees, independent contractors, agents, or representatives are also encouraged) within one week after they are hired. These agreements state that such person shall not, during the course of his/her employment, representation, or agency with Franchisee, or for a period of three (3) years thereafter, use, divulge, disclose, or communicate, directly or indirectly, in any form or manner, to any person, firm or corporation, any of our Confidential Information.

The Manuals are and remain our exclusive property. We will loan Franchisee one copy (hard or electronic) for the term of this Agreement. Franchisee must return the Manuals (and/or destroy any electronic version of the Manual) to us and the Franchisee must return the Manuals (and/or destroy any electronic version of the Manual) to us upon the termination or expiration of this Agreement for any reason, or at any other time at our request. The Manuals contain mandatory and suggested specifications, standards, and operating procedures that we prescribe for franchised businesses and contain information about Franchisee's other obligations under this Agreement. We may change or add to the Operations Manual to reflect changes in our image, specifications, and procedures and methods of operation, and will lend Franchisee copies of any changes or additions. However, we will not make any change that will change Franchisee's fundamental status and rights under this Agreement. Franchisee shall not copy any part of the Operations Manual (except for designated training sections), either physically or electronically. If Franchisee's copy of the Operations Manual is lost, destroyed, or significantly damaged, Franchisee must replace the Operations Manual at its own expense as set forth in Section XX.G.

C. Relationship with Former Franchisees

Franchisee acknowledges that former franchisees (those whose franchise agreements have expired or have been terminated) are in a position to compete unfairly with Franchisee and/or other members of the System and to cause great injury to the reputation of the System and the Names and Marks. Franchisee therefore agrees as follows:

1. Franchisee will not sell, loan, give or otherwise transfer or deliver to any former franchisees, or allow any former franchisees to copy or otherwise obtain, any Confidential Information; any advertising or promotional materials produced by us or which bear any of our Names and Marks; any other materials (such a photographs or video presentations) or publications of ours, including, without limitation, the Operations Manual; any directory or roster of franchisees or approved vendors and suppliers, any other client lists or mailing lists pertaining in any way to the System; or any other information about the System, business or Confidential Information which is not available to the public.
2. Franchisee will not refer prospective clients to any former franchisee.
3. Franchisee will not notify or advise any former franchisee of, or in any other way assist any former franchisee in learning about, the date, time, and place of any meetings of franchisees.
4. If Franchisee observes any former franchisee using any of our Names and Marks in any way or utilizing a business facility (including any vehicles or trailers) for which our Names and Marks and/or distinctive color scheme have not been completely obliterated, Franchisee shall immediately report such observations to us along with all details available to Franchisee.
5. Franchisee shall in general have no dealings with former franchisees which Franchisee, under this Agreement, could not have with a person who has never been a Dream Day Dressing Rooms® franchisee.
6. The provisions of this Section XVI.C shall apply to Franchisee as soon as Franchisee is on notice of the expiration or termination of another franchise agreement. Franchisee shall be deemed to be on such notice when:
 - i. Franchisee receives a new franchisee directory in which such franchisee does not appear; or

- ii. Franchisee receives written notice from us that one or more particular franchise agreements have expired, or a franchisee has been terminated.

D. Injunctive Relief is Available to Franchisor

Franchisee acknowledges that any failure to comply with the requirements of this Section XVI will cause us irreparable injury, and we shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements; Franchisee waives any requirements for the posting of any bond(s) relating thereto. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by us in obtaining specific performance of, or an injunction against, violation of requirements of this Section XVI. The foregoing remedies shall be in addition to any other legal or equitable remedies which we may have.

E. Franchisor's Patent Rights and Copyrights

We do not own rights in or to any patents that are material to the Franchise at this time. However, we claim copyright protection for the Operations Manual and all related materials, Software (if developed), website and all promotions, marketing, sales, and advertising materials (including all photographs and video presentations) and operations materials. Such copyright protection and ownership shall extend to all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including rights to interactive works, and derivative works. Furthermore, we claim rights to certain trade secrets and Confidential Information as discussed above.

F. Franchisee Shall Not Contest the Franchisor's Ownership Rights to Any Confidential Information, Trade Secrets, Patents or Copyrights

Franchisee expressly understands and acknowledges that:

1. We are the owner of all Confidential Information, trade secrets, copyrights, and patent rights;
2. Franchisee shall not directly or indirectly contest the validity or the ownership of our Confidential Information, trade secrets, copyrights, and patents;
3. Franchisee's use of our Confidential Information, trade secrets, copyrights, and patents does not give Franchisee any ownership interest or other interest in or to the Confidential Information, trade secrets, copyrights, and patents, except the non-exclusive Franchise granted herein;
4. Any goodwill arising from Franchisee's use of our Confidential Information, trade secrets, copyrights and patents in its Business under the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any licensed Confidential Information, trade secrets, copyrights, and patents;
5. We reserve the right to substitute different Confidential Information, trade secrets, copyrights, and patents for use in operating and maintaining the System.
6. Franchisee hereby agrees to comply, at its expense, with any directions from us to discontinue, modify, substitute, or add any new Confidential Information, trade secrets, copyrights, and patents. We cannot and do not make any guaranty that a modification, discontinuance or otherwise will not be required for any reason. In such event, we have no liability to Franchisee. Franchisee agrees to make no claim in connection with any

modification, discontinuance, or other action, and/or with any dispute regarding any licensed Confidential Information, trade secrets, copyrights, and patents.

7. Franchisee hereby agrees not to register or attempt to register any Confidential Information, trade secrets, copyrights, and patents in Franchisee's name or that of any other firm, person, or corporation.
8. The right and license of the Confidential Information, trade secrets, copyrights, and patents granted to Franchisee is nonexclusive, and we have and retain the rights, among others:
 - a. To use the trade secrets, Confidential Information, patents, and copyrights in connection with offering Services and products (if we authorize Franchisee to sell products in the future);
 - b. To use the trade secrets, Confidential Information, copyrights, and patents to market on the Internet, including all use of Websites, domain names, URL's, linking, advertising, and co-branding arrangements.
 - c. To grant other licenses for the trade secrets, Confidential Information, copyrights, and patents, in addition to those licenses already granted to existing franchisees; and
 - d. To develop and establish other systems using similar trade secrets, Confidential Information, patents, and copyrights, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.
9. Franchisee understands and acknowledges that we have the unrestricted right to engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents, and others, at wholesale, retail and otherwise, in the production, distribution and sale of equipment, products and supplies bearing the trade secrets, Confidential Information, patents, and copyrights licensed, including without limitation, equipment, products and supplies included as part of the System.

XVII. SPECIFIC OBLIGATIONS OF FRANCHISEE RELATING TO TAXES, PERMITS AND LAWSUITS

A. Franchisee Must Notify Franchisor of Lawsuits

Franchisee shall notify us in writing within five (5) days of notice of the commencement of any action, suit, or proceeding against Franchisee (including if Franchisee or any of its Owners are charged with or found guilty of a felony as defined in its state), and of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Business, including, without limitation, any criminal action or proceedings brought by Franchisee against its Employees, clients, or other persons. The Franchisee shall give us advance written notice of Franchisee's intent to institute legal action against us, specifying the basis for such proposed action, and shall grant us thirty (30) days from receipt of said notice to cure the alleged act upon which such legal action is to be based.

B. Franchisee Must Pay Taxes Promptly

Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the Business. Franchisee shall pay us an amount equal to any sales tax, gross receipts tax

or similar tax imposed on us with respect to any payments to us required under this Agreement, unless tax is credited against income tax otherwise payable by us.

C. Franchisee May Contest Tax Assessments

In the event of any bona fide dispute as to any liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor to occur against the site of the Business, or any improvements thereon.

XVIII. SPECIFIC OBLIGATION OF FRANCHISEE RELATING TO INDEMNIFICATION

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in Franchisor's name or the name of any of our officers, directors, shareholders, members, managers, and employees. Franchisee further understands and agrees that we, and our officers, directors, shareholders, members, managers, and employees, shall in no event assume liability for, or be deemed liable as a result of any such action, or by reason of any act or omission of Franchisee in its conduct of the Business or any claim or judgment arising there from against Franchisee.

For the purposes of this indemnification, the terms "claim, loss or obligation" will include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts, judgments, compensation for damages to our reputation and goodwill; and all other costs associated with any of the foregoing claims, losses, or obligations.

Franchisee shall defend, indemnify and hold us and our officers, directors, shareholders, members, managers and employees harmless against all fines, suits, proceedings, claims (including but not limited to, any safety and security claims, claims of injury, claims of theft, claims arising as a result of the operation and/or maintenance of equipment, Vehicles or Trailers; claims of neglect, abuse, death, vicarious or other liability), demands, actions, losses, damages, costs, expenses, fees (including legal fees, disbursements and related expenses), penalties and/or any other liability of any kind or nature, however arising, growing out of or otherwise connected with and/or related to any act, error and/or omission of Franchisee (including the ownership, operation and/or management of the Business) and/or any referral, service provider, supplier or other agent/independent contractor, Employee of Franchisee's including acts, errors or omissions committed or incurred, negligent or intentional acts in connection with Franchisee's operation of the Business and infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. This provision includes any liability arising from labor or employment law violations as well as any liability related to joint employer claims and harassment claims. This provision includes all claims as indicated above, of us, directly against Franchisee (without a third-party involvement) due to acts or omissions of Franchisee in which we suffer damages including but not limited to, harm to our goodwill and reputation.

We will have the right to control all litigation, including selection and management of counsel and to defend and/or settle any claim, against and/or including us and/or our-related persons/entities, or affecting our and/or their interests with no obligation to Franchisee and without affecting our rights under this indemnity or otherwise. Franchisee may appoint separate independent counsel to represent Franchisee's interest in such suits, proceedings, claims, etc., all at Franchisee's expense. Franchisee's indemnification obligations survive termination of this Agreement.

XIX. MISCELLANEOUS COVENANTS OF FRANCHISEE

A. Covenants are Independent

The Parties agree that each covenant herein shall be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which we are a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and made a part of this Agreement.

B. Franchisee's Principals

The term "Franchisee's Principals" shall include, collectively and individually, Franchisee's spouse, if Franchisee is an entity, all managing partners, general partners, members, managers, shareholders, officers, directors, and other operational personnel whom we designate as Franchisee's Principals and all holders of an ownership interest in any entity directly or indirectly controlling Franchisee, and any other person or entity controlling, controlled by or under common control with Franchisee. The initial Franchisee's Principals shall be listed on Schedule 6 of this Agreement.

C. Franchisee Will Not Compete Against Franchisor

Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training, our Confidential Information, and our System.

Franchisee agrees that, except as otherwise approved in writing by us, Franchisee shall not, during the term of this Agreement and for a period of two (2) years from the date of (i) a transfer permitted under this Agreement; (ii) the expiration or termination of this Agreement (regardless of the cause for termination); or (iii) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section XIX.C, either directly or indirectly for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, own, maintain, operate, engage in, be employed by, or have any interest in any type of business using any aspect of the System, the overall Dream Day Dressing Rooms® business concept, with similar Services and/or products (if we and/or our franchisees are selling products) of a Dream Day Dressing Rooms® business within a twenty (20) mile radius of the Premises designated hereunder and within a twenty (20) mile radius of any other System franchise or company-owned business in existence or planned as of the time of termination or expiration of this Agreement, as identified in the Franchise Disclosure Document in effect as of the date of expiration or termination of this Agreement. For purpose of clarification, Franchisee may not, during the term of this Agreement, operate a competing business any place.

The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement. This covenant not to compete is given in part in specific consideration for access to trade secrets provided as a part of our training or ongoing support programs. In any jurisdiction in which the covenant contained in this Section XIX or any part of it is deemed not enforceable in whole or in part, Franchisee hereby grants us an option to purchase Franchisee's Business on expiration or termination of this Agreement. We may exercise this option by giving thirty (30) days' written notice to Franchisee (Sections XXII.C and XXII.E). Upon termination or expiration, Franchisee will deliver to us a list of these Assets (as described in Section XXIV.G). Franchisee's other post termination obligations under this Agreement and by law remain in effect on termination or expiration of this Agreement.

D. Exception to Covenant Not to Compete

Section XIX.C hereof shall not apply to ownership by Franchisee or any of its Owners of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation. As used in this Agreement, the term “publicly held corporation” shall be deemed to refer to a corporation which has securities that have been registered under the Federal Securities Exchange Act of 1934.

E. Franchisee Will Not Divert Business

During the term of this Agreement and for a period of two (2) years following the expiration or termination of this Agreement, Franchisee agrees that it will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

1. Solicit, service, sell or attempt to divert business to any competitor by direct or indirect inducement or otherwise, or to any clients of its Business or to any other franchisees including company-owned businesses, with which or with whom Franchisee has had business contact during the term of this Agreement; or
2. Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Names and Marks or the System or both.

F. Franchisor Is Entitled to Injunctive Relief

In addition to any and all other remedies and damages to which we are entitled, to protect our Names and Marks, Services, Confidential Information, proprietary materials and rights and goodwill, we may seek a permanent injunction and the preliminary or temporary equitable relief we deem necessary, to restrain the violation of this Agreement by Franchisee or any persons, parties, and entities acting for Franchisee. Franchisee agrees that we may obtain injunctive relief and enter it in any court or arbitration forum that we deem appropriate.

In recognition of the difficulty in determining on an expedited basis the value of, and the necessity of us to avoid irreparable harm and to protect our Names and Marks, Services, Confidential Information, proprietary materials and rights and goodwill, Franchisee waives, to the extent permitted by law, the right to interpose the defense that we have an adequate remedy at law. Franchisee further waives any requirement that we post a bond or other security, to the extent permitted by law.

G. Covenants Are Enforceable Independent of Claims

Franchisee expressly agrees that the existence of any claim it may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants of this Section XIX. Franchisee further agrees that we shall be entitled to set off any amounts owed by us to Franchisee against any loss or damage to us resulting from Franchisee’s breach of this Section XIX.

H. No Right of Set-Off

Franchisee expressly agrees that the existence of any claims it may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section XIX. Franchisee agrees to pay all damages, costs, and expenses (including reasonable attorney’s fees) incurred by us in connection with the enforcement of this Section XIX.

I. Disclosure of Contact Information in FDD

Franchisee acknowledges that its contact information will be included in our Franchise Disclosure Document in the future, as required by Minnesota and other state agencies and the Federal Trade Commission and that such inclusion may result in prospective franchisees contacting Franchisee.

XX. OBLIGATIONS OF THE FRANCHISOR: SUPERVISION, ASSISTANCE AND SERVICES

We will provide the Franchisee with the following assistance and services:

A. Training Programs

We will provide Franchisee with an initial training program at our headquarters or another location of our choice. The initial training program will take place after Franchisee pays the Initial Franchise Fee; before Franchisee opens its Business; and within sixty (60) days after signing this Agreement. We will provide a five (5) day training program without charge to Franchisee and/or its Owner and/or Operations Manager (total of two people) as designated by Franchisee prior to the date Franchisee anticipates opening its Business for operation. Franchisee will, however, be responsible for travel, accommodation, and other costs for all its attendees. Franchisee must attend and satisfactorily complete training prior to Franchisee conducting business and opening the Business for operation. If Franchisee, its Owners, or Operations Manager fails to timely complete the initial training program to our satisfaction, Franchisee has the right to appoint another person to be trained by us at Franchisee's expense and if the other person does not satisfactorily complete the training to our satisfaction, then we may terminate this Agreement as described in Section XXIII.C. Any person designated by Franchisee to replace a previously trained Owner or Operations Manager must be trained by Franchisee within thirty (30) days of first employment. Franchisee can choose to send any Owner and/or its Operations Manager to us for additional or supplemental training to us, at Franchisee's cost as provided below. For a second or subsequent franchise, we will not be obligated to provide additional training to Franchisee.

We may reasonably require Franchisee, its Owners and/or Operations Manager to receive or attend and complete to our satisfaction additional or advanced training from time to time. Any such training before the Opening (as defined in Section IX.B) of the Business will be at no charge to Franchisee. Thereafter, Franchisee must pay for such training at our actual cost of up to two hundred fifty dollars (\$250) per person per day. Franchisee must also pay travel, food, and accommodations and all other related expenses. We will attempt to use distance learning techniques where possible, to minimize these costs.

Depending on availability, we may provide additional training to Franchisee, its Owners and/or Operations Manager at Franchisee's request. Franchisee may be required to pay us any additional costs over and above the additional training fees such as travel that we reasonably incur should training be held at Franchisee's Business. If additional training is held at our corporate headquarters, Franchisee will be responsible for travel, food and accommodations and other expenses of its trainees.

We offer training resources, such as an Operations Manual, to assist franchisees at their business location. Franchisee acknowledges that its compliance with the Operations Manual is vitally important to us and other System franchisees and is necessary to protect our representation and the guidance of the Names and Marks and to maintain the uniform quality of operation throughout the System. However, while the Operations Manual is designed to protect our reputation and the goodwill of the Names and Marks, the Operations Manual is not designed to control the day-to-day operation of the Business. Franchisee shall give us not less than three (3) weeks' notice of when Franchisee is available for training. Training dates must be mutually agreed upon by Franchisee and us.

- i. We shall also offer additional training resources to the Franchisee to be determined by us, for the operation, advertising and promotion of the Business including refresher training programs, seminars, workshops, annual conferences and/or information available through the intranet system for the benefit of the Franchisee and the Franchisee's employees. We may charge a reasonable fee for additional training if deemed appropriate (distinct from continuing education as described below) but not to exceed the additional training fee. Any and all traveling, living and other expenses incurred by the Franchisee or Franchisee's representatives or employees attending our training shall be paid by Franchisee.
- ii. We may conduct an annual conference at such place as shall be designated by us for all franchisees but initially will most likely be at our headquarters. A registration fee for each participant may be required not to exceed one thousand dollars (\$1,000) per person and Franchisee's expenses as Franchisee will be responsible for costs associated with attending the conference such as travel, room, and board. We reserve the right to increase the fee a reasonable amount based on reasonable criteria.
- iii. We may provide refresher or continuing education sessions "Continuing Education" through the phone, web based (webinars), video or at locations designated by us but most likely at our headquarters. Continuing Education sessions (other than by phone, webinars, or video) may have a registration charge of two hundred fifty dollars (\$250) per day per person. Franchisee is responsible for costs associated with attending the meetings such as travel, room and board or our expenses (such as travel, room, and board) if we provide Continuing Education sessions on site at Franchisee's Business. The programs will normally not exceed one (1) day and we expect to have annual programs subject to special need. The content will cover particular aspects of the franchise including but not limited to: sales presentations, processes and how to acquire clients, service standards, methods and techniques for performing Services; new services and packages; best practices for hiring employees and independent contractors (if you choose to hire independent contractors), trends in the industry, operational guidelines, updated plans and schematics, safety, website and software developments, advertising and marketing strategies, administration and so forth. We reserve the right to increase the per day fee a reasonable amount based on reasonable criteria.

We may, but are not obligated to, offer additional training resources to the Franchisee to be determined by us, for the operation, advertising and promotion of the Business which may include certification programs, seminars, workshops, annual conventions, and information available through our intranet system for the benefit of the Franchisee and its employees. After the completion of the initial training program, any additional training may be subject to a fee of up to two hundred fifty dollars (\$250) per person per day. Any and all traveling, living and other expenses incurred by Franchisee or Franchisee's representatives or employees attending any training shall be paid by Franchisee.

As part of the initial training program, we will provide Franchisee with: a written list of approved Services, packages, programs and products (if we authorize Franchisee to sell products in the future) that Franchisee is required to offer, perform and sell in its Business; a written list of approved products, supplies and services (as described in Section XII.I) Franchisee is authorized to purchase and use; strategies for purchasing products and supplies; a written list of approved vendors and suppliers to purchase products, supplies and services from; a written lists of plans and schematics used for setting up jobs; a written list of Vehicle and Trailer appearance standards; recommended guidelines for hiring and managing Employees and independent contractors (if Franchisee chooses to hire independent contractors), operational standards,

service standards, safety procedures, suggested rates and/or pricing for Services and products (if we authorize Franchisee to sell products in the future) in addition to our proprietary sales presentations, advertising and marketing materials (including photographs of projects and video presentations) that have been developed by us (or our affiliates) and are necessary in the operation of each Business. We reserve the right, in our sole discretion, to add, modify, change, or discontinue any Service, package, program or product (if we authorize Franchisee to sell products in the future) Franchisee can offer, perform, or sell; or any product Franchisee is required to use in its Business from time to time as specified in Sections XII.H and XII.I of this Agreement. Franchisee will be responsible for all costs associated with the administration of such changes.

We will provide up to three (3) days of marketing assistance and guidance onsite at Franchisee's Business. Franchisee shall give us not less than thirty (30) days' notice of when Franchisee wants us to provide such marketing assistance and guidance. The dates for our visit for such assistance and guidance must be mutually agreed upon by Franchisee and us. Such assistance shall be completed no earlier than the opening date of Business for operation and completed no later than ninety (90) days once the Business is open for operation. Any costs incurred by us in connection with our onsite assistance and guidance within the timeframe as described above will be paid by us. If Franchisee does not take advantage of our onsite assistance and guidance within the timeframe described above, then we are not obligated to provide such assistance to Franchisee without charging Franchisee for the actual wages and travel expenses incurred by us. For Franchisee's second and subsequent Businesses, we will provide the same type of onsite assistance and guidance as described above; however, Franchisee will be responsible for actual wages and travel expenses incurred by us. In such circumstances where Franchisee is responsible for actual wages and travel expenses, we will provide Franchisee with invoices for amounts owed and we may require Franchisee to pre-pay all or a portion of the actual amounts incurred by us. Additional support requested by Franchisee will be subject to the training charges as described in Section XX.A.

We will also provide Franchisee with a startup kit during the initial training program that includes marketing materials to help promote the opening of the Franchisee's Business. This startup kit will be provided to Franchisee during the initial training program and will include: five hundred (500) business cards, five hundred (500) flyers and brochures in addition to various marketing and promotional materials that will be useful in the initial marketing and operation of the Business. We will provide this startup kit to Franchisee at our cost. Replenishment of any one of these items in the startup kit shall be at Franchisee's cost.

We will provide Franchisee with any Software, if developed. We will provide specifications for all technology items and software programs necessary to operate the Business that includes training for such software as part of the initial franchise training program. We shall also provide guidance for all technology items and related software programs. In addition, we may provide technical support, ongoing assistance, consultation, and upgrade requirements for Franchisee's computer, laptop, and software programs. We will update and make changes to our Software, if developed, as we deem necessary. All costs associated with installation, upgrading, protecting, and maintaining the technology items and all other software programs necessary for the operation of the Business are the sole responsibility of the Franchisee.

We will provide additional guidance in the operation of a Dream Day Dressing Rooms® business and provide assistance to resolve operational challenges Franchisee may encounter outside the scope of the Operations Manual. This guidance can be furnished in whatever manner we consider appropriate in our Business Judgment, including electronically via an intranet system, free of charge, to answer questions from Franchisee and its staff (during regular business hours Central Time Zone). Guidance may also be furnished in writing, telephonically, through training programs and/or onsite consultations, web-based computer training, among other methods. Onsite consultations are subject to additional training fees as mentioned above.

We will provide guidance to Franchisee in its efforts to obtain all certifications, licenses and permits required to operate the Business. Ultimately, however it is Franchisee's responsibility and obligation to obtain and maintain all such certifications, licenses, and permits and all out of pocket costs associated with obtaining and maintaining such certifications, licenses and permits as described in Section XII.C of this Agreement.

We may, from time to time, provide to Franchisee, at Franchisee's expense, such advertising and promotional plans, and materials (including photographs and video presentations) for local advertising and may direct the discontinuance of such plans and materials, from time to time. All other advertising and promotional materials that Franchisee proposes to use must be reviewed and approved by us, pursuant to Section XII.L of this Agreement.

We may provide announcements, memos, bulletins, brochures, manuals, and reports, if any, as may from time to time be published by or on our behalf regarding our plans, policies, new developments, and activities. In addition, we may provide such communication concerning new Services, packages, programs, products, methods, techniques, and overall improvements to management of the Business that we determine are relevant to the operation of the Business and communication with other franchisees by means of an intranet system. We may also establish a Franchisee elected peer group whose main purpose will be to mentor, support each other and regularly communicate to franchisees. We have the power to dissolve, merge, or change such peer advisory groups.

We shall offer assistance to Franchisee in establishing administrative, record keeping and accounting systems. We will also provide Franchisee with all update and upgrade requirements for computers, laptops, tablets, and related software programs in response to changes in the Operations Manual, or changes in our policies that are communicated to Franchisee in writing. The cost for such updates and/or upgrades is Franchisee's responsibility.

We will provide a dedicated phone line only for our franchisees, free of charge, to answer any questions from Franchisee or its Operations Manager (during regular business hours, Central Time Zone). Franchisee will also be able to send us questions and suggestions using Internet email, or the intranet system as described above. We will consult with Franchisee at no additional charge regarding policies, sales, marketing, and operational issues.

All of our obligations under this Agreement shall benefit only the Franchisee, and no other party is entitled to rely on, enforce, benefit from, or obtain relief for breach of such obligations, either directly or by subrogation.

B. Website

We will provide to Franchisee a Dream Day Dressing Rooms® URL or website housed within the corporate website at no additional cost. Franchisee may customize parts of the website with our approval; however, the look is to remain consistent as specified in the Operations Manual. Franchisee agrees and acknowledges that maintenance and any changes, edits, or updates to the website and/or any Website promotions over the Internet must be performed by us, our affiliates and/or approved vendors at Franchisee's cost. Upon approval of Franchisee's request, which must be submitted in writing, Franchisee is responsible for the cost of such changes. Franchisee may neither establish nor use any Website without our prior written approval and if such approval is granted Franchisee must comply with our requirements regarding discussing, advertising, or disseminating any information on a Website, regarding the Business as described in Section VI of this Agreement. Such approval may be revoked at any time by us in our sole and absolute discretion. We shall own all copyright and other intellectual property rights to the website, as well as the contents of the corporate website or any other Website upon expiration or termination of this Agreement as described in Section XXIV.E. This shall include ownership rights in all media, whether now

known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including interactive rights and rights to derivative works.

C. Premises Selection

Franchisee has the responsibility for selecting the Premises for the Business. Whether Franchisee chooses to operate out of its home or out of a location (such as a small storage unit, warehouse or industrial space as described in Section XII.S) we will review and approve or disapprove the location of Premises and will not unreasonably withhold our approval. If Franchisee chooses to operate out of a location, we must review and approve the lease prior to the lease being signed. If Franchisee proposes to purchase property, we must review and approve the purchase contract prior to being signed. We will have the right, but not the obligation, to inspect the Premises prior to opening. Franchisee is responsible for all lease negotiations.

We do not represent that we have any special expertise in selecting locations and/or negotiating leases. Our approval of a location is not a representation or warranty that Franchisee's Dream Day Dressing Rooms® business will be profitable or that Franchisee's sales will attain any predetermined levels. Approval is intended only to indicate that the proposed location for the Business meets our minimum criteria for identifying locations. Franchisee agrees that our approval or disapproval of a proposed location does not impose any liability on us, or our employees, agents, shareholders, members, managers, directors, or owners.

D. Premises Layout and Design

If Franchisee chooses to open a location for the Business, we may provide Franchisee with guidelines for the layout and design of the Premises prior to Franchisee signing a lease. The build-out, costs of leasehold improvements, signage, and other items necessary for finishing out the Premises are the responsibility of Franchisee. Franchisee may be required to adapt, at Franchisee's expense, any suggested plans, and specifications to the Premises, subject to our approval, as provided in Section XII.T of this Agreement, which will not be unreasonably withheld, provided that such plans and specifications conform to our general criteria. We may, if needed, review Franchisee's final set of drawings or architect's final plans prior to implementation. We do not represent that we have any special expertise in approving final drawings or architectural plans. Our approval of Franchisee's drawings or architectural plans is not a representation or warranty that such plan will meet local permitting requirements or that such plan will not have to be revised or done over again in order to get final approval by local authorities. Approval is intended only to indicate that the Business is set up and meets our minimum criteria. Franchisee agrees that our approval or disapproval of Franchisee's final set of drawings or architectural plans do not impose any liability on us. The costs of leasehold improvements, signs, and décor for finishing out the Business are the responsibility of Franchisee.

If Franchisee chooses to open a location for its Business, Franchisee understands and acknowledges that we have the right to modify the final set of drawings, architectural plans, floor plans and/or specifications as we deem appropriate, periodically (however we will not modify the final set of drawings, architectural plans, floor plans and/or specifications for the Business as developed pursuant to this Agreement once those final set of drawings, architectural plans, floor plans and/or specifications have been approved by us and given to Franchisee).

E. Hiring Employees and Independent Contractors

We will provide Franchisee with recommended guidelines when hiring Employees and independent contractors (defined in Section XII.F of this Agreement) for the Business. These guidelines are provided for reference only and Franchisee acknowledges that it bears sole responsibility for hiring, training, managing, and firing Employees and independent contractors. Further, Franchisee acknowledges

that we are not responsible for and do not direct or control the conduct of Franchisee's Employees. Such recommendations and suggestions will be covered in the initial training program and are specified in the Operations Manual. Franchisee understands that such recommendations and suggestions will be updated and may change periodically at our discretion. Franchisee can negotiate any rate for its Employees and independent contractors. Franchisee may be provided with a recommended rate or wage schedule and may elect to use, subject to applicable laws, these rates or wages as a guide when hiring Employees and independent contractors (if Franchisee chooses to hire independent contractors). Franchisee acknowledges that we have made no guarantee or warranty that using such recommended or suggested rates or wages will enhance Franchisee's sales or profits. Rate or wage negotiations with Employees and independent contractors are the sole responsibility of Franchisee. Franchisee acknowledges that it is fully in charge of hiring all its Employees and independent contractors (if applicable) and for managing such individuals on an on-going basis. Our input as to hiring and management of Employees and independent contractors are suggestions and guidelines which we believe are important, but except for specific requirements set forth in this Agreement or the Manual, Franchisee is responsible for making all employee related decisions.

Failure of Franchisee to adhere to our guidelines and standards when hiring Employees, which may include the requirement of criminal background checks for all prospective Employees and independent contractors that go to job sites (if Franchisee chooses to hire independent contractors) may be considered a breach of this Agreement and we may terminate the Agreement in our sole discretion, except where the Franchisee has reasonable cause to deviate from our standards as described in Section XXIII.C of this Agreement.

F. No Warranties Other than in Writing

With respect to any products, supplies and/or services (as defined in Section XII.I) provided by us or our affiliates and/or any person/company referred/approved by us or our affiliates, other than specific written warranties expressly provided in connection with such items, such items are provided without any warranties, express or implied, the warranties of merchantability and suitability for a particular purpose being expressly disclaimed. In addition, we make no warranties regarding any open-source code contained in any software that we may provide to Franchisee. We do not warrant that any such software shall be free of bugs, viruses, worms, or Trojan horses.

We are not liable for any guarantee or warranty Franchisee, its Owners, Operations Manager, independent contractor, or Employee of Franchisee makes to a client or to any third party. Franchisee will fully comply with any type of program that we may develop and implement. Franchisee will not misrepresent, omit, or fail to state any warranty or guarantee to clients or third parties.

G. Operations Manuals

We will revise the Operations Manual and the contents of any other manuals and materials created or approved for use in the operation of the Business, from time to time as we deem necessary to improve on the methods of operations. Franchisee expressly agrees that each new or changed standard shall be deemed effective upon receipt by Franchisee or as specified in such standard. We will lend Franchisee the confidential Operations Manual for the initial training program and if Franchisee satisfactorily completes training, for the term of this Agreement. If the copy of the Operations Manual loaned to Franchisee is lost, stolen, or destroyed before Franchisee returns it to us, Franchisee must replace the Operations Manual at its own expense.

The Operations Manual is designed to protect the System and the Names and Marks associated with the System and not to control the day-to-day operations of the Business. Franchisee at all times will remain responsible for the operation of the Business and all activities occurring at the Business.

Franchisee shall at all times treat the Operations Manual, and any of our written directives, any business plans and specifications, and any other manuals created for or approved for use in the operation of a Dream Day Dressing Rooms® business, and any supplements thereto, and the information contained therein, in trust and as confidential information, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

The Operations Manuals, written directives, other manuals and materials, and any other confidential communications provided or approved by us, shall at all times remain our sole property and shall at all times be kept and maintained in a secure place at the Premises.

Any suggestions Franchisee may have concerning the improvement of our website or Franchisee's website, Services, vendors, and suppliers, recommended procedures, sales strategies and methods, products and supplies used, advertising, promotional and marketing materials are encouraged and shall be considered by us when adopting or modifying the standards, specifications, and procedures for the System.

H. Selecting Vendors, Suppliers, Vehicle and Vehicle Appearance Standards

We will provide Franchisee a written list of approved vendors and suppliers that may include or be limited to us or our affiliates for all products, supplies and services (as described in Section XII.I) necessary for the operation of the Business. Franchisee may submit in writing alternative vendors or suppliers to us for approval as described in Sections XII.H and XII.I of this Agreement.

We will also provide Franchisee with a written list of Vehicle and Trailer appearance standards necessary for the operation of the Business. Franchisee is encouraged to use its own Vehicle and purchase a Trailer for the operation of the Business as specified in Section XII.H of this Agreement. All costs associated with obtaining and maintaining the Vehicle and Trailer are Franchisee's sole responsibility.

I. Availability of Products and Supplies

During the initial training program, we shall provide Franchisee with a written list of approved products, supplies and services (as described in Section XII.I) that Franchisee must use in the operation of the Business. We will also train Franchisee on strategies for purchasing such items during the initial training program. We may make arrangements with vendors for certain products, supplies and services at negotiated costs that would benefit the entire System. Franchisee will be required to submit in writing alternative products, supplies, or services to us for approval as described in Section XII.I of this Agreement. Franchisee acknowledges that we may receive royalties and/or other payments from some or all of the approved vendors.

We will use commercially reasonable efforts to ensure that authorized vendors and suppliers, which may include or be limited to us and/or our affiliates, maintain a reasonable supply of products and supplies (as described in Section XII.I) for purchase by Franchisee. We will provide Franchisee with a written list of our approved vendors and Franchisee is responsible for acquiring such items necessary for the operation of its Business. All items that are provided by us will be competitively priced, taking into account equivalent quality and other considerations as specified in the Operations Manual.

We reserve the right to implement a centralized purchasing system for franchisees and to negotiate prices and terms with vendors and suppliers and to receive rebates or other financial incentives from such purchases by franchisees. We may utilize such rebated funds in any manner we choose in our sole discretion as more fully described in Section XII.I. If developed, we reserve the right to require Franchisee and other franchisees to purchase all products, supplies and services through our proprietary intranet system.

J. Advertising and Promotion

We shall develop and provide creative materials for local and regional advertising and make such advertising materials available to our franchisees for publication or distribution in the Franchisee's market area at Franchisee's own expense. We shall provide specific guidelines for advertising initiated by individual franchisees and shall reserve the right to disapprove any advertising, which, in our opinion, is not in accordance with these guidelines. However, no approval shall be unreasonably withheld or denied. Immediately upon notification to do so, Franchisee shall discontinue any advertising that would, in our opinion, be detrimental to any franchisee or any part of the System or the Franchise.

K. Suggested Rates for Services

We shall provide guidance and suggested rates for Services and pricing for products (if we authorize Franchisee to sell products in the future). Franchisee shall have the right to offer Services and products (if we authorize Franchisee to sell products in the future) at any rate or price Franchisee may determine, except that we reserve the right to establish minimum and maximum rates and pricing for any given Service or product (if applicable) nationwide to the extent allowed by federal and state laws as explained in Sections XII.H and XII.I. Suggested rates for Services and pricing for products (if we authorize Franchisee to sell products in the future) may vary from region to region to the extent necessary to reflect differences in costs and other factors applicable to such regions. If Franchisee elects to offer Services or products (if applicable) at any rate or price recommended by us, Franchisee acknowledges that we have made no guarantee or warranty that offering such Services or products (if we authorize Franchisee to sell products in the future) at the recommended rates or prices will enhance Franchisee's sales or profits.

We will provide Franchisee with a sample set of forms including contracts, waivers, client agreements, marketing materials and various operational forms for use in the Business. We do not warrant the completeness, legality or enforceability of any agreements or forms. Franchisee must retain its own counsel to review and revise such agreements and forms to comply with applicable federal and state laws. At our discretion, any and all forms used by Franchisee shall be subject to our review and approval and our decision of such approval will be provided within thirty (30) days after such forms are received by us.

We will continue to research and develop new Services as we deem appropriate and in our sole discretion. We may conduct market research and testing to determine consumer trends and salability of new Services and possibly products (if we authorize franchisees to sell products in the future). If we choose Franchisee, Franchisee will participate in a market research program to test new Services, packages, programs, or products in the Business and provide us with timely reports and other relevant information regarding that market research. We will own all copyright and other intellectual property rights to all such reports provided by the Franchisee pursuant to this Section, in all media whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including complete and entire derivative rights and rights to interactive works. If Franchisee participates in any test marketing, Franchisee agrees to purchase, at Franchisee's expense, a reasonable quantity of products and supplies being tested and make a good faith effort to use and/or sell them (if applicable). Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions (if we authorize franchisees to sell products in the future) established by us periodically.

L. Business Planning Assistance

After Franchisee signs this Agreement, we may review and comment on any business plan and pro forma financial projections Franchisee prepares. We do not represent that we have any expertise in reviewing or developing business plans or that any business plan reviewed by us will result in any profits, revenues, incomes, margins, or sales. Our review of, and commentary on business plan or financial pro forma are not a representation or warranty that the Franchisee's business will be profitable, that the Franchisee will earn any revenues, or that Franchisee's sales will attain any pre-determined sales levels.

Our review and commentary are intended only to provide information sharing to Franchisee and Franchisee agrees that such review and commentary does not impose any liability on us. Franchisee specifically acknowledges that we have not reviewed or commented on any business plan or pro-forma prior to the Effective Date of this Agreement.

XXI. VARYING STANDARDS

Because complete and detailed uniformity under many varying conditions may not be possible or practical, we reserve the right and privilege, in our sole and absolute discretion and as we may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of a particular Business or circumstance, business potential, demographics, density of population or trade area, existing business practices, or any other condition which we deem to be of importance to the successful operation of such franchisee's Business. Franchisee shall not have any right to object to a variation from standard specifications and practices granted to any other franchisee and shall not be entitled to require us to grant to Franchisee a like or similar variation unless the laws of the Franchisee's state expressly require us to grant such similar variation.

Franchisee acknowledges that when we use the phrases "sole and absolute discretion," "sole discretion" and/or "Business Judgment," whether in this Agreement or in another context, you and we agree that we have the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions except that we will not do so arbitrarily. We shall use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider Franchisees' individual interests or the interests of any other franchisee(s). Franchisee, we, and all other franchisees have a collective interest in working within a franchise system with the flexibility to adjust to business conditions, including but not limited to the competitive environment, new regulatory developments, and emerging business opportunities. Therefore, Franchisee and we agree that the ultimate decision-making responsibility for the System must be vested in us. So long as we act in compliance with the requirements of this Agreement, we will have no liability for the exercise of our discretion in accordance with the provisions of this Agreement.

XXII. RELOCATION, ASSIGNMENT, TRANSFER, SALE OR REPURCHASE OF FRANCHISED BUSINESS

A. Relocation

Any relocation of the Premises (1) shall be to a location within the Territory (unless waived by us), (2) requires our prior written consent, which we may grant, condition or withhold in our Business Judgment (and may be withheld, in any case, if you are not in good standing), (3) will be at Franchisee's sole expense and (4) may require that Franchisee (and each Owner) sign the general release.

B. General Requirements for Assignment by Franchisee

Franchisee shall not voluntarily or involuntarily transfer, sell, assign or encumber any interest in or ownership or control of Franchisee, the Franchised Business, and/or its assets, the Business or this Agreement (however Franchisee is allowed to transfer up to twenty percent (20%) of its shares or other ownership interests as described below), except in the ordinary course of business, or make any lease or sublease of any property Franchisee is leasing or subleasing in connection with the Business, without our prior written consent. Any attempted sale, assignment, or transfer of any interest in Franchisee, the Franchised Business, and/or its assets, the Business or this Agreement without our prior written consent will be a default under the terms of this Agreement and will be voidable by us. In granting any such consent, we may impose reasonable conditions, including, without limitation, the following:

1. Franchisee must be in full compliance with the terms of this Franchise Agreement, including having paid in full all fees due and having settled all outstanding accounts with us, our affiliates, and all suppliers;
2. The proposed transferee (or its partners, members, managers, directors, officers, or controlling shareholders, if it is a corporation, limited liability company or partnership) must meet our then-applicable standards;
3. The proposed transferee (or its owners if an Entity, its managers, directors, or officers) must not operate a franchise, license another or operate any other business offering services and products (if we are selling products at that time) similar to those offered by a Dream Day Dressing Rooms[®] business without our permission;
4. We shall charge a flat transfer fee of one thousand dollars (\$1,000) to Franchisee when transferring a part of its Business (defined as up to forty-nine percent (49%) of the stock, membership units, partnership units, assets or share of any business trust); or a flat transfer fee of five thousand dollars (\$5,000) when Franchisee transfers its entire Business upon our written consent. The term “flat transfer fee” means that Franchisee shall pay this amount regardless of whether our actual cost to process the transfer is higher or lower than such amount. The transfer fee will include, but not be limited to, reasonable attorney’s fees actually incurred, the cost of investigating the transferee and our administrative expenses (including employee salaries, sales staff commissions, travel costs, telephone charges, out of pocket costs properly attributable to the transfer). In addition, if the transferee was already in our lead database at the time of first contact between Franchisee and the transferee, we may require Franchisee to pay the flat one-thousand-dollar (\$1,000) or five-thousand-dollar (\$5,000) fee described above, plus the amount of any broker fees that we are responsible for paying to third parties (does not include our employees);
5. Transferee must pay for and successfully complete the training programs then required of new franchisees at a cost of two hundred fifty dollars (\$250) per person per day and its expenses, subject to increase from time to time;
6. Franchisee shall have substantially complied with all of the terms and provisions of this Agreement, any amendment hereof or successor hereto, or any other agreements between the Franchisee and our subsidiaries or affiliates and, at the time of transfer, shall not be in default;
7. Franchisee shall have executed a general release, in a form satisfactory to us, of any and all claims against us and our officers, directors, managers, members, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;
8. The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall enter into a written assumption agreement, in a form satisfactory to us, assuming and agreeing to discharge all of Franchisee’s obligations, known by transferee after reasonable inquiry, under this Agreement;
9. The transferee must meet our subjective and objective standards, including experience, talent, skills, educational, managerial, business, and financial capacity; demonstrate the aptitude and ability to conduct a Dream Day Dressing Rooms[®] business; and have adequate financial resources and capital to operate the Business; and the transferee’s Operations Manager must complete the training program to our satisfaction;

10. The transferee (and, if an Entity, its Owners of a beneficial interest in the transferee as we may request) shall execute and agree to be bound by the then current form of this Agreement, which form may contain provisions that materially alter the rights or obligations under this Agreement. Alternatively, we may in our sole discretion require the transferee to sign the then current form of this Agreement then being used by us, but where the term will end on the expiration date of this Agreement and with such renewal term, if any, as may be provided by this Agreement and the following requirements apply: (i), the transferee shall sign all other ancillary agreements as we may require for the Franchise Business as required under the then current form of this Agreement, which agreements shall supersede this Agreement in all respects, and (ii) additional changes to the terms of the Agreement may be made at our sole discretion, which include, without limitation, higher royalty fee payments and advertising contributions, and changes to renewal rights;
11. The transferee, at its expense, shall upgrade the Business to conform to the then-current standards and specifications of the System and shall complete the upgrading and other requirements within the time specified by us;
12. Franchisee shall remain liable for all of its obligations to us in connection with the Business incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;
13. Franchisee must obtain and submit satisfactory evidence of transfer or consent of lenders, lessors and governmental authorities for all material permits, approvals, and licenses;
14. Franchisee may transfer up to twenty percent (20%) of its shares or other ownership interests to any person or entity, in the aggregate, without invoking this provision, provided that in connection with any such transfer of more than ten percent (10%) ownership the transferee executes the same Guaranty and other agreements which would be required upon execution of this Agreement by Franchisee, if such transferee had then been the owner of such percentage of Franchisee's ownership interests. Franchisee's transfer of an ownership interest without complying with the foregoing, or transfers of more than twenty percent (20%) ownership in the Franchisee's entity, in one or more transfers, without our prior written approval is a material breach of this Agreement;
15. The transferee shall agree to a sublease or to a transfer and assignment, and assumption of the lease of the Business from the original Franchisee, and shall obtain the landlord's approval if required prior to any transfer or sublease, if applicable;
16. The transfer must be completed in compliance with the terms of any applicable leases and other agreements and with all applicable laws, including but not limited to licensing and operations-related laws and/or laws governing franchise sales;
17. Franchisee agrees that we may (but are not required to) discuss with Franchisee and/or the proposed transferee any matters related to any transfer and/or proposed transfer at any time which we consider to be appropriate in our Business Judgment without liability (including our opinion of the terms of sale, performance of the Franchise, etc.). Franchisee expressly consents to any such discussions by us and we may contact any proposed transferee directly regarding such matters or otherwise;
18. Neither Franchisee nor any transferee shall rely on us to assist in the evaluation of the terms of any proposed transfer. Franchisee acknowledges and agrees that an approval of a proposed transfer shall not be deemed an approval of the terms, nor any indication as to any likelihood of success or economic viability;

19. Franchisee and its Owners and/or Principals will agree not to compete, not to divert our clients, or attempt to hire employees, after the transfer in accordance with restrictions acceptable to us and substantially similar to, those described in Sections XIX.C and XIX.E of this Agreement; and
20. Franchisee and its Owners and/or Principals will not directly or indirectly at any time or in any manner (except with respect to other Dream Day Dressing Rooms[®] businesses that Franchisee or its Principals own and operate) identify itself or any business as a current or former Dream Day Dressing Rooms[®] business or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Dream Day Dressing Rooms[®] business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us as described in Sections XXIV.A and XXIV.C of this Agreement.

In addition, the Franchisee must submit copies of the draft Asset Purchase Agreement or (Stock) (Membership Unit) (Partnership Unit) Purchase Agreement, all draft Promissory Notes, and Security Agreements, with the transferee, regardless of whether they are Franchisee financed or lender financed. In addition to all other grounds for rejection, we have the right to reject any proposed purchase of the assets of the Franchised Business or the stock, membership units, or partnership units of the Franchised Business on the grounds that the proposed transferee has in our sole opinion taken on too much debt.

C. Transfer, Sell or Assignment by Franchisor and Franchisor's Right of First Refusal

We have an unrestricted right to purchase, transfer or assign our rights or obligations under this Agreement to any transferee or other legal successor to our interests and will give Franchisee thirty (30) days' written notice of our decision to exercise our right of first refusal.

We will have a right of first refusal regarding any proposed transfer, by Franchisee or an Owner of Franchisee, subject to this Agreement. During the term of this Agreement, if Franchisee, or any of its Owners wish to sell, assign, or otherwise transfer an interest in this Agreement, the Franchised Business and/or its assets, or an ownership interest in Franchisee (collectively the "Interest"), then Franchisee will comply with the requirements of Sections XXII.B, XXII.C, XXII.E and XXIV.G of this Agreement.

Franchisee will notify us within ten (10) days after Franchisee has commenced discussions or communications even if preliminary, regarding a proposed transfer and send us written updates of the status of such discussions or communications every thirty (30) days thereafter unless and until such discussions or communications have ceased, in which case Franchisee must notify us in writing within five (5) business days that such discussions or communications have ceased. Whether the discussions have ceased or not, at our option, we may require Franchisee to send us, by certified mail or other receipted delivery, copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction as well as any materials Franchisee sends to the buyer or transferee. Before agreeing to any such transaction, Franchisee and its Owners agree to obtain from a responsible and fully disclosed buyer, and then send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating to any proposed transfer. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. The bona fide offer with the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer a five-thousand -dollar (\$5,000) earnest money deposit (if a proposed disposition is part of a transaction involving additional Dream Day Dressing Rooms[®] businesses, operating under other franchise agreements or license agreements with us, the proposed buyer must pay Franchisee this earnest money deposit for each Dream Day Dressing Rooms[®] business, involved).

To enable us to determine whether we will exercise our option, Franchisee, or its Owners, shall provide such information and documentation, including financial statements, as we may require (as noted below). In the event we elect to purchase said Interest, closing on such purchase must occur within ninety (90) days from the date of notice to the Franchisee of our election to purchase said Interest. Failure of us to exercise the option afforded by this Section XXII.C shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XXII.B, with respect to a proposed transfer of any Interest. Any later change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer.

We may, by delivering written notice to Franchisee or its Owners within thirty (30) days after we receive both an exact copy of the offer and the Preliminary Due Diligence Package (the date on which we have received the exact copy of the offer and the Preliminary Due Diligence Package is called the “Trigger Date”), notify Franchisee of our non-binding preliminary intent to purchase or not to purchase the Interest proposed to be sold. The “Preliminary Due Diligence Package” is information and copies of documents (where applicable) that Franchisee supplies to us which consists of Franchisee’s financial statements (including monthly revenue information) for the preceding three (3) years, a copy of the Business’s current lease or sublease (if applicable), information about the number and compensation of employees working at the Business, payroll tax records for the past three (3) years, business income tax records for the past three (3) years, client records and the Franchisee’s merchant account printouts for the past three (3) years, the Franchisee’s bank deposits for the past three (3) years, and a description of competing wedding and special event planning businesses and/or any other type of businesses offering similar Services and products (if we are selling products at that time) operating within the Territory. If we notify Franchisee within thirty (30) days after the Trigger Date (the “First Notice Deadline”) that we are preliminarily interested in exercising our right of first refusal, we will have an additional thirty (30) days after the First Notice Deadline both to conduct our due diligence and then to notify you of either our binding intent to exercise our right of first refusal or our decision not to exercise this right. This additional period is called the “Due Diligence Deadline.” If we elect to purchase the Interest proposed to be sold for the price and on the terms and conditions contained in the offer:

- 1) We may substitute cash for any other form of payment proposed in the offer (such as ownership interests in a privately held entity);
- 2) Our credit will be deemed equal to the credit of any proposed buyer, meaning that, if the proposed consideration includes promissory notes, we may provide promissory notes with the same terms as those offered by the proposed buyer, except as to subordination. Regarding subordination, Franchisee acknowledges and agrees that our obligations under the promissory notes then outstanding to any and all lenders, although senior to the equity rights of our owners will also be senior to the promissory notes given to Franchisee;
- 3) We will have an additional thirty (30) days after the Due Diligence Deadline to close; and
- 4) We must receive, and Franchisee agrees to provide, all customary representations and warranties given a seller of assets of a similar business or the ownership interests in a similar legal entity, as applicable, including, without limitation, representations and warranties regarding:
 - i. Ownership and condition of and title to ownership interests and/or;
 - ii. Liens and encumbrances relating to ownership interests and/or assets;
 - iii. Validity of contracts and the liabilities, contingent or otherwise, of the entity whose ownership interests are being purchased;

- iv. All products, supplies, technology items, software, Vehicles and Trailers are in good working condition and suitable for use;
- v. No litigation or administrative proceedings pending against the Franchisee, or any of its officers, directors, or Owners arising out of the Franchisee's business;
- vi. There are no notices from any federal, state, or local governmental authority to make any changes to the Business or that negatively affect it;
- vii. The Franchisee has the authority to sell the assets of its Business, including a copy of all director and/or Owner resolutions;
- viii. The Franchisee will comply with the Bulk Sales Act, if it is required under the laws of the Franchisee's state;
- ix. There will be no material adverse change in the operation of the Franchisee's business between the date of signature of any Asset Purchase Agreement, and the date of settlement;
- x. There are no tax or employee claims or issues; and
- xi. The Franchisee will not enter into any transaction between the date of signature and the date of settlement other than in the ordinary course of business.

D. Transfer Upon Death or Mental Incapacity

Upon the death or mental incapacity of any person with an interest in a Dream Day Dressing Rooms[®] Business, the executor, administrator, or personal representative of that person must transfer his interest to a third party approved by us within six (6) months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have six (6) months to dispose of the deceased's interest in the Business, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within six (6) months, we may terminate this Agreement.

Upon the death of the Franchisee or if an Entity, an Owner who owns more than forty-nine percent (49%) or more of the Business, or in the event of any temporary or permanent mental or physical disability of such person, a manager shall be employed for the operation of the Business who has successfully completed our training courses to operate the Business for the account of Franchisee. If after the death or disability of the named Owner, the Business is not being managed by such trained manager, we are authorized to appoint a manager to maintain the operation of the Business until an approved transferee will be able to assume the management and operation of the Business, but in no event for a period exceeding ninety (90) days without the approval of the personal representative of the Principal; such manager shall be deemed an employee of the Franchisee. All funds from the operation of the Business during the period of management by such appointed or approved manager shall be kept in a separate fund and all expenses of the Business, including compensation of such manager, other costs, and travel, and living expenses of such appointed or approved manager, shall be charged to such fund. As compensation for the management services provided, in addition to the fees due, we shall charge such fund the full amount of the direct expenses incurred by us during such period of management for and on behalf of Franchisee, provided that we shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the Principal or personal representative of the Principal, or any person or entity having an interest therein for any debts,

losses or obligations incurred by the Business, or to any creditor of Franchisee or the Principal during any period in which it is managed by our appointed or approved manager.

Within thirty (30) days after any transfer to Franchisee's heirs or successors or the heirs or successors of Franchisee's Owners, the heirs or successors must notify us in writing and make application for approval of assignment of the Franchise. The application for assignment is subject to the same conditions, procedures, and costs as assignment of any other franchise except that there will be no transfer fee.

E. Transfer, Sale, or Assignment to a Third Party

If we do not exercise our right to purchase within thirty (30) days pursuant to Section XXII.C, Franchisee may thereafter transfer, sell, or assign the Interest to a third party, but not at a lower price or on more favorable terms than disclosed to us in writing. The sale is subject to our prior written approval as specified in this Agreement.

If Franchisee does not complete the sale to the proposed buyer within ninety (90) days after we notify Franchisee that we do not intend to exercise our right of first refusal (whether or not the First Notice Deadline or the Due Diligence Deadline has expired), or if there is a material change in the terms of the sale (which Franchisee must communicate promptly to us), we will have an additional right to accept the sale during the thirty (30) day period following either the expiration of that ninety (90) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option. If Franchisee does not complete the sale to the proposed buyer within an additional ninety (90) days, then any proposed sale or transfer thereafter once again must comply with all of the provisions of Sections XXII.B, XXII.C and XXII.E, as though there had not previously been a proposed sale or transfer.

In addition to its other obligations, such as obtaining our prior written approval, if Franchisee sells or offers to sell ownership interests, the sale of which is regulated by any applicable law, Franchisee must: (i) fully comply with all applicable laws, (ii) disclose to offerees and purchasers that neither us nor our employees, affiliates or agents are an issuer or underwriter, or are in any way liable or responsible for the offering, (iii) ensure that we have reasonable time to review any reference to us or our franchisees in any prospectus or offering documents before their distribution or use, (iv) pay us actual legal costs incurred for our review, (v) indemnify us, our officers, owners, directors, employees, affiliates, and agents from any liability, cost, damage, claim, and expense and from any and all obligations to any person, entity or governmental agencies arising out of or relating to the offer, sale or continuing investment, (vi) sign such further indemnities and provide such further assurances as we may reasonably require and (vii) disclose our ownership rights to all trademarks, service marks, trade names, logos, trade secrets, copyrights, and patents.

If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. We and Franchisee may execute an addendum setting forth certain of these amendments applicable in certain jurisdictions, so long as and to the extent that then applicable laws referred to in the addenda remain in effect.

F. Resale Assistance of Franchised Business

Franchisee may, at any time, request our assistance in locating a buyer for its Business. We may, at our option, provide such assistance in accordance with the policies and procedures as set forth in the Operations Manual. We reserve the right to charge Franchisee a fee to cover our reasonable costs and expenses (including the time committed by our employees) incurred in providing such assistance. If we elect to assist Franchisee in finding a buyer for the Business in any way, we make no promises or commitments to Franchisee that a buyer will be located or that anyone will be willing to purchase the

Business at a price acceptable to Franchisee. We reserve the right to reject any proposed sale based on our determination, in our sole discretion, that the transferee does not meet the requirements set forth above or that the purchase price or purchase terms agreed to between Franchisee and any prospective buyer is excessive or will not enable the buyer to succeed as a franchisee in the System, and by requesting our assistance Franchisee waives any liability claims it may have against us for such rejection.

XXIII. TERMINATION OF FRANCHISE

A. Impact of Statutes Upon Franchise Agreement

Some state laws provide certain rights to franchisees located in a particular state, including: (1) limitations on our ability to terminate a franchise except for good cause; (2) restrictions on our ability to deny renewal of a franchise; (3) circumstances under which we may be required to purchase certain inventory of franchisees when a franchise is terminated or not renewed in violation of the statute; and (4) provisions relating to arbitration. To the extent that the provisions of this Franchise Agreement are inconsistent with the terms of such state laws, the terms of the applicable state laws may control in those states.

Termination or modification of a lease or contract upon the bankruptcy of one of the Parties may be unenforceable under the Bankruptcy Act of 1978, Title II, U.S. Code, as amended.

B. Termination by Franchisor with Right to Cure

Except as otherwise provided in this Agreement, upon any material default by Franchisee under this Agreement or any other agreement between Franchisee and us or our affiliates, we may terminate this Agreement only by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Any breach relating to any violation of health or safety laws must be cured within seventy-two (72) hours or such shorter period prescribed by law. Any default for failure to pay monetary amounts must be cured within five (5) days or shorter period as is provided by law.

We may invoke our rights under this Section XXIII.B if, among other things, Franchisee fails to pay any required sums contemplated by this Agreement or any other agreement between Franchisee and us (and/or our respective affiliates).

C. Termination of Franchise without Right to Cure

Notwithstanding the foregoing, Franchisee shall be deemed to be in breach and we, at our option, may terminate this Agreement and all rights granted under it without affording Franchisee any opportunity to cure the breach, effective immediately upon us notifying Franchisee in writing of such breach, if Franchisee does any of the following:

1. Fails to agree on a Territory (if a Territory was not agreed upon before signing this Agreement) and/or fails to open the Business within the specified time limits as provided in Section IX.B above;
2. Fails to attend and satisfactorily complete the initial training program before Franchisee anticipates opening the Business (as described in Section XX.A);

3. Attends the initial franchise training program and we determine, in our sole discretion, that the Franchisee, its Owners or Operations Manager has failed the initial training program and does not appoint another person to attend; or another Operations Manager appointed by Franchisee fails the initial training program and/or is deemed not qualified to manage a Dream Day Dressing Rooms® business (as described in Section XX.A);
4. Abandons, surrenders, assigns, or transfers control of the operation of the Business to a third party or sub-franchises this Agreement without our permission; or fails to continuously and actively operate the Business for five (5) consecutive days, unless precluded from doing so by damage to the premises of the Business due to war, act of God, civil disturbance, natural disaster, labor dispute or other events beyond Franchisee's reasonable control;
5. Fails or refuses, on more than three occasions during the term of this Agreement, to submit when due for a reasonable time thereafter any financial statement, tax return or schedule, or to pay when due Royalty Fees, or any other payments due us or our affiliate;
6. Operates the Business in a manner that violates any federal, state, or local law, rule, regulation, or ordinance (which includes failure of Franchisee to use its best efforts when hiring Employees and/or independent contractors, including taking every action required by applicable laws related to criminal background checks for all prospective independent contractors or Employees that go to job sites);
7. Is unable to provide Services or products (if we authorize the sale of products in the future) associated with the System; or if any business or professional license or permit required by law is suspended or revoked, or otherwise not maintained continuously and actively in full force and effect, and in good standing;
8. Fails, for a period of fifteen (15) days after notification of non-compliance by us or any appropriate authority, to comply with any federal, state, or local law, ordinance, or regulation applicable to the operation of the Business;
9. Violates any environmental, health, safety or sanitation law, ordinance, or regulation, or operates the Business (including operating any Vehicles and Trailers) in an unsafe manner; and does not begin to cure the violation immediately and to correct the violation within seventy-two (72) hours or a shorter period as required by applicable law once Franchisee receives notice from us or another party;
10. Has made a material misrepresentation or omission on the application for the Franchise;
11. Discloses or divulges, to any unauthorized person, the contents of the Operations Manual, training materials or any other Confidential Information provided to Franchisee by us;
12. Fails to have one full-time salesperson that is either the Franchisee or one of its Owners or fails to hire a minimum of one full time salesperson within the specified time limits as provided in Section XII.F and keep one full time salesperson on staff for the entire duration of this Agreement;
13. Fails to adhere to our Vehicle and Trailer appearance standards and fails to reasonably maintain the Vehicle and Trailer as specified by us and Sections XII.H and XII.U of this Agreement;

14. Fails to comply with modifications to System standards as required by us within a ninety (90) day period from the time of written notice by us;
15. Offers and/or sells Services, products, supplies and/or equipment (if we authorize franchisees to sell products or equipment in the future) through any alternative channel of distribution without our permission; or engages in any other activity, which has a material adverse effect on us or the Names and Marks;
16. Makes any changes to any products, Proprietary Products (if developed) or any third-party products (such as changing containers, packaging, labeling, etc.), supplies or equipment as described in Section XII.I of this Agreement;
17. Makes or allows any unauthorized use or copy of Confidential Information, Proprietary Products and/or Software (if developed) or seeks to challenge our ownership rights in the System, including our Confidential Information, Proprietary Products and/or Software;
18. Engages in any activity to translate, reverse engineer, reverse compile, change or disassemble any creative or derivative works based on our Confidential Information, products, Proprietary Products and/or Software (if developed);
19. Manufactures or produces any piece of equipment, product or supply that is similar to, or competes with any of our Proprietary Products or any third-party product, supply or equipment used, offered, or sold in the Business without our advanced written consent;
20. Engages in activity to distribute, act as an exclusive distributor or secure exclusive rights to distribute any supplies, Proprietary Product or third-party product or equipment offered or sold in the Business without our written consent;
21. Engages in activity to sublicense, rent, lease, sell, distribute, or otherwise transfer our Confidential Information and/or Software (if developed) or any portion thereof, or any rights therein, to any person or entity;
22. Exhibits a reckless disregard for the physical or mental well-being of employees, clients, us or our representatives, or the public at large, including battery, assault, harassment or discrimination, alcohol or drug abuse or other forms of threatening, outrageous or unacceptable behavior as determined in our sole and absolute discretion;
23. Fails to procure and maintain all required insurance coverage (including any lapses, alterations, or cancellations to the insurance policies) as defined in Section XIII of this Agreement;
24. Fails or refuses to: (i) cease using and/or remove any type of product or supply (this includes any furnishings or fixtures), vendor or supplier necessary for the operation of the Business deemed to constitute a violation of this Agreement by us; (ii) purchase and maintain all supplies (specifically furnishings and fixtures) and technology items (clean, service, repair and replace) as specified by us; (iii) offer, modify, change or discontinue any Service, package, program, product, Proprietary Equipment or Proprietary Products (if we authorize Franchisee to sell products and/or if such equipment or products are developed in the future) as we specify; and/or (iv) execute and perform Services according to our standards (as described in Sections XII.H and XII.I of this Agreement);

25. Implements any type of service, package, program, or product and/or offers or sells any service, package, product, or equipment, without our permission and not approved by us in writing, as described in Section XII.H of this Agreement;
26. Fails to: (i) use only our approved vendors and suppliers; (ii) purchase and/or use any products, Proprietary Products (if developed), supplies or services as specified by us; and (iii) adhere to our purchasing strategies according to our standards and specifications as described in Sections XII.H and XII.I of this Agreement;
27. Fails or refuses to: (i) use required customer relationship software and/or adhere to our customer relationship software fee requirements in the operation of the Business as described in Sections X.E and XII.H of this Agreement;
28. Fails or refuses to: (i) comply with our inventory requirements or minimum representation requirements (if applicable); or (ii) comply with any auto-ship programs (if applicable) as set forth in the Operations Manual;
29. Engages in Target Marketing to solicit clients and/or accounts outside the assigned Territory; or Franchisee fails or refuses to refer special events or clients to other franchisees or company-owned businesses (as described in Section VI);
30. Uses the Names and Marks or any part thereof in any form on the Internet, including but not limited to, Websites (including addresses, domain names, URLs, links, metatags, locators, etc.), search techniques and co-branding arrangements without our prior written consent;
31. Is convicted of a felony or has pleaded nolo contendere to a felony, or is convicted on charges relating in any way to the possession or use of illegal drugs, controlled substances or steroids or is charged or convicted of a crime of moral turpitude;
32. Engages in unfair business practices or unethical conduct;
33. Fails to discharge within a reasonable time any valid lien placed against the property of the Business;
34. Makes an assignment for the benefit of creditors or an admission of the Franchisee's inability to pay its obligations as they become due;
35. Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, disposition, adjustment, liquidation, dissolution or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against him, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of the Franchisee or the Business, or the claims of creditors of Franchisee or the Business are abated or subject to a moratorium under any laws;
36. Becomes insolvent or makes a general assignment for the benefit of creditors;
37. If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee;
38. If a receiver or other custodian (permanent or temporary) of the Business, Franchisee, or Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction or by private instrument or otherwise;

39. If proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee.
40. If a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); or if Franchisee is dissolved or is wound up;
41. If execution is levied against Franchisee's business or property or against any ownership interest in Franchisee;
42. If any real or personal property of Franchisee's Business shall be sold after levy by any sheriff, marshal, or constable;
43. If Franchisee is in material violation of the terms of Sections XII, XVI, XX and/or XXII;
44. If Franchisee maintains false books or records, or submits any false reports to us;
45. If any inspection of Franchisee's records discloses an under-statement of payments due to us of two percent (2%) or more, two or more times in any two (2) year period;
46. If Franchisee's business has three (3) or more material complaints reported to a governmental entity or other public forum (material complaints are determined in our sole discretion) with respect to the Business in any twelve (12) month period.

D. Termination by Franchisee

If we violate a material and substantial provision of the Agreement and fail to initiate a remedy to cure the violation within thirty (30) days after receiving written notice from Franchisee detailing our alleged default, Franchisee may terminate this Agreement if so, permitted under applicable law. Any termination of this Agreement and the Franchise by Franchisee, without complying with the foregoing requirements, or for any reason other than breach of material and substantial provision(s) of this Agreement by us and our failure to cure such breach within thirty (30) days after receipt of written notice thereof, shall not be permitted.

E. General Effect of Termination

On termination or expiration, all of Franchisee's post-termination obligations, including covenant not to compete, non-disclosure, return of the Operations Manual and other proprietary materials, and indemnification, will remain in full force and effect. If this Agreement terminates for any reason prior to its expiration date, we will be entitled to certain damages (as described in Section XXIV.H).

F. Territory Modification as an Alternative to Termination

If Franchisee is in default of the Franchise Agreement, as an alternative to termination, we may modify or completely eliminate any rights that Franchisee may have with respect to the protected status of the Territory, effective ten (10) days after delivery of written notice to Franchisee. In addition, we may modify or completely eliminate Franchisee's Territory.

XXIV. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Franchisee Shall Cease Using Names and Marks

Franchisee further agrees that, upon termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any Confidential

Information, methods, trade secrets, procedures, descriptions of Services and products (if we authorize franchisees to sell products in the future) associated with us and our Names, Marks, patents and any proprietary marks and distinctive forms, slogans, tag lines, symbols, signs, logos or devices associated with the System. Franchisee shall cease to use, without limitation, all signage and décor (if operating out of a location), Vehicles, Trailers, advertising materials, stationery, forms, and any other articles, which display our Names and Marks. If Franchisee operates out of a location, Franchisee shall make or cause to be made, at its expense, changes directed by us in signage, buildings, structures, Vehicles, Trailers, and Premises to effectively distinguish the surviving business entity, if any, from its former appearance as a Dream Day Dressing Rooms® business and from other existing Dream Day Dressing Rooms® businesses. Franchisee shall comply with the covenant not to compete and the agreement to maintain the confidentiality of proprietary information, as well as return all information that is considered to be Confidential Information under the terms and conditions of this Agreement back to us.

B. Franchisee Shall Cease Operating Business and Refrain from Notifying Clients

Franchisee shall immediately cease to operate the Business under this Agreement, and shall not thereafter, directly, or indirectly, represent itself to the public or hold itself out as a present or former Franchisee of ours.

In addition, Franchisee shall not give notice of termination or expiration of this Agreement to Franchisee's clients without our prior written consent. We shall have the sole right to notify all of Franchisee's clients of the termination or expiration of this Agreement at the time and manner we determine to be most appropriate. All existing client lists of the Franchisee shall be our property. Franchisee shall assist us in transferring all clients to another franchisee, company-owned business or to us upon termination or expiration of this Agreement at such times and in the manner we require.

Franchisee must immediately tender all new or used inventory of our Proprietary Products (if developed), décor, signage, promotional, advertising and marketing materials in addition to all Confidential Information to us and/or our designated affiliates or destroy, if notified by us in writing to do so, all inventory of such items in a timely manner in accordance with the terms of the Operations Manual and as specified in Section XXIV.G of this Agreement.

C. Franchisee May Not Adopt Confusingly Similar Names and Marks

Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Names and Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our exclusive rights in and to the Names and Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us or a former association or connection with us.

D. Franchisee Shall Cancel Assumed Names and Transfer Phone Numbers

Franchisee further agrees that upon termination or expiration of this Agreement, Franchisee shall take all action necessary to cancel all assumed names or equivalent registrations relating to its use of any or all of the Names and Marks. Franchisee shall take all actions necessary to transfer all phone numbers, addresses, domain names, Websites, email, listings, and location contacts for the Business to us or our designee, including but not limited to authorizing all telephone, Internet, Websites, email, electronic network, directory, and listing entities to effectuate the same.

E. Franchisee Shall Transfer or Terminate Domain Name and Website

Upon termination or expiration of this Agreement, Franchisee agrees that, we will have the absolute right to notify InterNIC, ICANN and all other Internet authorities of the termination or expiration of Franchisee's right to use all domain names, website, Websites, and other search engines for the Business and to authorize the above and other search engines to transfer to us or our designee all domain names, website, Websites, and search engines associated with the Business. Franchisee acknowledges and agrees that we have the absolute right to, and interest in, all domain names, website, Websites, and search engines related to the Business and that we have the full right and authority to direct the above Internet authorities and all search engines to transfer Franchisee's domain names, website, Website and search engines to us or our designee if this Agreement expires or is terminated for any reason. Franchisee further acknowledges that this Agreement will constitute a release by Franchisee of the above Internet authorities from any and all claims, liabilities, actions, and damages that Franchisee may, at any time, have the right to allege against them in connection with this provision.

F. Franchisee Must Return Operations Manuals and Other Materials

Franchisee further agrees that upon termination or expiration of this Agreement, Franchisee will immediately return to us all copies of the Operations Manual, training materials and any other materials, which have been loaned to Franchisee by us. Franchisee further agrees to turn over to us all items containing any of the Marks, and all client lists and contracts for the Franchised Business.

G. Franchisor May Purchase Assets

We shall have the first right of refusal to purchase or assume Franchisee's interest in the Franchised Business, or in its assets on the same terms as those contained in a bona fide offer from a third party. As used in this Section, "Assets" means all equipment, products, Proprietary Products, décor items, technology items, Vehicles, signage, inventory of supplies (furnishings, fixtures, non-perishable products, and all other items necessary to operate the Business in addition to advertising and marketing materials), Vehicles, Trailers, leasehold improvements and the lease or sublease for the Business (if applicable). This right is governed by time limits and procedures described in this Agreement with respect to our right of first refusal in the event of an assignment. If we exercise our right of first refusal, Franchisee must transfer Franchisee's interest in the Franchised Business and in the Assets.

If Franchisee is selling its Assets, we shall have the right (but not the duty), to be exercised by notice of our intent to do so within thirty (30) days after termination or expiration, to purchase any or all Assets related to the operation of the Business and all items bearing our Names, Marks, at the lesser of Franchisee's cost or fair market value (less the amount of any outstanding liens or encumbrances). The cost shall be determined based upon a five (5) year straight-line depreciation of Franchisee's original costs. For any Asset that is five (5) or more years old, the Parties agree that fair market value shall be deemed to be ten percent (10%) of the Asset's original cost. However, for any items that display our Marks such as any product, Proprietary Products (excluding Vehicles and Trailers) and regardless of when the item was purchased, the fair market value is agreed to be twenty percent (20%) of the original cost and zero for any type of marketing and/or promotional materials. We and Franchisee agree that the terms and conditions of our right and option to purchase the Assets may be recorded, if deemed appropriate by us. If we elect to exercise any option to purchase herein provided, we shall have the right to set off all amounts due from Franchisee.

H. Franchisee Must Pay Monies Owed to Franchisor; Liquidated Damages

Franchisee shall pay to us, within thirty (30) days after the effective date of termination or expiration of this Agreement, such Royalty Fees, System Advertising Fees, other advertising fees, payments or any other sums owed to us by Franchisee, which are then unpaid. Franchisee shall pay to us

all damages, costs, and expenses, including reasonable attorney's fees, incurred by us in obtaining injunctive or other relief for the enforcement of any provisions of Section XIX.

In the event of termination of this Agreement prior to its expiration date, Franchisee acknowledges that the Parties have considered the following in determining the amount of Liquidated Damages ("Damages"): (1) that the amount of the Damages is reasonable under the circumstances existing at the time this Agreement is made; (2) that the amount of Damages bears a rational relationship to the damages the Parties anticipate would flow from the breach of this Agreement; (3) the agreement to the amount of the Damages is necessary because actual damages are difficult to prove; and (4) the amount of the Damages are not so large that they act as a penalty. Franchisee accordingly agrees that in such event it shall be obligated to pay to us, the amount of the Damages which is a total of all Royalty Fees and System Advertising Fees payments that we would have received, if this Agreement remained in effect until its scheduled expiration date, subject to the following. This amount of Damages shall be calculated by adding together the average monthly Royalty Fee payments and the average System Advertising Fee payments that were paid to us during the previous twelve (12) months for either the remaining term of this Agreement or two (2) years (whichever comes first) in addition to the amount of Royalty and System Advertising Fee payments due to us for any receivables Franchisee has yet to receive for jobs that will be closed and completed within the ninety (90) day period after the effective date of termination or expiration of this Agreement and regardless of whether such amounts have been collected by the Franchisee. If the Franchisee has not made twelve (12) months of payments, then the number of payments it has made will be used to calculate the average of Royalty Fee and System Advertising Fund Fee payments in addition to receivables Franchisee has yet to collect as described above. Such payments shall be due to us within thirty (30) days after the effective date of termination or expiration.

Except as otherwise provided in this Agreement, Franchisee shall retain whatever interest it may have in the Assets of the Franchised Business.

XXV. ENFORCEMENT

A. Franchisee May Not Withhold Payments Due Franchisor

Franchisee agrees that he or she will not withhold payments of any Royalty Fees, System Advertising Fees or any other amounts of money owed to us for any reason, on grounds of alleged nonperformance by us of any obligation. All such claims by Franchisee shall, if not otherwise resolved by us and Franchisee, be submitted to arbitration as provided in this Agreement. The Franchisee has no right of offset or set off to any amounts due and owing to us.

B. Severability and Substitution of Valid Provisions

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder or requires the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements.

C. Mediation

The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction before resorting to arbitration as set forth in Section XXV.D. Any party to this Agreement may initiate mediation by serving a written demand on the other party stating the particulars of the demand being served. Mediation fees shall be divided equally among the parties involved. Before any mediation commences, the Parties will agree to a date and/or certain event which will constitute a

completion of the mediation process. All mediations shall be held in Anoka County, Minnesota. If, for any dispute or claim to which this paragraph applies, any party commences an action without first attempting to resolve the matter through mediation or refuses to mediate within ninety (90) days after a request has been made, then the other party (“Mediating Party”) shall be entitled to recover attorney’s fees and costs, even if such Mediating Party was not otherwise entitled to recover its attorney fees and costs in any arbitration or legal action between the Parties pursuant to the terms of this Agreement. This mediation provision applies whether or not the arbitration provision is initiated. The requirement to pay the Mediating Party’s attorney’s fees and costs apply regardless of whether the other party waits until the expiration of the ninety (90) day period to file the arbitration and applies as long as said party refuses to attend mediation. Mediation shall be held at the same venue as for arbitration as described in Section XXV.D.

D. Arbitration

Except as we elect to enforce this Agreement by judicial process, injunction, or specific performance (as provided above), all disputes and claims relating to any provision hereof, any specification, standard or operating procedure, or any other obligation of Franchisee prescribed by us, or any obligation of us, or the breach thereof (including, without limitation, any specification, standard or operating procedure or any other obligation of Franchisee or us, which is illegal or otherwise unenforceable or voidable under any law, ordinance, or ruling) shall be settled by mandatory binding arbitration in Anoka County, Minnesota. Arbitration must be in accordance with the then current Commercial Rules of the American Arbitration Association (“AAA”) and, where applicable, the provision of the Federal Arbitration Act, i.e. 9 USC §1, et al; and provided that at the option of us or the Franchisee that the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association which could include an attorney with twenty (20) years or more franchise experience. The actual selection of the arbitrator from the list will be in accordance with the procedures for selecting an arbitrator under the Commercial Rules of the AAA. The Parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 1-3 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. The Parties further agree that arbitration will be conducted on an individual and not a class-wide or multiple plaintiff basis.

The Party discovering an arbitrable claim will have one (1) year from the date of discovery but not to exceed two (2) years from the date the claim occurred, in which to settle the claim or to commence arbitration on the claim. Otherwise, the claim or demand will be deemed abandoned and shall be barred. The arbitrator shall allow discovery in accordance with the Minnesota Rules of Civil Procedure and may apply the sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award and the arbitrator shall have the right to award or include in the award the specific performance of this Agreement. Unless specifically provided for by applicable statute, no punitive or exemplary damages shall be awarded against either us or Franchisee, or entities related to them, in an arbitration proceeding or otherwise, and are hereby waived. Judgment upon the award of the arbitrator will be entered in any court having competent jurisdiction thereof or of the Franchisor or Franchisee. During the pendency of any arbitration proceeding hereunder, Franchisee and we shall fully perform their/our respective obligations pursuant to the terms and conditions of this Agreement. Arbitration fees shall be shared equally, and the prevailing Party shall be entitled to recover reasonable attorney fees from the other Party, provided should there be no prevailing Party each Party shall pay their own attorney fees.

The requirement to arbitrate under this arbitration provision as well as to mediate under the mediation provision in Section XXV.C shall not apply to any of the following disputes or controversies: any action for injunctive or other provisional relief including but not limited to enforcement of liens, security agreements, or attachment, as we deem to be necessary or appropriate to compel Franchisee to comply with Franchisee’s obligations to us and/or to protect the Names and Marks or any claim or dispute involving or contesting the validity of any of the Names and Marks, or any claim or dispute involving any

of the Confidential information, trade secrets, or copyrights provided by us to the Franchisee under this Agreement.

E. Rights of Parties are Cumulative

The rights of us and Franchisee are cumulative, and the exercise or enforcement by us or Franchisee of any right or remedy shall not preclude the exercise or enforcement by us or Franchisee of any other right or remedy hereunder which we or Franchisee are entitled by law to enforce by the provisions of this Agreement or of the Operations Manual. In addition, both Parties agree that during any type of dispute or claim neither Party will attempt to: publish any proceedings, make any publicly available claims; or make any disparaging statement which could tarnish the reputation of the other Party.

F. Judicial Enforcement, Injunction and Specific Performance

We shall have the right to enforce by judicial process our right to terminate this Agreement for the causes enumerated in Section XXIII of this Agreement, to collect any amounts owed to us for any unpaid Royalty Fees, or other unpaid fees or charges due hereunder, arising out of the business conducted by Franchisee pursuant hereto, and to pursue any rights we may have under any leases or subleases (if applicable), sales, purchases, or security agreements or other agreements with Franchisee. We shall be entitled, without bond, to the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If we secure any such injunction or orders of specific performance, Franchisee agrees to pay to us an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation, court costs, and other litigation expenses, travel and living expenses, and any damages incurred by us as a result of the breach of any provision of this Agreement.

G. Minnesota Law Applies

Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C., Section 1051 *et seq.*) or the U.S. Arbitration Act, this Agreement shall be governed by the laws of the state of Minnesota, and the sole and exclusive venue for arbitration or litigation shall lie in Anoka County, Minnesota, or in the applicable United States District Court for Minnesota.

H. Attorney Fees

In the event that either Party incurs any expenses (including but not limited to reasonable attorney's fees and reasonable expert witness fees) in enforcing the provisions of this Agreement by arbitration or legal action, the prevailing Party shall be entitled to recover such expenses directly from the other.

I. Binding Effect

This Agreement is binding upon the Parties hereto and their respective permitted assigns and successors in interest.

J. Entire Agreement/Integration/No Other Agreements/Manual(s) May Change

This Agreement and all exhibits to this Agreement constitute the final, complete, and exclusive agreement between the Parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations we made in the Disclosure Document that we furnished to Franchisee. No amendment, change, or variance from this Agreement shall be binding on either Party unless mutually agreed to by the Parties in writing. The Operations Manual may be amended at any time by us, and Franchisee shall adapt its methods or procedures to comply with the requirements thereof.

K. Force Majeure

Except for monetary obligations or as otherwise specifically provided in this Franchise Agreement, if either Party to this Agreement shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, pandemics or other causes beyond the reasonable control of the Party required to perform such work or act under the terms of this Agreement through no fault of such Party, then performance of such act shall be excused for the period of the delay, but in no event to exceed ninety (90) days from the stated time periods as set forth in this Franchise Agreement.

XXVI. NOTICES

Any and all notices permitted or required to be given hereunder shall be deemed duly given: (i) upon actual receipt if delivery is by hand; or (ii) upon receipt by the transmitting party of a confirmation or return response when delivery is by facsimile or email; (iii) 48 hours after deposit to a reputable overnight carrier with confirmation sent or being available, or (iv) 72 hours after deposit into the United States mail if delivery is by postage prepaid, registered or certified, return receipt requested mail. Each such notice shall be sent to the respective party at the address indicated in this Agreement or to any other address as the respective party may designate by notice delivered pursuant to this Agreement.

XXVII. COUNTERPARTS

This Agreement and any amendments or supplements hereto may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by each of the Parties hereto. A signed copy of this Agreement delivered by email, DocuSign, or other means of electronic transmission (to which a PDF copy is attached) will be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

XXVIII. TIME IS OF THE ESSENCE

Time is of the essence. The Parties to this Agreement hereby agree that time is of the essence with respect to each of their respective duties and obligations under this Agreement.

XXIX. APPROVALS AND WAIVERS

Whenever this Agreement requires the prior approval or consent of us, Franchisee shall make a timely written request to us therefore, and such approval or consent shall be obtained in writing.

We make no warranties or guarantees upon which Franchisee may rely, and assume no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request, therefore.

No failure of us to exercise any power reserved to us by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the Parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms herein. Waiver by us of any particular default or breach by Franchisee shall not affect or impair our rights with respect to any subsequent default or breach of the same, similar or different nature, nor shall any delay, forbearance, or omission, breach or default by us to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or

impair our right to exercise the same, nor shall such constitute a waiver by us of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

XXX. AUTHORITY

Franchisee or, if Franchisee is a corporation, limited liability company or partnership, the individuals executing this Agreement on behalf of such corporation, limited liability company or partnership, warrant to us, both individually and in their capacities as owners or officers, that all of them as the case may be, have read and approved this Agreement, including the restrictions which this Agreement places upon their right to transfer their respective interests in such entity as set forth in Section XXII.

XXXI. FURTHER REPRESENTATIONS AND WARRANTIES BY THE FRANCHISEE

Franchisee acknowledges and warrants that it has received a complete and final copy of this Agreement, our Disclosure Document, and applicable exhibits, in a timely fashion as required; and that before signing this Agreement, Franchisee was given ample opportunity to review and examine our Disclosure Document and was furnished with copies of the documents. **NO ORAL, WRITTEN OR VISUAL CLAIM OR STATEMENT THAT CONTRADICTS THE DISCLOSURE DOCUMENT WAS MADE.**

FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE, ALL MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS, HAVE BEEN ADVISED TO HAVE THIS AGREEMENT AND ALL OTHER DOCUMENTS REVIEWED BY AN ATTORNEY AND THAT FRANCHISEE, ALL MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS HAVE READ, UNDERSTOOD, HAD AN OPPORTUNITY TO DISCUSS AND AGREED TO EACH PROVISION OF THIS AGREEMENT. THE FRANCHISEE AND MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS AGREE THAT THERE HAS BEEN NO PRESSURE OR COMPULSION BY FRANCHISOR OR ITS AGENTS TO SIGN THIS AGREEMENT.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED TO BE UNDERTAKEN BY FRANCHISEE AND ITS OWNERS IS SPECULATIVE AND WILL BE DEPENDENT ON PERSONAL EFFORTS AND SUCCESS IS NOT GUARANTEED. FRANCHISEE AND MANAGING PARTNERS, MEMBERS OR SHAREHOLDERS ACKNOWLEDGE AND REPRESENT THAT IT HAS ENTERED INTO THIS AGREEMENT AND MADE AN INVESTMENT ONLY AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE OPPORTUNITY, INCLUDING HAVING RECEIVED A LIST WITH THE FRANCHISE DISCLOSURE DOCUMENT OF OTHER CURRENTLY AND PREVIOUSLY OPERATED DREAM DAY DRESSING ROOMS® FRANCHISES.



IN WITNESS WHEREOF, the Parties hereto have duly executed, sealed, and delivered this Suite Surroundings, LLC Franchise Agreement in duplicate on this date _____/_____/20____.

FRANCHISOR:

Address for Notices:
 Suite Surroundings, LLC
 2319 175th Lane NW
 Andover, MN 55304
 Telephone: (612) 361-1361
 Attn: Heidi Mathson

Suite Surroundings, LLC

Signed: _____
 Name: _____
 Title: _____
 Date: _____

FRANCHISEE:

Address for Notice:

 Telephone: _____
 Fax: _____
 Attn: _____

Signed: _____
 Name: _____
 Date: _____
 Signed: _____
 Name: _____
 Date: _____
 Signed: _____
 Name: _____
 Date: _____
 Signed: _____
 Name: _____
 Date: _____

SCHEDULE 1
 SUITE SURROUNDINGS, LLC
 AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS
 (DIRECT DEPOSIT)

BY AND BETWEEN Suite Surroundings, LLC AND _____ (“Franchisee”)
 DATED _____ 20__.

The undersigned Franchisee (“DEPOSITOR”) hereby authorizes Suite Surroundings, LLC (“FRANCHISOR”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below, and the depository designated below (“DEPOSITORY”) to debit such account pursuant to FRANCHISOR’s instructions.

DEPOSITORY	Branch
Address	City, State and Zip Code
Bank Transit/ABA Number	Account Number

This authority is to remain in full force and effect until DEPOSITORY has received joint written notification from FRANCHISOR and DEPOSITOR of the DEPOSITOR’s termination of such authority in such time and in such manner as to afford DEPOSITORY a reasonable opportunity on which to act. If an erroneous debit entry is initiated to DEPOSITOR’s account, DEPOSITOR shall have the right to have the amount of such entry credited to such account by DEPOSITORY, if (a) within 15 calendar days following the date on which DEPOSITORY sent to DEPOSITOR a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, DEPOSITOR shall have sent to DEPOSITORY a written notice identifying such entry, stating that such entry was in error and requesting DEPOSITORY to credit the amount thereof to such account. These rights are in addition to any rights DEPOSITOR may have under federal and state banking laws.

DEPOSITOR	FRANCHISOR
By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

SCHEDULE 2
SUITE SURROUNDINGS, LLC
PRE-EXISTING BUSINESSES

As a condition precedent to the effectiveness of the Franchise Agreement and in consideration of the terms and conditions of the Franchise Agreement.

Franchisee represents and warrants to Franchisor as follows:

1. Entities and as an entity owned by [Franchisee and or affiliates of Franchisee] currently operate a business known as _____, (“Pre - Existing Business”).
2. Any and all existing franchise agreements, stockholder agreements, partnership agreements, operating agreements or any other third-party rights relating to the Pre – Existing Business, do not contain any covenants, terms and conditions which do now, or may in the future, prohibit the execution of the Franchise Agreement and the participation of any of the owners, managers, or employees of the Franchisee in the Franchised Business, and
3. Other than the consents of Franchisee and us there is no other third-party consent required for the acquisition of the Franchise to be legally binding and effective, and
4. There are no existing restrictive covenants, other than those which the Pre -Existing Business has waived, binding on Franchisee or any of its partners, owners, agents, representatives, or employees that would be breached by the acquisition and operation of the Franchised Business obligations of Franchisee to us, and
5. The Pre-Existing Business provides the following goods and services to its clients at the following locations:

5.1 Services and products of Pre-Existing Business(es)

5.2 Location(s) of Pre-Existing Goods Business(es)

and from the date hereof will continue to operate as [an independent organization] and shall not carry out any other businesses directly or indirectly competing with the Franchised Business, and

6. Franchisee shall convert the entire Pre-Existing Business into the Franchised Business and shall hence forth operate that business as the Franchised Business under the trade name “Dream Day Dressing Rooms®,” and
7. Franchisee agrees that any business currently operated or to be operated by any affiliate of Franchisee outside of the Franchised Business which later becomes a part of the Franchised Business shall be folded into the Franchised Business after notice and approval by us, and

8. Franchisee shall indemnify, defend and hold harmless us and our affiliates, against all losses, costs, proceedings, judgments, liabilities, expenses, court costs, and reasonable fees of attorneys and other professionals, arising out of or resulting from any breach of the representations and warranties set out in this Schedule or in connection with any willful or negligent act or omission of Franchisee or Franchisee's employees or agents, including but not limited to such act or omission that contributes to any economic damage, bodily injury, sickness, disease or death. This indemnity shall survive termination of the Franchise Agreement.

FRANCHISEE

Signed: _____

Printed Name: _____

Title: _____

Date: _____

SCHEDULE 3
SUITE SURROUNDINGS, LLC
EXECUTIVE ORDER 13224 AND RELATED CERTIFICATIONS

If the Franchisee is an individual or individuals, the Franchisee certifies that he/she/they are not, nor to my/our best knowledge have I/us been designated, a terrorist and/or a suspected terrorist, nor am I/us associated and/or affiliated in any way with any terrorist and/or suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

If the Franchisee is a company, the person(s) signing on behalf of the Franchisee certify(ies) that, to the Franchisee's and such person's best knowledge, neither the Franchisee, such person, and/or any owners, officers, board members, similar individuals and/or affiliates/associates of the Franchisee have been designated, a terrorist and/or a suspected terrorist, nor is the Franchisee or any such persons and/or affiliates/associates owned, controlled, associated and/or affiliated in any way with any terrorist and/or a suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

Franchisee agrees to fully comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations, including properly performing any currency reporting and other obligations, whether relating to the Franchise or otherwise, and/or required under applicable law. The indemnification responsibilities provided in the Franchise Agreement cover the Franchisee's obligations hereunder.

FRANCHISEE

Signed: _____

Printed Name: _____

Title: _____

Date: _____

SCHEDULE 4
SUITE SURROUNDINGS, LLC
ADA & RELATED CERTIFICATIONS

Suite Surroundings, LLC (“we, us, our”) and _____ (“Franchisee”) are parties to a franchise agreement dated, _____ 20____ (the “Franchise Agreement”) for the operation of a Dream Day Dressing Rooms® Business (the “Business”).

In accordance with Section XII.C of the Franchise Agreement, Franchisee certifies to us that the Business and its adjacent areas comply with all applicable federal, state, and local accessibility laws, statutes, codes, rules, regulations, and standards, including but not limited to the Americans with Disabilities Act and all local zoning regulations and building codes. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by us does not constitute ownership, control, leasing, or operation of the Business. Franchisee acknowledges that we have relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify us, our members, managers, officers, employees and agents, and each and all of the Franchisor-Related Entities, in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee’s compliance (or failure to comply) with the Americans with Disabilities Act, all local zoning regulations and building codes and otherwise, as well as the costs, including attorneys’ fees, related to the same.

FRANCHISEE

Signed: _____

Printed Name: _____

Title: _____

Date: _____

SCHEDULE 5
SUITE SURROUNDINGS, LLC
FRANCHISE AGREEMENT: INDIVIDUAL GUARANTY
(USE FOR CORPORATE, PARTNERSHIP OR OTHER ENTITY FRANCHISEE)

This Guaranty (“Guaranty”) to the Franchise Agreement by and between Suite Surroundings, LLC (“we, us, our”) and _____ (“Franchisee”) (the “Franchise Agreement”) is entered into by the undersigned Guarantors this _____ day of _____, 20____.

1. The undersigned Guarantors agree, individually and on behalf of his or her marital community, to personally and unconditionally guarantee the performance of Franchisee under the Franchise Agreement and to perform all obligations under this Guaranty on default by Franchisee of the Franchise Agreement. The undersigned further agree to pay any judgment or award against Franchisee obtained by us. Guarantors are also bound by covenants of the Franchise Agreement that by their nature or terms survive the expiration or termination of the Franchise Agreement, including but not limited to non-competition, indemnity, and non-disclosure provisions.
2. Each Guarantor has consulted legal counsel of his/her own choosing as to his/her responsibilities and liabilities under this Guaranty.
3. Each Guarantor waives:
 - a. Notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed;
 - b. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed;
 - c. Any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability;
4. Each Guarantor consents and agrees that:
 - a. Liability under this Guaranty is joint and several with any other guarantor and the Franchisee;
 - b. Each will render any payment or performance required under this Guaranty on demand, if Franchisee fails or refuses punctually to do so;
 - c. Each will individually comply with the provisions and all subsections of the Franchise Agreement and related documents;
 - d. Liability is not contingent or conditioned on our pursuit of any remedies against Franchisee or any other persons;
 - e. Liability is not affected by any extension of time, acceptance or part performance, release of claims, or other compromise that we may grant Franchisee or other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Franchise Agreement; and

- f. Each waives acceptance and notice of acceptance by us; waives notice of demand, and waives protest and notice of default, except as may be required by the Franchise Agreement.
5. Each Guarantor further hereby consents and agrees that:
- a. Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of Franchisee, other guarantors, and the other owners of the Franchisee;
 - b. This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by an abandonment of the Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by impairment, modification, change, release or limitation of the liability of the Franchisee or its estate in bankruptcy or any remedy for enforcement resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;
 - c. We may proceed against Guarantor and Franchisee jointly and severally, or We may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and
 - d. Guarantor agrees to pay all reasonable attorneys' fees and costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

Guarantor agrees to be personally bound by the arbitration obligations under Section XXV.D of the Franchise Agreement, including without limitation, the obligation to submit to binding arbitration the claims described in Section XXV.D of the Franchise Agreement in accordance with its terms.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature, in his or her individual capacity, on the same day and year as the Agreement was executed.

Dated on the _____ date of _____ 20____.

(Set forth the name, address, and percentage ownership of each owner of Franchisee, their spouse, and their percentage ownership, if applicable):

GUARANTOR NAME	ADDRESS	PERCENTAGE
_____ Signed	_____ _____ _____	_____
_____ Printed		
_____ Signed	_____ _____ _____	_____
_____ Printed		
_____ Signed	_____ _____ _____	_____
_____ Printed		
_____ Signed	_____ _____ _____	_____
_____ Printed		

SCHEDULE 6
SUITE SURROUNDINGS, LLC
STATEMENT OF OWNERSHIP INTERESTS AND PRINCIPALS

- A. The following is a list of all managing partners, shareholders, partners, or other investors in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee and a description of the nature of their interest.

<u>Name</u>	<u>Percentage of Ownership/Nature of Interest</u>
-------------	---

- B. In addition to the persons listed in paragraph A., the following is a list of all Franchisee's Principals described in and designated pursuant to Section XIX.B of the Franchise Agreement. Unless designated as a controlling Principal, each of Franchisee's Principals shall execute the Confidentiality Agreement in the form set forth in Schedule 8.

SCHEDULE 7
SUITE SURROUNDINGS, LLC
COLLATERAL ASSIGNMENT OF LEASE

Franchisee: _____

Franchisor: Suite Surroundings, LLC

Date of this Collateral Assignment of Lease (the "Assignment"): _____

The Franchisee, to effect various provisions of that certain Franchise Agreement dated _____, 20 __, by and between Franchisee and Franchisor (the "Franchise Agreement"), hereby collaterally assigns to Franchisor (subject to the terms and conditions below) all of Franchisee's right, title and interest in, to and under that certain lease (the "Lease") dated _____ 20 __, between Franchisee and _____, ("Landlord"), for that property commonly known as: _____(the "Premises"), a copy of which Lease is attached to this Assignment.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and notwithstanding anything in the Lease to the contrary, it is hereby agreed as follows:

No material modification or amendment of the Lease shall occur or be effective without the prior written consent of Franchisor. Landlord will not consent or allow Franchisee to assign the Lease or sublease the Premise without Franchisor's prior written consent, which shall not be unreasonably withheld.

Except as provided in the Franchise Agreement, Franchisor will not take possession of the Premises under this Assignment until and unless there is a termination, cancellation, rescission or expiration of the Franchisee's rights, or a default by Franchisee, under the Lease, any sublease and/or the Franchise Agreement. In such event(s), Franchisor (or its designee) may (but has no obligation to) take possession of the Premises and assume the Franchisee's rights under the Lease, and, in such event, Franchisee will have no further right, title or interest in or under the Lease or to the Premises, all such rights thereby passing to Franchisor or its designee, without the Landlord's further consent. The Franchisee will fully cooperate therewith and do all acts necessary or appropriate thereto. Franchisor will have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease, the Premises or otherwise until and unless Franchisor takes possession of the Premises pursuant to this Assignment and, in any event, Franchisor will only be responsible for those obligations accruing with respect to the Lease after the date of such express assumption. Upon taking possession of the Premises, Franchisor shall be obligated from that date forward to perform all of the duties and obligations of Franchisee under the Lease. Franchisor shall notify Landlord, in writing, within three days of taking possession of the Premises.

Notwithstanding anything herein to the contrary, upon Franchisor taking possession of the Premises, Franchisee shall not be relieved of any of its obligations under the lease.

The Franchisee will not permit any surrender, termination, amendment, or modification of the Lease and will elect and exercise all options to extend the term of or renew, or assume in bankruptcy, the Lease not less than thirty (30) days prior to the last day that said rights must be exercised. If the Franchisee does not do so, Franchisor may to the extent consistent with the United States Bankruptcy Code (but has no obligation to) do such acts for the account of Franchisee and without any liability or obligation of Franchisor. Failure of Franchisor to exercise any remedy hereunder shall not be a waiver of any of its rights. Franchisor's rights and remedies under this Assignment are in addition to those which the Franchisor

has under the Franchise Agreement or otherwise. This Assignment shall bind, and benefit, Franchisor and Franchisee and their respective successors and assigns. With respect to the Franchisor and Franchisee, the dispute resolution provisions (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Franchise Agreement shall apply to this Assignment, and/or any matter related in any way to it, but Franchisor may, in any event and at Franchisor's option, proceed with any action in court for possession of the Premises and any related remedies. If there is more than one Franchisee, their obligations are joint and several. As between Landlord and Franchisor and/or Franchisee, the dispute provision of the Lease shall apply.

In the event Franchisee shall fail to perform or observe any of the terms, conditions or agreements in the Lease, Landlord shall give written notice thereof to Franchisor and Franchisor shall have the right (but not the obligation) to cure such default. Landlord shall not take any action with respect to such default under the Lease, including without limitation any action in order to terminate, rescind or avoid the Lease, for a period of fifteen (15) days following expiration of any cure period Franchisee may have under the Lease with respect to such default; provided, however, that in the case of any default which cannot with diligence be cured within said additional fifteen (15) day period, if Franchisor shall proceed promptly to cure such default and thereafter prosecute the curing of such default with diligence and continuity, the time within which such default may be cured shall be extended for such period as may be necessary to complete the curing of such default with diligence and continuity.

Landlord will recognize and accept the performance by Franchisor of any act or thing required to be done by Franchisee under the terms of the Lease and will accept such performance as if it were performed by Franchisee.

Landlord agrees that in any case commenced by or against Franchisee under the United States Bankruptcy Code, Franchisor shall have standing to appear and act as a party to the Lease for purposes of the Bankruptcy Code, (but shall not have any obligations under the Lease unless Franchisor expressly assumes the Lease). Landlord shall, during Franchisee's bankruptcy case, serve on Franchisor a copy of all notices, pleadings or documents which are given to Franchisee, and service shall be in the same manner as given to Franchisee. If the Lease or Franchisee's rights under the Lease are terminated, whether by reason of default of Franchisee or Landlord, rejection of the Lease in any bankruptcy case, voluntary surrender, and acceptance, or otherwise, then Landlord shall give written notice of such termination to Franchisor. Franchisor or its nominee shall have the option, exercisable by written notice to Landlord delivered not later than the 30th day after written notice that the termination has occurred, to receive from Landlord a new lease of the Premises on the same terms and conditions as the Lease, for the remaining term of the Lease (that is, the portion of the term that would remain absent the termination and the conditions or events causing the same), and such same terms and conditions shall include any extension rights provided for in the Lease.

Any notice or other communication required or permitted to be given under this Assignment shall be in writing and addressed to the respective party as set forth below. Notices shall be effective (i) on the next business day if sent by a nationally recognized overnight courier service, (ii) on the date of delivery by personal delivery and (iii) on the date of transmission if sent by facsimile during business hours on a business day (otherwise on the next business day) (with receipt of confirmation). Any party may change the address at which it is to receive notices to another address in the United States at which business is conducted (and not a post-office box or other similar receptacle), by giving notice of such change of address in accordance with this provision.

Notices to Franchisor, Franchisee or Landlord shall be addressed as follows:

[Insert applicable notice addresses].

This Assignment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

If any portion or portions of this Assignment shall be held invalid or inoperative, then all of the remaining portions shall remain in full force and effect, and so far, as is reasonable and possible, effect shall be given to the intent manifested by the portion or portions held to be invalid or inoperative.

This Agreement shall be governed by and construed in accordance with the laws of the State of _____.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

FRANCHISEE:

Signature

Signature

Printed Name

Printed Name

LANDLORD

FRANCHISOR:

Suite Surroundings, LLC

by _____

by _____

its _____

its _____

SCHEDULE 8
SUITE SURROUNDINGS, LLC
CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Agreement is made and entered into _____, 20____, between Suite Surroundings, LLC, a Minnesota limited liability company (hereinafter referred to as “we,” “us,” or “our”), _____ (hereinafter referred to as “You”).

RECITALS:

WHEREAS, we have acquired the right to develop a unique system (the “System”) for the development and operation of an onsite wedding and special event dressing room business that provides services to setup fully furnished suites with all the amenities at any location, under the name and mark “Dream Day Dressing Rooms®” (“Business”); and

WHEREAS, the System includes but is not limited to certain trade names, service marks, trademarks, symbols, logos, emblems, and indicia of origin, including, but not limited to the mark Dream Day Dressing Rooms® and such other trade names, service marks, and trademarks as we may develop in the future to identify for the public the source of services and products marketed under such marks and under the System and representing the System’s high standards of quality, appearance and service standards; Services, our proprietary packages, service standards and specific methods, processes, procedures and techniques when performing Services; specifications for all products and supplies and strategies for securing such items; vendor and supplier relationships, cost and pricing strategies; our proprietary plans and schematics, efficient scheduling, routing and operational procedures, ongoing training programs, procedures for safety and quality control; guidelines for hiring employees and independent contractors (if Franchisee chooses to use independent contractors for its Business), Vehicle and Trailer appearance standards (including Vehicle and Trailer Graphic specifications), website, intranet system, third-party software, Operations Manual, photographs, video presentations, forms, contracts, record keeping and reporting methods; proprietary venue partnership programs, sales presentations, client acquisition and referral programs; advertising, marketing, networking and promotional strategies and materials in addition to any products (if we develop or choose to sell products in the future); all of which may be changed, improved and further developed by us from time to time and are used by us in the operation of the System (“Trade Secrets”); and

WHEREAS, the Trade Secrets provide economic advantages to us and are not generally known to, and are not readily ascertainable by proper means by our competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, We have taken and intend to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, We have granted You (individually and/or through ownership of an entity) a limited right to manage and participate in the operation of a Business using the System and the Trade Secrets for the period defined in the franchise agreement made and entered into _____, 20____ (“Franchise Agreement”) between You and us; and

WHEREAS, You and We have agreed in the Franchise Agreement on the importance to us and to you and other licensed users of the System of restricting use, access, and dissemination of the Trade Secrets; and

WHEREAS, it will be necessary for You to have access to and to use some or all of the Trade Secrets in the management and operation of your Business using the System; and

WHEREAS, You have agreed to obtain from your staff written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, each member of your staff wishes to remain, or wishes to become your employee; and

WHEREAS, You will receive and use the Trade Secrets in the course of operating the Business;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. You and/or we shall disclose to You some or all of the Trade Secrets relating to the System.
2. You shall receive the Trade Secrets in confidence, maintain them in confidence and use them only in connection with the management and/or operation by you of the Business using the System for so long as you are licensed by us to use the System.
3. You shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without our express written permission.
4. You shall not at any time disclose or permit the disclosure of the Trade Secrets except to your staff and then only to the limited extent necessary to train or assist your staff in the management or operation of a Business using the System.
5. That all information and materials, including without limitation, drawings, specifications, techniques, and compilations of data which we shall designate as confidential shall be deemed the Trade Secrets for the purposes of this Agreement.
6. You shall surrender the Confidential Franchise Operations and Procedures Manual and such other manuals and written materials as we shall have developed (“Manuals”) described in the Franchise Agreement and any other materials containing some or all of the Trade Secrets to us, upon request, or upon conclusion of the use for which the Manuals or other information or materials may have been furnished to You.
7. You shall not, directly, or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System or the Names and Marks.
8. The Manuals are loaned by us to you for limited purposes only and remain the property of us and may not be reproduced, in whole or in part, without Franchisor’s written consent.
9. In further consideration for the disclosure to You of the Trade Secrets and to protect the uniqueness of the System, You agree that during the term of the Franchise Agreement and for two (2) years following the earlier of the expiration, termination, or transfer of all of your interest in the Franchise Agreement, You will not, without our prior written consent:
 - a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or client of the Business to any competitor.
 - b. Employ or seek to employ any person who is at the time employed by us or any franchisee of ours, or otherwise directly or indirectly induce such persons to leave that person’s employment.
 - c. Directly or indirectly, for yourself or through, on behalf of or in conjunction with any person, partnership or corporation, own, maintain, operate, engage in or have any financial or beneficial interest in (including interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist

or make loans to, any business which is the same or is similar to the Franchise including, but not limited to, any type of business which uses any aspect of the System which is the same as or similar to the Business including, but not limited to, any business which offers similar services and products (if we and/or our franchisees are selling products) to a Dream Day Dressing Rooms® business which business is, or is intended to be, located within a 20 (twenty) mile radius of the location approved in the Franchise Agreement or of any Dream Day Dressing Rooms® business (which includes company-owned businesses and/or any other franchise businesses) in existence or under construction as of the earlier of: (i) the expiration or termination of, or the transfer of all or your interest in, the Franchise Agreement; or (ii) the time Employee ceases to be employed by you, as applicable.

10. You undertake to use your best efforts to ensure that Employee acts as required by this Agreement.
11. You agree that in the event of a breach of this Agreement, we would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, We shall be entitled to enforce this Agreement and shall be entitled, in addition to any other remedies which are available to us at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.
12. You agree to pay all expenses (including court costs and reasonable legal fees) incurred by us and you in enforcing this Agreement.
13. Any failure by us or you to object or to take action with respect to any breach of this Agreement by You shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by You.
14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF MINNESOTA. THE PARTIES AGREE THAT ANY ACTION BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT IN MINNESOTA IN THE JUDICIAL DISTRICT IN WHICH FRANCHISOR HAS ITS PRINCIPAL PLACE OF BUSINESS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF, WE MAY BRING SUCH ACTION IN ANY COURT IN THE STATE WHICH HAS JURISDICTION. THE PARTIES HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.
15. The parties agree that each of the above covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having a valid jurisdiction in an un-appealed final decision to which we are a party, You expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.
16. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. Nothing in this or in any related agreement, however, is intended to disclaim the

representations we made herein. This Agreement may be modified only by a duly authorized writing executed by all parties.

- 17. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid or facsimile, telegram or telex, (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties.

If directed to us, the notice shall be addressed to:

Suite Surroundings, LLC
2319 175th Lane NW
Andover, MN 55304
Attention: Heidi Mathson, President
Telephone: (612) 361-1361

If directed to you, the notice shall be addressed to:

Attention: _____

Telephone: _____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile, telegram or telex shall be deemed given upon transmission, provided confirmation is made as provided above.

Any notices sent by expedited delivery service or certified or registered mail shall be deemed given three (3) business days after the time of mailing. Any change in the above addresses shall be effective by giving fifteen (15) days' written notice of such change to the other party.

- 18. The rights and remedies of us under this Agreement are fully assignable and transferable and shall inure to the benefit of our successors, assigns and transferees. The respective obligations of you and your staff hereunder are personal in nature and may not be assigned by you or your staff, as applicable.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement, as an entity and in his or her individual capacity, as witnessed by their signature below:

Suite Surroundings, LLC
a Minnesota limited liability company

Signature: _____

Printed Name: _____

Title: _____

YOU:

Signature: _____

Printed Name: _____

EXHIBIT B

DIRECTORY OF FEDERAL, STATE AND CANADIAN FRANCHISE REGULATORS

AGENTS FOR SERVICE OF PROCESS

EXHIBIT B

**DIRECTORY OF FEDERAL,
STATE AND CANADIAN
FRANCHISE REGULATORS**

FEDERAL

FEDERAL TRADE COMMISSION

Division of Marketing Practices
Seventh and Pennsylvania Avenues, N.W.
Room 238
Washington, D.C. 20580
202-326-2970

STATE FRANCHISE REGULATORS & AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

California Department of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, CA 95834
866-275-2677

FLORIDA

State Department of Agriculture and
Consumer Services
P.O. Box 6700 Suite 7200
Tallahassee, FL 32314-6700
850-410-3754

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62701
217-782-4465

MARYLAND

Securities Commissioner
Division of Securities
200 St. Paul Place 20th Floor
Baltimore, Maryland 21202-2020
410-576-6360

CONNECTICUT

Connecticut Department of Banking
Securities Division
260 Constitution Plaza
Hartford, Connecticut 06103
800-831-7225

HAWAII

Commissioner of Securities of the State of Hawaii
Department of Commerce & Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street Room 205

INDIANA

Chief Deputy Commissioner
Securities Divisions
302 West Washington Street Room E-111
Indianapolis, Indiana 46204

MICHIGAN

Consumer Protection Division
Franchise Administrator
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
517-373-7117

MINNESOTA

Commissioner of Commerce
Securities Unit
Minnesota Department of Commerce
85 Seventh Place East Suite 280
St. Paul, Minnesota 55101
651-539-1600

NORTH DAKOTA

Franchise Examiner
600 East Boulevard
State Capitol 5th Floor
Bismarck, North Dakota 58505
701-328-2910

RHODE ISLAND

Department of Business Regulation
Division of Securities
1511 Pontiac Avenue Bldg. 69-2
Cranston, Rhode Island 02920
401-462-9527

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
804-371-9733

State Administrator:
State Corporation Commission
1300 East Main St. 9th Floor
Richmond, Virginia 23219
804-371-9051

WASHINGTON

Securities Administrator
150 Israel Road SW
Tumwater, Washington 98501
360-902-8760

NEW YORK

New York Secretary of State
One Commerce Plaza
99 Washington Avenue
Albany, New York 12231
518-473-2492

New York State Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
212-416-8236

SOUTH DAKOTA

Franchise Administrator
Division of Securities
124 S Euclid Ave Suite 104
Pierre, South Dakota 57501
605-773-4823

TEXAS

Registrations Unit
Secretary of State
PO Box 13193
Austin, Texas 78701
512-463-5701

WISCONSIN

Franchise Registration
Divisions of Securities
P.O. Box 1768
Madison, Wisconsin 53701
608-266-1064

EXHIBIT C

FRANCHISE DISCLOSURE QUESTIONNAIRE

EXHIBIT C
FRANCHISE DISCLOSURE
QUESTIONNAIRE

As you know, Suite Surroundings, LLC (“we,” “us” or “Franchisor”) and you are preparing to enter into a Franchise Agreement for the operation of a Dream Day Dressing Rooms® Franchised Business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading.

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

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

Yes _____ No _____ Your Initials _____

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

Yes _____ No _____ Your Initials _____

If “No,” what parts of the Franchise Agreement do you not understand?
(Attach additional pages, if necessary)

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

Yes _____ No _____ Your Initials _____

4. Do you understand all of the information contained in the Disclosure Document?

Yes _____ No _____ Your Initials _____

If "No," what parts of the Disclosure Document do you not understand?
(Attach additional pages, if necessary)

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

Yes _____ No _____ Your Initials _____

6. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business operated by us or our franchisees?

Yes _____ No _____ Your Initials _____

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____ Your Initials _____

8. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business?

Yes _____ No _____ Your Initials _____

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchised Business will generate?

Yes _____ No _____ Your Initials _____

10. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____ Your Initials _____

11. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes _____ No _____ Your Initials _____

12. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes _____ No _____ Your Initials _____

13. If you have answered "Yes" to any of questions 7 through 13, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

If you have answered "No" to all of questions 7 through 13, please leave the following lines blank.

14. Do you understand that in all dealings with you, our officers, directors, employees, and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and the Franchisor?

Yes _____ No _____ Your Initials _____

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

Signature
(individually and on behalf of franchise entity)

Print Name

Date

EXHIBIT D

STATE ADDENDA

EXHIBIT D

STATE LAW ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are to the Suite Surroundings, LLC Disclosure Document and will supersede, to the extent then required by applicable state law, certain portions of the Franchise Agreement dated _____, 20____.

I. FRANCHISOR/FRANCHISEE RELATIONSHIP STATUTES **(Including Renewal and Termination Rights)**

For franchises governed by laws of the following states:

CALIFORNIA, COLORADO, HAWAII, ILLINOIS, INDIANA, IOWA,
MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, RHODE ISLAND,
SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN

These states have statutes that may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise:

ARKANSAS	Stat. Section 4-72-201 to 4-72-210
CALIFORNIA	Corporations Code Sections 31000 to 31516
CONNECTICUT	Gen. Stat. Section 42-133e to 42-133n
DELAWARE	Code, Tit. 6, Ch. 25, Sections 2551-2557
HAWAII	Rev. Stat. Section 482E-1 to 482E-12.
ILLINOIS	Rev. Stat. 815. ILCS 705/19 and 705/1 to 705/44
INDIANA	Stat. Sections 23-2-2.5.1 and 23-2-2.5.50
IOWA	Code Sections 523H.1 to H.17
MARYLAND	Business Regulation Code Ann. 14-201 to 14-233
MICHIGAN	Stat. Section 445.1501 to 445.1545
MINNESOTA	Stat. Section 80C.01 to 80C.22
MISSISSIPPI	Code Section 75-24-51 to 75-24-61
MISSOURI	Stat. Section 407.400 to 407-420
NEBRASKA	Rev. Stat. Section 87-401 to 87-414
NEW JERSEY	Stat. Section 56:10-1
NEW YORK	NY Gen. Bus 680 to 695.
RHODE ISLAND	Gen. Laws 6-50-1 to 6-50-9
VIRGINIA	Code 13.1-557-57 to 13.1-574
WASHINGTON	Code Section 19.100.01 to 19.100.940
WISCONSIN	Stat. Section 135.01 to 135.065

These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

In addition,

ILLINOIS Illinois franchisees should note that the conditions under which your franchise can be terminated, and your rights upon non-renewal are governed by Illinois laws, Illinois Compiled status 815 ILCS 709/19 and 709/20.

Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

INDIANA Indiana franchisees should note that Indiana Law provides that it is unlawful for a Franchise Agreement to contain certain provisions in the area of required purchases, modification, competition, increases in the price of goods on order termination and non-renewal, covenants not to compete, and limitations on litigation. Indiana law also prohibits franchisors from engaging in certain acts and practices, including coercion, refusing delivery of goods or services, denying the surviving spouse or estate of the Franchisee an opportunity to participate in the ownership of the franchise, unreasonable competition, unfair competition, unfair discrimination among franchisees, and using deceptive advertising.

MINNESOTA law requires that with respect to the franchises governed by Minnesota law, the Franchisor will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5 which require except in certain specific cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

In accordance with Minnesota Rule 2860.4400J, and to the extent required by law, the Disclosure Document and the Franchise Agreement are modified so that the Franchisor cannot require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

Pursuant to Minn. Stat. Sec. 80C.12, to the extent required by this Minnesota law, the Franchise Agreement and Item 13 of the Disclosure Document are amended to state that the Franchisor will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify you from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Franchisor's primary trade name.

All statements in the Disclosure Document and Franchise Agreement that state that Franchisor is entitled to injunctive relief are amended to read: "franchisor may seek injunctive relief" and a court will determine if a bond is required.

Minnesota Rule 2860.4400D prohibits the Franchisor from requiring a Franchisee to assent to a general release. The Disclosure Document and Franchise Agreement are modified accordingly, and to the extent required by law.

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

(Signature of Franchisee)

(Name of Franchisee)

(Title)

RHODE ISLAND Notwithstanding anything in this Agreement to the contrary, all Rhode Island located franchisees will be governed by the Rhode Island Franchise Investment Act.

WASHINGTON If any of the provisions of this Franchise Disclosure Document or the Franchise Agreement are inconsistent with the relationship provisions of R.C.W. 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over inconsistent provisions of the Franchise Disclosure Document and the Franchise Agreement with regard to any franchise sold in Washington.

WISCONSIN Chapter 135, Stats. of the Wisconsin Fair Dealership Law supersedes any provisions of the Franchise Agreement that may be inconsistent with that law.

II. POST-TERM COVENANTS NOT TO COMPETE

For franchises governed by laws of the following states:

CALIFORNIA, CONNECTICUT, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN

These states have statutes which limit the Franchisor's ability to restrict your activity after the Franchise Agreement has ended.

California Business and Professions Code	Sections 16,600 to 16.607
Michigan Compiled Laws	Section 445.771 et seq.
Montana Codes	SECTION 30-14-201
North Dakota Century Code	Section 9-08-06
Oklahoma Statutes	Section 15-217-19
Washington Code	Section 19.86.030

Other states have court decisions limiting the Franchisor's ability to restrict your activity after the Franchise Agreement has ended.

III. TERMINATION UPON BANKRUPTCY

For franchises governed by laws of the following states:

CALIFORNIA, CONNECTICUT, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, VIRGINIA, WASHINGTON, WISCONSIN

A provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the franchise may not be enforceable under Title 11, United States Code Section 101.

IV. LIQUIDATED DAMAGES PROVISIONS

The following states have statutes which restrict or prohibit the imposition of liquidated damages provisions:

CALIFORNIA	Civil Code Section 1671
INDIANA	IC 23.2-2.5-2
MINNESOTA	Rule 2860.4400

State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law, and state and federal court decisions.

For franchises governed by the laws of the state of MINNESOTA, liquidated damage provisions are void.

V. STATE ADDENDUMS

The following are Addendums for Franchises governed by the laws of the respective states as follows:

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the Disclosure Document.

The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et. Seq., suspending or expelling such persons from membership in such association or exchange.

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

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.)

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

The Franchise Agreement may contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires binding arbitration. The arbitration will occur in Anoka County, Minnesota with the costs being borne by the prevailing party. 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 franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the law of Minnesota. This provision may not be enforceable under California law.

Section 31125 of the California Corporation Code requires us to give you a disclosure document, in a form and containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31 000 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 URL IS: WWW.DREAMDAYDRESSINGROOMS.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

ILLINOIS

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a Franchise Agreement may provide for arbitration in a venue outside of Illinois.

The governing law or choice of law clause described in the Disclosure Document (including a risk factor on the cover page) and contained in the Franchise Agreement may not be enforceable under Illinois law. This governing law clause shall not be construed to negate the application for the Illinois Franchise Disclosure Act in all situations to which it is applicable.

Item 5 of the Disclosure Document and Section 4.1 of the Franchise Agreement is hereby amended if the Attorney General of Illinois requires the following: to provide that all initial franchise fees are deferred, or alternatively, deposited into escrow, until all Franchisor’s pre-opening obligations to franchisee have been met and the franchisee is open for business. This deferral requirement has been imposed by the Illinois Attorney General’s Office based upon Franchisor’s financial condition. A financial assurance is not required as a condition of registration.

Illinois law requires that the Franchisor give you a copy of the Disclosure Document as registered with the Attorney General together with a copy of all proposed agreements relating to the sale of the franchise before the earlier of:

1. 14 days before our execution of a binding Franchise Agreement or other agreement, and
2. 14 days before the Franchisor receives any payment from you.

Your rights upon termination and non-renewal of the Franchise Agreement are set forth in Section 19 and Section 20 of the Illinois Franchise Disclosure Act.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

SUITE SURROUNDINGS, LLC.

FRANCHISEE

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

INDIANA

To the extent that Item 17 of the Disclosure Document and Section XVIII of the Franchise Agreement re inconsistent with the Indiana Deceptive Franchise Practice Law, which prohibits a prospective general release of any claims for liability imposed under it, the Indiana Deceptive Franchise Practice Law may supersede such inconsistent terms.

To the extent that Item 17 of the Disclosure Document and Section XXIV and Schedule 8 of the Franchise Agreement are in conflict with Section 2.7-1(9) of the Indiana Deceptive Franchise Practice Law, prohibiting non-competition agreements exceeding 3 years or an area greater than the exclusive area granted in the Franchise Agreement, Indiana law shall prevail.

Section 2.7-1(10) of the Indiana Deceptive Franchise Practice Law, which prohibits limiting litigation brought for breach of the agreement, supersedes items in this Disclosure Document and Franchise Agreement, to the extent that such items are inconsistent with Section 27-1(10) of the Indiana Deceptive Franchise Practice Laws.

MARYLAND

Item 17 of Disclosure Document and Section XXII of the Franchise Agreement requiring that franchisee sign a general release as a condition of purchase/renewal or assignment/transfer, may not be enforceable pursuant to the Maryland Franchise Registration and Disclosure Law, and are amended to the extent required by Maryland law. The requested release shall not apply to any liability under the Maryland Franchise Registration and Disclosure law.

Any provisions of the Disclosure Document or Franchise Agreement that require franchisee to disclaim the occurrence of or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law 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.

Provisions in the Disclosure Document and Franchise Agreement requiring franchisee to file any lawsuit in a court in the State of Minnesota may not be enforceable under the Maryland Franchise Registration and Disclosure Law. Franchisees may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Item 17 of the Disclosure Document and Section XXV of the Franchise Agreement are amended accordingly to the extent required by Maryland law.

To the extent that Franchise Agreement requires, and the Disclosure Document discloses that a Franchisee must agree to a period of limitations of less than three years, this limitation to a period of less than three years shall not apply to any claims arising under the Maryland Franchise Registration and Disclosure Law.

Item 5 of the Disclosure Document and Sections IX(C) of the Franchise Agreement is amended to provide that the initial franchise fee and any other initial payments are due and payable when all Franchisor's pre-opening obligations to franchisee have been met.

On the next page is the form of release that will be requested of Maryland franchisees as a condition to the franchisor's consent to the transfer of the franchise.

FORM OF RELEASE FOR MARYLAND FRANCHISEES

This Release is made on _____, 20____, between Suite Surroundings, LLC, a Minnesota limited liability company (“Franchisor”) and its officers, directors, and agents (“Affiliates”), and _____ (“Franchisee”).

RECITALS

- A. Franchisor and Franchisee entered into a Franchise Agreement dated _____, 20____ (the “Franchise Agreement”) in which Franchisor granted franchisee the right to located, develop, and operate a Dream Day Dressing Rooms® business (the “Franchised business”), and Franchisee assumed obligations to located, develop, and operate the franchised Business.

- B. As a condition to Franchisor’s consent to the transfer of the Franchised Business, Franchisee is willing to release franchisor from certain obligations arising from the Franchise Agreement and related agreements, and any claims franchisee may have against each Franchisee as described herein.

AGREEMENT

1. RELEASE AND COVENANT NOT TO SUE

Subject to the terms of this Release, and in consideration for the consent described above, Franchisee and the undersigned individual guarantors, if applicable, hereby release and discharge and hold harmless Franchisor, its principals, agents, shareholders, officers, directors, employees, successors, assigns, subsidiaries, and affiliated groups and each of them (“Affiliates”), from any and all losses, claims, debts, demands, liabilities, actions, and causes of action, of any kind, whether known or unknown, past or present, that any of them may have or claim to have against Franchisor or its Affiliates and any of them before or on the date of this release, arising out of or related to the offer, negotiation, execution, and performance of the Franchise Agreement, the operation of the Franchised Business, and all circumstances and representations relating to such offer, negotiation, execution, performance, and operation (collectively, “Released Claims”, except as specifically reserved:

Franchisee and guarantors agree that Released Claims shall specifically include any claim or potential claims under the Title 14 Sections 14-201 through 14-233 of the Maryland Annotated Code and laws otherwise governing relationships between franchisors and franchisees. Franchisee and guarantors hereby covenant and agree that none of them will bring any action against Franchisor or its Affiliates in connection with any Released Claim.

2. **NO ADMISSION**

Nothing contained in this Agreement shall be construed as an admission of liability by either party.

3. **NO ASSIGNMENT**

Each party represents and warrants to the other that it has not assigned or otherwise transferred or subrogated any interest in the Franchise Agreement or in any claims that are related in any way to the subject matter of this Release. Each party agrees to indemnify and hold the other fully and completely harmless from any liability, loss, claim, demand, damage costs, expense and attorneys' fees incurred by the other as a result of any breach of this representation or warranty.

4. **ENTIRE AGREEMENT**

This Release embodies the entire agreement between the parties and supersedes any and all prior representations, understandings, and agreements with respect to its subject matter. There are no other representations, agreements, arrangements, or understandings, oral or in writing, and signed by the party against whom it sought to be enforced.

5. **FURTHER ACTS**

The parties agree to sign other documents and do other things needed or desirable to carry out the purpose of this Release.

6. **SUCCESSORS**

This Amendment and Release shall bind and insure to the benefit of the parties, their heirs, successors, and assigns.

7. **GOVERNING LAW; JURISDICTION**

This Release shall be construed under and governed by the laws of the State of Minnesota, and the parties agree that the courts of Anoka County, Minnesota, shall have jurisdiction over any action brought in connection with it, except to the extent that the Franchise Agreement is governed by the laws or venue provisions of another state.

8. **SEVERABILITY**

If any part of this release is held invalid or unenforceable to any extent by a court of competent jurisdiction, this Release shall remain in full force and effect and shall be enforceable to the fullest extent permitted, provided that it is the intent of the parties that it shall be entire, and if it is not so entire because it is held to be unenforceable, then this Release and the consent given as consideration for it shall be voided by frustration of its purpose.

9. **VOLUNTARY AGREEMENT**

Each party is entering into this Release voluntarily and, after negotiation, has consulted independent legal counsel of its own choice before signing it, is signing it with a full understanding of its consequences, and knows that is not required to sign this Amendment and Release. The parties acknowledge and agree that this Amendment and Release constitutes a release or waiver executed pursuant to a negotiated agreement between a

Franchisee and a Franchisor arising after the Franchise Agreement has taken effect and as to which each part is represented by independent legal counsel.

Dream Day Dressing Rooms® Franchisee

By _____

Its _____

By _____

Its _____

MICHIGAN

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- A. A prohibition of 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 Franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the Franchisor and inventory,

supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applied only if:

1. The term of the franchise is less than 5 years; and
 2. The Franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 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:
1. The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.
 2. The fact that the proposed transferee is a competitor of the Franchisor or Sub-Franchisor.
 3. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 4. 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 bon 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 that permits the Franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Phone: 517/373-7117

MINNESOTA

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

In accordance with Minnesota Rule 2860.440J, and to the extent required by law, the Disclosure Document and the Franchise Agreement are modified so that the Franchisor cannot require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause.

Pursuant to Minn. Stat. Sec. 80c.12), to the extent required by this Minnesota law, the Franchise Agreement and Item 13 of the Disclosure Document are amended to state that the Franchisor will protect your right to use the primary trademark, service mark, trade name, logotype or other commercial symbol or indemnify us from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the Franchisor's primary trade name.

All statements in the Disclosure Document and Franchise Agreement that state that Franchisor is entitled to injunctive relief are amended to read: "franchisor may seek injunctive relief" and a court will determine if a bond is required.

Minnesota Rule 2860.4400D prohibits the Franchisor from requiring a Franchisee to assent to a general release. The Disclosure Document and Franchise Agreement are modified accordingly, and to the extent required by law.

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

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

“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.”

NEW YORK

FRANCHISE DISCLOSURE DOCUMENT

The cover page of the Franchise Disclosure Document will be supplemented with the following inserted at the bottom of the cover page:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3 of the Franchise Disclosure Document: Add the following:

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

Except as provided above, with regard to the franchisor, its predecessor, and any person identified in Item 2. The following is added at the end of Item 3:

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. a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

Item 4 of the Franchise Disclosure Document: Add the following language:

A. Neither the Franchisor, its predecessors, or any person identified in Item 2 filled as an individual or business for protection under the U.S. Bankruptcy Code during the ten-year period immediately before the date of the Disclosure Document:

B. Filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code;

C. Obtained a discharge of its debts under the bankruptcy code; or

D. Was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner held this position and or company or partnership.

Item 5 of the Franchise Disclosure Document: Add at the end of the last paragraph:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

Item 17. Add the following:

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.

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.

The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”: However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”: The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

I. Item 5 is amended by the addition of the following language to the original language:

Refund and cancellation provisions do not apply to franchises operating under the North Dakota franchise Investment Law. If the Company elects to cancel the Franchise Agreement, the Company will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred. This amount may not be more than fifty percent (50%) of the Franchise Fee.

II. Item 5, Note 1, the last paragraph shall be amended to read as follows:

If your Franchise Agreement is terminated, you may be required to continue royalty payments for so long as you or our assignee or successor continues to use our trademarks or systems in any way.

III. Item 6, Note 4, shall be amended to read as follows:

Note 4: You must protect, indemnify, and hold us harmless against any claims or losses arising out of your operation of the franchise business. Each party will bear its own expenses of any litigation to enforce the agreement.

IV. Item 17 is amended by the addition of the following language to the original language:

A. A provision in the Franchise Agreement that terminates the Franchise Agreement on the bankruptcy of the franchisee may not be enforceable under Title II, U.S. Code, Section 101.

B. The erosion of a general release on renewal, assignment, or termination does not apply to franchises operating under the North Dakota Franchise Investment Law.

- C. The North Dakota Century Code, Section 9-08-06 limits the franchisor’s ability to restrict your ability to restrict your activity after the Franchise Agreement has ended.
- D. Under North Dakota law, liquidated damages provisions are void. State courts also restrict the imposition of liquidated damages. The imposition of liquidated damages is also restricted by fair practice laws, contract law, and state and federal court decisions. Thus, the provision requiring you to continue to pay amounts to franchisor if you elect to cancel the agreement may not be enforceable under North Dakota law.

V. Item 17 is amended to read as follows:

PROVISION	FRANCHISE AGREEMENT	SUMMARY
Your obligations on termination non-renewal	FA: XXIV	De-Identification, payment, non-disclosure, non-competition; you continue to pay royalties for so long as you use the trademarks if terminated for breach, unless you abandon the business, abide by post termination covenants, and release and indemnify us.

VI. Item 17: The Choice of Law and Arbitration sections are amended to read as follows:

- A. The Franchise Agreement shall be governed by the laws of North Dakota.
- B. Except as specifically otherwise provided in the Franchise Agreement, all contract disputes that cannot be amicably settled will be determined by arbitration under the Federal Arbitration Act and in accordance with the rules of the American Arbitration Association. Arbitration will take place at an appointed time and place in the county and state in which your franchised business is located. However, nothing in the Franchise Agreement limits or precludes the parties from bringing an action in a court of competent jurisdiction for injunction or other provisional relief as needed or appropriate to compel a party to comply with its obligations or to protect the marks or the company’s other property rights.
- C. The Choice of Forum section is amended to delete the following:

Any action will be brought in the state or federal courts in Anoka County, Minnesota.

FRANCHISE AGREEMENT

- I.** Article IX, concerning refunds of initial franchise fees and royalties, is amended to add the following:

Refund and cancellation provisions do not apply to franchisees operating under the North Dakota Franchise Investment Law. If Franchisor elects to cancel this Franchise Agreement, Franchisor shall be entitled to a reasonable fee for its evaluation of Franchisees and related preparatory work performed and expenses actually incurred. This amount shall be no more than fifty percent (50%) of the franchise fee.

- II.** Sections XXIII and XXII, relating to termination and transfer, are amended to add the following:

The execution of a general release on renewal, assignment, or termination does not apply to franchises operating under the North Dakota Franchise Investment Law.

- III.** Section XXIII(H), providing for liquidated damages on termination of the Franchise Agreement, is hereby amended to read as follows:

- h. Pay to Franchisor royalty fees and other ongoing fees, and other amounts Franchisee owes to Franchisor, as though Franchisee were still an active Franchisee, for so long as Franchisee or its assignee or successor continues to use the trademarks in any way. Franchisor is also entitled to all other applicable remedies.

- IV.** Section XXV is amended to read as follows:

In any action to enforce this Agreement or to seek remedies on default by either party, each party shall bear its own expenses of litigation or enforcement.

- V. A.** Section XXV is amended to add the following:

THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER TAKE EFFECT ON ACCEPTANCE AND EXECUTION BY THE COMPANY AND SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF NORTH DAKOTA, EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT 15, U.S.C. SECTIONS 1015, ET. SEQ.).

- B.** Section XXV (H) providing for exclusive jurisdiction in Anoka County, Minnesota is deleted.

- C.** Paragraph XXV to the extent it provides for a limitation of one year on actions under the Franchise Agreement is hereby deleted.

- D.** Section XXV to the extent it provides for a waiver of punitive or exemplary damages, and a waiver of jury trial, is deleted.

VI. The Arbitration section shall be deleted and amended to read as follows:

Except as specifically otherwise provided in this Agreement, the parties agree that all contract disputes that cannot be amicably settled shall be determined by arbitration under the Federal Arbitration Act as amended and in accordance with the rules of the American Arbitration Association or any successor thereof. Arbitration shall take place at an appointed time and place in the County and State in which Franchisee's franchised business is located. However, nothing contained herein shall be construed to limit or to preclude the parties from bringing any action in any court of competent jurisdiction for injunctive or other provisional relief as the parties deem to be necessary or appropriate to compel either party to comply with its obligations hereunder or to protect the marks or other property rights of franchisor.

VII. The Acknowledgement section is amended to add the following:

Franchisee acknowledges that Franchisee received a copy of this Franchise Agreement, the attachments hereto, if any, and agreements relating thereto, if any, at least seven (7) days prior to the date on which this Agreement was executed.

VIII. The Covenants section is amended to add the following:

Covenants not to compete on termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.

RHODE ISLAND

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

A provision in a Franchise Agreement restricting jurisdiction of venue to a forum outside this state or requiring the application of the laws of another state are void with respect to a claim otherwise enforceable under this Act.

VIRGINIA

In recognition of the restrictions contained in 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Suite Surroundings, LLC for use in the Commonwealth of Virginia shall be 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 grounds 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.

WASHINGTON

This section operates as an addendum to the Franchise Agreement.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

The Disclosure Document and Franchise Agreement are amended to reflect that the Franchisor will defer collection of all initial fees until the Franchisor has provided all of its pre-opening obligations under the Franchise Agreement and the franchisee is open for business.

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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington. 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.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR

FRANCHISEE

This addendum may also be used as a rider to the Franchise Disclosure Document.

EXHIBIT E

OPERATION MANUAL TABLE OF CONTENTS



OPERATIONS MANUAL

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Total Pages in Operations Manual: 163

EXHIBIT F

OPTION AGREEMENT

EXHIBIT F

FRANCHISE OPTION AGREEMENT

This Option Agreement is entered into as of _____, 20__ between Suite Surroundings, LLC (“Franchisor”) and _____ (“Optionee”).

1. Grant of Option. Optionee is hereby granted an option (“Option”) to be awarded a Dream Day Dressing Rooms® Franchise.

2. Location. Optionee has the exclusive right to enter into a Franchise Agreement during the term of this Option Agreement for a Dream Day Dressing Rooms® franchise to be opened within the area of _____ or _____ miles of the “selected address” listed below. The exact location of the franchise is chosen by Optionee, subject to Franchisor’s approval.

3. Option Fee. A non-refundable option payment of \$5,000 is required with the execution of this Agreement. The option payment will be credited towards the Initial Franchise Fee of \$15,000 or \$7,500 for a second franchise and any additional franchises thereafter provided that the Franchise Agreement is executed on or before the expiration date of this Agreement. An Optionee must prove financial qualifications and pass the background, credit, and criminal checks generally required of Dream Day Dressing Rooms® franchisees and maintain those requirements at the time you exercise this Option. No refund will be paid if the financial qualifications or background check of the owners cannot be met before a franchise is granted.

4. Term. This Option will have a term of six months and begins on the date of this Agreement listed below.

5. Notices. All notices sent by one party to the other must be hand-delivered, sent by registered or certified mail, return receipt requested, or transmitted by facsimile or sent via electronic means if the sender can verify receipt. They will be addressed to Franchisor at its office as above designated, or at the other address Franchisor designates in writing, and addressed to Optionee at the address Optionee designates in writing. Any notice is deemed given and received, when delivered, if hand-delivered; if sent by facsimile or electronic means, on the next business day after sent; and if mailed, on the third business day following the mailing.

6. Governing Law. This Agreement is valid when executed and accepted by Franchisor and is governed by the laws of the State of Minnesota. Anoka County, Minnesota will be the venue for any arbitration or litigation. This choice of laws will not affect the scope of the Minnesota franchise, business opportunity or related statutes, and nothing in this Agreement will be deemed to extend the scope of application of those laws.

Selected Address _____

Dated _____, 20__

Expiration Date _____

FRANCHISOR:

Suite Surroundings, LLC

Signed _____

Name _____

Title _____

Signed _____

Name _____

Title _____

OPTIONEE:

Signed _____

Name _____

Title _____

Signed _____

Name _____

Title _____

EXHIBIT G

List of Franchisees

THERE ARE NO
FRANCHISEES TO LIST AS OF THE DATE OF THIS DISCLOSURE DOCUMENT

EXHIBIT H

Franchisees Who Left the System

NO FRANCHISEES HAVE LEFT THE FRANCHISE SYSTEM
AS OF THE DATE OF THE DISCLOSURE DOCUMENT.

EXHIBIT I

Financial Statements



Divine
Blalock
Martin
Sellari
LLC
Est. in 1932

SUITE SURROUNDINGS, LLC
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022
(With Independent Auditors' Report Theron)

SUITE SURROUNDINGS, LLC
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MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

WILBUR F. DIVINE, III, CPA (1896-1964)
WILBUR F. DIVINE, IV, CPA (1925-1989)
JAMES A. BLALOCK, CPA (1914-1996)
G. MICHAEL MARTIN, CPA (1945-2014)

*REGULATED BY THE STATE OF FL
**REGULATED BY THE STATE OF FL
AND THE STATE OF NY
***REGULATED BY THE STATE OF WI
****REGULATED BY THE STATE OF FL
AND THE STATE OF NJ
*****REGULATED BY THE STATE OF NY
*****REGULATED BY THE STATE OF FL
AND THE STATE OF NC

INDEPENDENT AUDITOR'S REPORT

To the Member of
Suite Surroundings, LLC
Andover, MN

Opinion

We have audited the accompanying financial statements of Suite Surroundings, LLC (a Minnesota Limited Liability Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Suite Surroundings, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Suite Surroundings, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Divine, Blalock, Martin & Sellari, LLC

**West Palm Beach, FL
April 30, 2024**

SUITE SURROUNDINGS, LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2023 AND 2022

<i>Assets</i>		
	2023	2022
Current Assets		
Cash and cash equivalents	\$ -	\$ 659
Total Current Assets	-	659
Total Assets	\$ -	\$ 659
<i>Liabilities and Members' Equity</i>		
Current Liabilities		
Accounts payable	\$ -	\$ -
Total Current Liabilities	-	-
Members' Equity:		
Members' equity	-	659
Total Members' Equity	-	659
Total Liabilities and Members' Equity	\$ -	\$ 659

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

SUITE SURROUNDINGS, LLC
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Revenue		
Initial franchise fees	\$ -	\$ -
Franchise royalty fees	-	-
	-	-
Total Revenue	-	-
Operating Expenses		
Advertising & marketing	-	1,112
Bank charges	99	20
Filing fees	-	725
Meals & entertainment	58	439
Professional fees	1,875	-
Office expenses	-	131
Computer & Software	310	
Auto expenses	415	-
Miscellaneous	7	64
	2,764	2,491
Total Operating Expenses	2,764	2,491
Loss From Operations	(2,764)	(2,491)
Net Loss	\$ (2,764)	\$ (2,491)

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

SUITE SURROUNDINGS, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Members' Equity @ January 1	\$ 659	\$ 35,000
Members' Contribution/Draw, (net)	2,105	(31,850)
Net Loss	<u>(2,764)</u>	<u>(2,491)</u>
Members' Equity @ December 31	<u>\$ -</u>	<u>\$ 659</u>

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

SUITE SURROUNDINGS, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$ (2,764)	\$ (2,491)
Adjustments to reconcile Net Loss		
Increase (Decrease) in Operating Liabilities		
Accounts Payable	-	-
Total Adjustments	-	-
Net Cash Used by Operating Activities	(2,764)	(2,491)
CASH FLOWS FROM FINANCING ACTIVITIES		
Members' contribution/draw, (net)	2,105	(31,850)
Net Cash Provided by Financing Activities	2,105	(31,850)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(659)	(34,341)
CASH AND CASH EQUIVALENTS, BEGINNING	659	35,000
CASH AND CASH EQUIVALENTS, ENDING	\$ -	\$ 659

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

SUITE SURROUNDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 – BUSINESS ACTIVITY

Suite Surroundings, LLC was formed in the state of Minnesota in December 20, 2021; the Company is in the business of offering franchises for the operation of an onsite wedding and special event dressing room business. Unless otherwise indicated, the terms “we,” “us,” “our,” and “Company” refer to Suite Surroundings, LLC

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable and Bad Debts

Customer accounts receivable are stated at the amount management expects to collect on balances. The Company uses the direct write-off method for bad debts; management closely monitors outstanding balances and writes off, as of period-end, any balances that are considered to be uncollectible. Accordingly, no allowance for doubtful accounts is required. Bad debts amounted to \$0 for the years ended December 31, 2023 and 2022.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 5 to 40 years. At December 31, 2023, the Company did not own any fixed assets.

Advertising

Advertising costs are expensed as incurred.

Concentrations of Credit Risk

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

SUITE SURROUNDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Income Taxes

Certain transactions of the Company may be subject to accounting methods for income tax purposes that differ significantly from the accounting methods used in preparing the financial statements in accordance with generally accepted accounting principles. Accordingly, the taxable income of the Company reported for federal and state income tax purposes may differ from net income in these financial statements.

As a limited liability company, income or loss of the Company is allocated to the members. No provision for federal or state income taxes is necessary because any income or loss is includable in the tax returns of the individual members. Local income taxes, if any, are paid by the Company. The Company was not subject to any local income taxes for the year ended December 31, 2023.

The Company's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, and disclosure and transition accounting. The Company has concluded that no liability for uncertain tax positions is required at December 31, 2023.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

Revenue Recognition

The Company's revenue recognition policies are in compliance with accounting standards ASC Topic 606, *Revenue from Contracts with Customers*. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.

SUITE SURROUNDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Revenue Recognition, (continued)

- Allocate the transaction price to performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

In 2020, the Financial Accounting Standards Board (FAB) issued Accounting Standards Update (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entities to account for pre-opening services provided to a franchise as a single performance obligation in the services are in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties and system marketing fund contribution on a weekly, which are generally based upon a percentage of sales made by the Company's franchises, when they are earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- An initial training program.
- Opening assistance and guidance for up to two days before accepting clients.
- Copy of proprietary operations manual.
- Assistance in planning and setting up insurance, business software and systems.
- Provide information regarding approved, required and preferred products, suppliers and servicers.

Fair Value of Financial Assets and Liabilities

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

SUITE SURROUNDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Fair Value of Financial Assets and Liabilities, (continued)

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term. The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g., commissions). The new standard is effective for annual reporting periods beginning after January 1, 2022, including interim reporting periods within those annual reporting periods. The adoption will require a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest period presented. The Company is currently evaluating the impact of this new accounting standard on its financial position and results of operations. The Company does not believe that any other recently issued accounting pronouncements would have a material effect on the accompanying financial statements.

NOTE 3 – DEFERRED REVENUE

Deferred revenue represents franchise licensing fee and initial franchise sales for which substantially all the services to be provided by the Company have not yet been performed. The licensing fee portion is recognized over the life of the contract while the initial franchise fee revenues are fully recognized when Franchisees open their doors. The amounts deferred as of December 31, 2023 and 2022 was \$0

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The company may be party to various claims, legal actions and complaints arising in the ordinary course of business. 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.

NOTE 5 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 30, 2024 the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.

SUITE SURROUNDINGS, LLC
Financial Statements
For the year ended December 31, 2022
with
Independent Auditor's Report Thereon

SUITE SURROUNDINGS, LLC
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*****REGULATED BY THE STATE OF FL
AND THE STATE OF NC

INDEPENDENT AUDITOR'S REPORT

To the Member of
Suite Surroundings, LLC
Andover, MN

Opinion

We have audited the accompanying financial statements of Suite Surroundings, LLC (a Minnesota Limited Liability Company), which comprise the balance sheet as of December 31, 2022, and the related statements of income, changes in members' equity, and cash flows for the year ended December 31, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Suite Surroundings, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Suite Surroundings, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Divine, Blalock, Martin & Sellari, LLC

**West Palm Beach, FL
May 27, 2023**

**SUITE SURROUNDINGS, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2022**

Assets

Current Assets

Cash and cash equivalents \$ 659

Total Current Assets 659

Total Assets \$ 659

Liabilities and Members' Equity

Current Liabilities

Accounts payable \$ -

Total Current Liabilities -

Members' Equity:

Members' equity 659

Total Members' Equity 659

Total Liabilities and Members' Equity \$ 659

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

SUITE SURROUNDINGS, LLC
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

Revenue	
Initial franchise fees	\$ -
Royalty fees	-
	<hr/>
Total Revenue	-
Operating Expenses:	
Advertising and marketing	1,551
Bank charges	20
Filing fees	725
Miscellaneous	64
Office expenses	131
	<hr/>
Total Operating Expenses	2,491
	<hr/>
Loss From Operations	(2,491)
	<hr/>
Net Loss	\$ (2,491)
	<hr/> <hr/>

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

SUITE SURROUNDINGS, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

Members' Equity, January 1, 2022	\$ 35,000
Members' Contribution	4,150
Members' Draw	(36,000)
Net Loss	<u>(2,491)</u>
Members' Equity, December 31, 2022	<u><u>\$ 659</u></u>

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

SUITE SURROUNDINGS, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ (2,491)
<i>Adjustments to reconcile Net Loss to net Cash used by operating activities:</i>	
Loss on sale of property and equipment	
<i>Decrease (Increase) in Operating Assets:</i>	
<i>Increase (Decrease) in Operating Liabilities:</i>	
	-
Total Adjustments	-
Net Cash Provided by/ (Used) in Operating Activities	(2,491)

CASH FLOWS FROM FINANCING ACTIVITIES

Member contribution	4,150
Members' draw / distributions	(36,000)
Net Cash Provided by/ (Used) in Financing Activities	(31,850)

NET INCREASE IN CASH AND CASH EQUIVALENTS (34,341)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 35,000

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 659

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

SUITE SURROUNDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – BUSINESS ACTIVITY

Suite Surroundings, LLC was formed in the state of Minnesota in December 20, 2021; the Company is in the business of offering franchises for the operation of an onsite wedding and special event dressing room business. Unless otherwise indicated, the terms “we,” “us,” “our,” and “Company” refer to Suite Surroundings, LLC.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable and Bad Debts

Customer accounts receivable are stated at the amount management expects to collect on balances. The Company uses the direct write-off method for bad debts; management closely monitors outstanding balances and writes off, as of year-end, any balances that are considered to be uncollectible. Bad debts amounted to \$0 for the period ended December 31, 2022.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years. At December 31, 2022 the Company did not own any fixed assets.

Advertising

Advertising costs are expensed as incurred.

Concentrations of Credit Risk

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

SUITE SURROUNDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes

As a limited liability company, income or loss of the Company is allocated to the members. No provision for federal or state income taxes is necessary because any income or loss is includable in the tax returns of the individual members. Local income taxes, if any, are paid by the Company. The Company was not subject to any local income taxes for the year ended December 31, 2022.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, and disclosure and transition accounting. The Company has concluded that no liability for uncertain tax positions is required at December 31, 2022.

The Company's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a year of three years after the respective filing deadlines of those returns.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting Period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

Revenue Recognition

The Company's revenue recognition policies are in compliance with accounting standards ASC Topic 606, *Revenue from Contracts with Customers*. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

SUITE SURROUNDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue Recognition, continued

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entities to account for pre-opening services provided to a franchise as a single performance obligation in the services are in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties, brand fund and technology fee's on a monthly basis, which are generally based upon a percentage of sales made by the Company's franchises, when they are earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- Development of a custom local affiliate web page housed within our national website that includes online ordering functionality and may include access to franchise portals online for ongoing news bulletins and templates for advertising materials to support the business.
- Webserver setup for the web page.
- A startup kit that includes various marketing materials, access to a self-study program (and related materials) to be completed prior to attending our initial training program and a copy of our proprietary Operations Manual.
- Comprehensive five-day training program at our corporate headquarters and up to three days of marketing assistance and guidance at your location.

Fair Value of Financial Assets and Liabilities

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

SUITE SURROUNDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value of Financial Assets and Liabilities, continued

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term. The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g., commissions). The new standard is effective for annual reporting periods beginning after December 15, 2021, including interim reporting periods within those annual reporting periods. The adoption will require a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest period presented. Effective January 1, 2022, the Company adopted the new lease standard. At December 31, 2022 the Company had no lease agreements in place.

The Company's management has evaluated recently issued accounting pronouncements through the date of this report and concluded that they will not have a material effect on the financial statements as of December 31, 2022.

NOTE 3 – PREPAID FRANCHISE EXPENSES

Deferred expenses represent expenses paid to assist franchisee's in getting their business open. This includes broker fees, advertising fees, and technology costs. These costs are fully recognized when Franchisees open their doors. The amount deferred as of December 31, 2022 was \$0.

NOTE 4 – DEFERRED FRANCHISE REVENUE

Deferred revenue represents initial franchise sales for which substantially all the services to be provided by the Company have not yet been performed. These revenues are fully recognized when Franchisees open their doors. The amount deferred as of December 31, 2022 was \$0

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The company may be party to various claims, legal actions and complaints arising in the ordinary course of business. 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.

SUITE SURROUNDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 6 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 27, 2023, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.

SUITE SURROUNDINGS, LLC
Financial Statements
For the period ended March 31, 2022
with
Independent Auditor's Report Thereon

SUITE SURROUNDINGS, LLC
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AND THE STATE OF NC

INDEPENDENT AUDITOR'S REPORT

To the Member of
Suite Surroundings, LLC
Andover, MN

Opinion

We have audited the accompanying financial statements of Suite Surroundings, LLC (a Minnesota Limited Liability Company), which comprise the balance sheet as of March 31, 2022, and the related statements of income, member's equity, and cash flows for the period from inception (December 20, 2021) to March 31, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Suite Surroundings, LLC as of March 31, 2022, and the results of its operations and its cash flows for the period from inception (December 20, 2021) to March 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Suite Surroundings, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Divine, Blalock, Martin & Sellari, LLC

West Palm Beach, FL
April 8, 2022

SUITE SURROUNDINGS, LLC
BALANCE SHEET
AS OF MARCH 31, 2022

Assets

Current Assets

Cash and Cash Equivalents	\$ 35,000
---------------------------	-----------

Total Current Assets	<u>35,000</u>
----------------------	---------------

Total Assets	<u><u>\$ 35,000</u></u>
--------------	-------------------------

Liabilities and Members' Equity

Current Liabilities

Accounts Payable	\$ -
------------------	------

Total Current Liabilities	-
---------------------------	---

Members' Equity:

Members' Equity	<u>35,000</u>
-----------------	---------------

Total Members' Equity	35,000
-----------------------	--------

Total Liabilities and Members' Equity	<u><u>\$ 35,000</u></u>
---------------------------------------	-------------------------

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

SUITE SURROUNDINGS, LLC
STATEMENT OF INCOME
FOR THE PERIOD ENDED MARCH 31, 2022

Revenue	
Initial Franchise Fees	\$ -
Interest Income	-
Total Revenue	<u>-</u>
Operating Expenses:	
Bank Fees	-
Miscellaneous	-
Total Operating Expenses	<u>-</u>
Loss From Operations	-
Net Income	<u><u>\$ -</u></u>

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

SUITE SURROUNDINGS, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
AS OF MARCH 31, 2022

Members' Equity, beginning of period	\$ -
Members' Contribution	35,000
Members' Draw	-
Net Income	-
	<hr/>
Members' Equity @ March 31, 2022	<u><u>\$ 35,000</u></u>

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

SUITE SURROUNDINGS, LLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income (Loss)	\$ -
Adjustments to reconcile Net Income (Loss)	
Increase (Decrease) in Operating Liabilities	
Accounts Payable	-
Total Adjustments	<u>-</u>
 Net Cash Provided / (Used) by Operating Activities	 -
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	<u>-</u>
 Net Cash Provided / (Used) By Investing Activities	 -
CASH FLOWS FROM FINANCING ACTIVITIES	
Member Contribution	35,000
Members' Draw / Distributions	<u>-</u>
 Net Cash Provided / (Used) by Financing Activities	 <u>35,000</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 35,000
 CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	 <u>-</u>
 CASH AND CASH EQUIVALENTS AT END OF PERIOD	 <u><u>\$ 35,000</u></u>

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

SUITE SURROUNDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2022

NOTE 1 – BUSINESS ACTIVITY

Suite Surroundings, LLC was formed in the state of Minnesota in December 20, 2021; the Company is in the business of offering franchises for the operation of an onsite wedding and special event dressing room business. Unless otherwise indicated, the terms “we,” “us,” “our,” and “Company” refer to Suite Surroundings, LLC.

The Company is in its initial start-up phase and is currently in the process of acquiring franchisees to operate in various states.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years. At March 31, 2022 the Company did not own any fixed assets.

Income Taxes

As a limited liability company, income or loss of the Company is allocated to the members. No provision for federal or state income taxes is necessary because any income or loss is includable in the tax returns of the individual members. Local income taxes, if any, are paid by the Company. The Company was not subject to any local income taxes for the Period ended March 31, 2022.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, and disclosure and transition accounting. The Company has concluded that no liability for uncertain tax positions is required at March 31, 2022.

The Company’s tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a year of three years after the respective filing deadlines of those returns.

Advertising

Advertising costs are expensed as incurred.

Concentrations of Credit Risk

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

SUITE SURROUNDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue Recognition

The Company's revenue recognition policies are in compliance with accounting standards ASC Topic 606, *Revenue from Contracts with Customers*. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

In 2020, the Financial Accounting Standards Board (FAB) issued Accounting Standards Update (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entities to account for pre-opening services provided to a franchise as a single performance obligation in the services are in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties, brand fund and technology fee's on a monthly basis, which are generally based upon a percentage of sales made by the Company's franchises, when they are earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- Development of a custom local affiliate web page housed within our national website that includes online ordering functionality and may include access to franchise portals online for ongoing news bulletins and templates for advertising materials to support the business.
- Webserver setup for the web page.
- A startup kit that includes various marketing materials, access to a self-study program (and related materials) to be completed prior to attending our initial training program and a copy of our proprietary Operations Manual.
- Comprehensive five-day training program at our corporate headquarters and up to three days of marketing assistance and guidance at your location.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting Period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

SUITE SURROUNDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value of Financial Assets and Liabilities

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

Recently Issued and Adopted Accounting Pronouncements

The Company's management has evaluated recently issued accounting pronouncements through the date of this report and concluded that they will not have a material effect on the financial statements as of March 31, 2022.

In May 2014, the FASB issued a new accounting standard that attempts to establish a uniform basis for recording revenue to virtually all industries financial statements, under U.S. GAAP as amended in March 2016 and April 2016. The revenue standard's core principle is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. In order to accomplish this objective, companies must evaluate the following five basic steps: (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. There are three basic transition methods that are available - full retrospective, retrospective with certain practical expedients, and a cumulative effect approach. Under the third alternative, an entity would apply the new revenue standard only to contracts that are incomplete under legacy U.S. guidance at the date of initial application and recognize the cumulative effect of the new standard as an adjustment to the opening balance of retained earnings. Prior years would not be restated and additional disclosures would be required to enable users of the financial statements to understand the impact of adopting the new standard in the current Period compared to prior years that are presented under legacy U.S. guidance.

SUITE SURROUNDINGS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Recently Issued Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term. The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g., commissions). The new standard is effective for annual reporting periods beginning after December 15, 2021, including interim reporting periods within those annual reporting periods. The adoption will require a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest period presented. The Company is currently evaluating the impact of this new accounting standard on its financial position and results of operations.

The Company does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

NOTE 3 – MEMBER'S EQUITY

During the initial period ended March 31, 2022, the Company's member contributed \$35,000.

NOTE 3 – INITIAL FRANCHISE FEE REVENUE

Deferred revenue represents initial franchise sales for which substantially all the services to be provided by the Company have not yet been performed. These revenues are fully recognized when Franchisees open their doors for business. The amounts deferred as of March 31, 2022 was \$0.

NOTE 4 – RISK AND UNCERTAINTIES

In March 2020, the World Health Organization declared the novel strain of the coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of these financial statements, the Company is unable to determine if COVID-19 disruption will materially impact Results of operations or financial position. The Company cannot reasonably estimate the overall length or severity of this pandemic, which if prolonged for a longer duration, could potentially have material impact to the Company's financial position or results of operations.

NOTE 5 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 8, 2022, the date which the financial statements were available to be issued and nothing has occurred that would require disclosure.

State Effective Dates

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

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

State	Effective Date
California	Not registered
Hawaii	Not registered
Illinois	Not registered
Indiana	Not registered
Maryland	Not registered
Michigan	Not registered
Minnesota	Pending
New York	Not registered
North Dakota	Not registered
Rhode Island	Not registered
South Dakota	Not registered
Virginia	Not registered
Washington	Not registered
Wisconsin	Not registered

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

Receipts

RETURN THIS SIGNED COPY TO THE FRANCHISOR

**ACKNOWLEDGEMENT OF RECEIPT FOR FDD
Franchise Disclosure Document [FDD]
SUITE SURROUNDINGS, LLC**

This Disclosure Document summarizes provisions of the Franchise Agreement, and other information in plain language. Read this disclosure document and all agreements carefully.

If Suite Surroundings, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to the Franchisor, or an affiliate in connection with the proposed franchise sale.

If Suite Surroundings, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20850, and the appropriate state agency as identified in Exhibit B of this Disclosure Document.

Franchisor authorizes the respective state agencies identified on Exhibit B to receive service for it in a particular state.

Suite Surroundings, LLC's franchise sellers are: Heidi Mathson, Amy Michaels, and Molly Michaels at 2319 175th Lane NW, Andover, MN 55304, (612) 361-1361.

Issuance Date: May 16, 2024

I received a Dream Day Dressing Rooms® Disclosure Document dated May 16, 2024 that included the following Exhibits:

- A Franchise Agreement with attached Schedules
- B List of State Agencies and Regulators
- C Franchise Disclosure Questionnaire
- D State Addenda
- E Operations Manual Table of Contents
- F Option Agreement
- G List of Franchisees
- H Franchisees Who Have Left the System
- I Financial Statements
- J Receipts

Date

Recipient/Franchise Applicant

RETURN THIS SIGNED FORM TO THE FRANCHISOR Mail to: Suite Surroundings, LLC, 2319 175th Lane NW, Andover, MN 55304 or Email to: Heidi@DreamDayDressingRooms.com

APPLICANT COPY

**ACKNOWLEDGEMENT OF RECEIPT FOR FDD
Franchise Disclosure Document [FDD]
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Date

Recipient/Franchise Applicant

THIS SIGNED FORM REMAINS WITH THE FRANCHISE APPLICANT