

FRANCHISE DISCLOSURE DOCUMENT



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J 'N C Real Estate Development, LLC

A Texas limited liability company

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Tel: (210) 314-3126

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www.salonsbyjc.com

We offer and award qualified third parties the right to own and operate a high-end complex The franchise that we offer is for Salons by JC, a business that offers and provides dedicated, high-end retail space to third-party practitioners and concepts that operate primarily within the beauty, wellness, health and wellness, personal care, and related industries (each, a "Business" or "SBJC Business"). We also offer qualified parties the right to own, and related products and operate multiple franchised Businesses within a mutually agreed-upon geographical area (the "Development Area"). services. We offer individual unit Salons by JC business franchises and franchises for the development of multiple businesses within a development territory.

The total ~~estimated~~ investment necessary to begin operation of a ~~single franchised Business (each, Salons by JC business under a "Franchised Business")~~ franchise agreement is ~~between \$1,424,175~~ \$31,200 to \$2,171,043,400, ~~including~~ This includes \$60,000 that must be paid to the franchisor or its affiliates.—

The ~~estimated~~ total investment necessary to ~~develop multiple Franchised Businesses~~ begin operation of a Salons by JC business under a ~~development~~ franchise agreement with us (the "Development Agreement") will ~~depend on the number of franchises you are awarded the right to develop within your Development Area. By way of example, the total estimated investment associated with developing a total of three (3) Franchised Businesses is between \$1,489,175 to—~~

~~\$2,236,400, which includes (i) a development fee amounting to \$125,000 that multi-franchise addendum is payable to us, and (ii) the remaining initial investment associated with developing and opening your initial Franchised Business under your Development Agreement. The total estimated investment associated with developing a total of six (6) Franchised Businesses is between \$1,589,175~~ \$31,200 to \$2,336,083,400, which. This includes (i) a development fee amounting to \$225,000 that is payable to us, and (ii) the remaining initial investment associated with developing and opening your initial Franchised Business under your Development Agreement. must be paid to the franchisor or its affiliates. The total estimated investment associated with developing a total necessary to begin operation of 10 Franchised Businesses a Salons by JC business under a multi-unit development agreement is ~~between \$1,689,175~~ \$396,200 to \$2,436,308,400, which. This includes (i) a development fee amounting to \$325,000 that is payable to us, and (ii) the remaining initial investment associated with developing and opening your initial Franchised Business under your Development Agreement. If you are granted the right to develop 11 must be paid to the franchisor or more Franchised Businesses, your affiliates, along with a \$25,000 to \$33,333 development fee will increase by \$32,500 for each additional Franchised Business business established under the multi-unit development agreement.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another ~~format~~ form that is more convenient for you. To discuss the availability of disclosures in different ~~formats~~ forms, contact Drew Johnston, J 'N C Real Estate Development, LLC, at ~~18402 US Hwy 281 N., Ste. 267~~ 1723 North Loop 1604 E, Suite 202, San Antonio, Texas ~~78259 and (210) 314-3126.~~ 78232.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire 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—~~

Franchise²²,” 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-~~FTCHELP~~~~FTC-HELP~~ or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, ~~D.C.~~~~DC~~ 20580. You can also visit the FTC’s home page at ~~www.ftc.gov~~www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising. ~~There may also be laws on franchising in your state. Ask your state agencies about them.~~

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Issuance Date: April ~~20, 2024~~18, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits H and I.
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 D 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 Salons by JC 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 Salons by JC franchisee?	Item 20 or Exhibits H and I list current and former franchisees. You can contact them to ask about their experiences.

What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.
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What You Need **To** Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 and multi-unit development agreement require you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Texas. 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 Texas than in your own state.
2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all your financial obligations under the ~~Franchise Agreement~~ franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both ~~your~~you and your spouse's marital and personal assets, ~~perhaps including your house~~, at risk if your franchise fails.
3. **Mandatory Minimum Payments**. You must make minimum royalty, or advertising, ~~and other fund~~ payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
 1. ~~**Unopened Franchises**. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.~~

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

NOTICE REQUIRED BY THE STATE OF 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.

~~Ea~~~~h~~The Michigan Franchise Law states in Sec. 445.1527, Sec.27 that each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that ~~the~~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~~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 applies only if: (i) the term of the franchise is less than ~~5~~five years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of 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 ~~or~~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. (i) The failure of the proposed transferee to meet the franchisor's then- current reasonable qualifications or standards.
 - 2. (ii) The fact that the proposed transferee is a competitor of the franchisor or ~~subfranchisor~~sub-franchisor.

3. (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

4. (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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.

~~The fact 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—the
Department of Attorney General—
CONSUMER PROTECTION DIVISION
Attention: Antitrust & Franchise
G. MennenState of Michigan, 670 Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913, telephone 48909
Telephone Number: (517) 373-7117.
~~THE MICHIGAN NOTICE APPLIES ONLY TO~~

Salons by JC
Franchise Disclosure Document

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EXHIBITS

5. A. List of State Franchise Administrators/Agents for Service of Process—
Franchise Agreement (and Exhibits)—

~~ITEM 1—~~

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

~~To simplify the language of this Franchise Disclosure Document~~

J 'N C Real Estate Development, LLC, the franchisor of the Salons by JC franchise is referred to in this franchise disclosure document (the "Disclosure Document") as "we", "us" or "our" as the context requires. A franchisee is referred to in this Disclosure Document as "you" and "your" as the context requires. If you are a corporation, partnership or other legal entity (a "Corporate Entity"), our franchise agreement will also apply to your individual owners, shareholders, members, officers, directors and other principals.

The Franchisor

~~, "JNC", "we," "us" and "our" means J 'N C Real Estate Development, LLC, the franchisor. "You", "your" and "Franchisee" means the person, and its owners if the Franchisee is a business entity, who buys the franchise from JNC.—~~

The Franchisor—

We are a Texas limited liability company ~~formed in~~ established on January 23, 2008. Our principal place of business is 1723 North Loop 1604 E, Suite 202, San Antonio, Texas 78232. We ~~operate—conduct~~ business under our corporate name and—J 'N C Real Estate Development, LLC and under the Salons by JC trade name ~~Salons by JC..~~ Our principal business address is at 18402 US Hwy 281 N., Ste. 267, San Antonio, Texas 78259. ~~We have offered~~operating the Salons by JC Business franchise system and granting franchises ~~for the right to own to~~ third parties like you to develop and operate ~~SBJC Businesses since a Business.~~ We began offering franchises in March 2011. ~~We have~~ Other than as discussed above, we are not (a) in any other business, we have not conducted business under any other name or in any other line of business, we do not conduct or (b) operate a franchised business of the type to be operated by a franchisee, and we have not offered or sold franchises or licenses in any other line of business. We do not have any predecessors and we do not have any parent company. Our registered agents for service of process are disclosed in Exhibit B of this Disclosure Document.

The Franchised Business

We license a system (the "System") for the development and operation of a Salons by JC business (each, a "Franchised Business" or "Business") that offers and provides retail space to third party practitioners (the "Operators") primarily within the beauty, health and wellness, personal care, and related industries under a lease agreement (the "Salon Suite Lease Agreement"), as well as property management services and related services and products (the "Approved Products and Services") offered from a commercial retail location (the "Business Location") within a designated territory. The System includes Approved Products and Services that we currently designate and that we may modify, add to, or discontinue from time to time, and our specifications, methods and procedures for marketing, selling, offering, and providing the Approved Products and Services. The System also features and requires, as designated by us, your exclusive purchase, use, and maintenance of inventory, products, supplies, goods, trade displays, systems, software, equipment, furniture, and fixtures designated by us (collectively, the "System Supplies"). The System is presently identified by the Salons by JC trademark, logo and other trademarks, service-marks, logotypes, and commercial symbols as we may designate, modify and adopt from time to time for use in the System and as same may or may not be registered with the United States Patent and Trademark Office (collectively referred to as the "Licensed Marks"). The System features the prominent display of the Licensed Marks and our trade dress. You must only operate the Franchised Business in conformity with the specifications, procedures, criteria, and requirements that we designate in our confidential operations manual and other proprietary manuals that we may designate and loan to you and, as we may from time to time supplement and modify other manuals and communications (collectively, the "Manuals").

Franchise Agreement

You may enter into a franchise agreement in the form attached to this Disclosure Document as Exhibit E (the "Franchise Agreement") to develop and operate one Business from a single Business Location. If you sign a Franchise Agreement, you will be required to develop and operate your Business in conformity with the requirements of our System and at a Business Location that we approve in writing. A Business will, ordinarily, be located in a high traffic commercial retail location, including shopping centers and commercial business areas. If you do not have an approved site for your Business Location you must select a site in accordance with the Franchise Agreement and obtain our written approval of the Business Location. Your rights in the System will be limited to the establishment and operation of a single Business offering, selling, and/or providing only our Approved Products and Services from your approved Business Location and using only our System Supplies. Your Business must conform to the requirements of our System.

1-2 Multi-Franchise Addendum to Franchise Agreement

If we approve your request, you may have the option to sign a 1-2 multi-franchise addendum supplementing your Franchise Agreement (the "1-2 Multi-Franchise Addendum"). The 1-2 Multi-Franchise Addendum is attached to this Disclosure Document as Exhibit F and allows you to pre-pay, at a reduced rate per Business to be developed, the initial franchise fee for the development of up to one additional future Salons by JC franchise agreement, to be developed and operated under the terms of our then current individual unit franchise agreement which may differ from the Franchise Agreement included with this Disclosure Document. Under a 1-2 Multi-Franchise

Addendum you are not granted a development area and you are not subject to a development schedule.

Multi-Unit Development Agreement

If we approve your request, you may have the option, in addition to signing a Franchise Agreement in the form attached as Exhibit E, to sign the multi-unit development agreement attached to this Disclosure Document as Exhibit G (the “Multi-Unit Development Agreement”), to develop and operate multiple Businesses. The total number of Businesses that you will be required to develop and operate under a Multi-Unit Development Agreement will vary from three to 10 Businesses, as negotiated at the time of signing the Multi-Unit Development Agreement. Each Business must be developed by you within a designated geographic area (the “Development Area”) and each Business must be developed and operated under the terms of our then current individual unit Franchise Agreement which may differ from the Franchise Agreement included with this Disclosure Document. Your Multi-Unit Development Agreement will include a development schedule (the “Development Schedule”) containing a deadline by which you must have each Business open and operating. Your Development Schedule may vary depending on your Development Area and the number of Businesses that you are required to develop.

Unless otherwise ~~We have not~~ specified, the information contained in this Disclosure Document applies to single unit development under a Franchise Agreement and multi-unit development under a Multi-Unit Development Agreement. If you are not contracting for the right to develop multiple Businesses, you will not be signing a Multi-Unit Development Agreement. Even if you sign a Multi-Unit Development Agreement, you will also be signing individual Business Franchise Agreements with the first Business Franchise Agreement being the Franchise Agreement attached to this Disclosure Document as Exhibit E and signed simultaneously with the signing of the Multi-Unit Development Agreement.

Our Affiliates

J ‘N C Investments, LLC

Our affiliate J ‘N C Investments, LLC is a Texas limited liability company established on December 18, 1997. This affiliate maintains a principal business address at 1723 North Loop 1604 E, Suite 202, San Antonio, Texas 78232. This affiliate operates a Salons by JC Businesses similar to the Franchised Business in Dallas, Arlington, and San Antonio, Texas. You will not be required to conduct business ~~directly operated a franchised Business of the type described in this Franchise Disclosure Document~~ with this affiliate. This affiliate has not in the past and does not now offer franchises in any lines of business.

Market and Competition

~~Our agent for service of process in Texas is Steve Griffey, J ‘N C Real Estate Development, LLC 18402 US Hwy 281 N., Ste. 267, San Antonio, Texas 78259. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.—~~

Predecessors and Affiliates—

~~We do not have any parents or predecessors.—~~

~~As of April 2024, we do not have any affiliates that (a) have offered franchises or licenses in any line of business, or (b) serve as our designated or approved supplier for any products or services you are required to acquire and/or license in connection with the operation of your Franchised Business.—~~

~~We do have one (1) or more affiliate(s) that own and operate a SBJC Business similar to the Franchised Business being offered in this Disclosure Document.—~~

The Franchised Business—

~~SJBC Businesses offer and provide retail space to third-party practitioners under an independent contractor relationship (“Operator(s)”) to provide and perform their respective services. These services would typically be found in a full-service salon such as haircutting, hairstyling, nail-related services, facials and other skin-related services and massage therapy. Your SBJC Business will offer and provide: (i) high-end retail salon studio space within a retail or commercial location (“Facility”) to Operators under a lease agreement (the “Operator Agreement”); (ii) vending services (laundry and snack items); (iii) internet access; and (iv) any other services that we authorize, which may include the retail sale of salon products, merchandise and other inventory we approve from the Facility (the “Approved Products” and/or “Approved Services,” as applicable).—~~

~~Each Franchised Business may and must operate in accordance with our then-current system of operations that we have developed for the buildout, development, opening and operation of a SBJC Business (the “System”). As of April 2024, our System is comprised of recognizable design, décor and color scheme associated with Franchisor’s trade dress; uniform standards, specifications, rules and procedures of operation; techniques; philosophies; quality and uniformity of products and services offered;—~~

~~and procedures. Each Franchised Business is authorized and must operate SBJC Businesses our then-current trade marks, trade names, emblems, logos, slogans, trade dress and other indicia of origin (collectively, the “Marks”).—~~

~~We expect that the approved premises of your Franchised Business (your “Premises”) will typically be: (i) between 6,000 and 9,000 square feet. As of April 2024, there are a few Facilities in our System that are as large as 10,000 square feet; and (ii) located in regional shopping centers, shopping venue and/or comparable commercial business areas.—~~

~~To own and operate a Franchised Business, you must sign our current form of franchise agreement that is attached as Exhibit B to this Franchise Disclosure Document (the “Franchise Agreement”). If the franchisee is a business entity, then all of the individuals that have any type of ownership interest in the franchisee entity, as well as their spouses, must sign our form of personal guaranty (attached as an Exhibit to the Franchise Agreement) where each owner agrees to be personally bound by, and personally guarantee the entity’s obligations under, all terms of the Franchise Agreement (the “Personal Guaranty”).—~~

~~You will be responsible for soliciting potential Operators to lease space within your Facility. You do not need to obtain our approval regarding the Operators you rent space to. We do not currently have any specific criteria or guidelines that you must follow with respect to the type of third party you may rent a suite in your Facility to (other than the fact that the third party must be a beauty or wellness practitioner); but we reserve the right to provide such criteria and/or guidelines in the future. Your Operators will be solely responsible for (a) scheduling their own appointments and generating their own clientele, and (b) otherwise owning and operating their respective businesses within the Facility.—~~

~~Typically, once we agree on the approved Premises of your Facility, we will designate a geographical area around the Premises wherein we will not own or operate, or license a third party the right to own or operate, a Facility that utilizes the Marks and System (your “Designated Territory”). If you and we identify your Designated Territory at the time you execute your Franchise Agreement, you will need to secure a Facility that we approve within your Designated Territory.—~~

Multi-Unit Development Offering—

~~We also offer to select qualified persons the opportunity to sign our area development agreement (“Development Agreement”) and acquire the right to develop multiple SBJC Businesses in a designated development area (“Development Area”) in accordance with a specified development schedule (“Development Schedule”). The Development Area will be established based on the consumer demographics of the Development Area, geographical area, city, county and other boundaries. If you enter into a Development Agreement, you must sign a Franchise Agreement for your first SBJC Business at the same time that you sign the Development Agreement. You will be required to sign our then-current form of Franchise Agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document for each SBJC Business that you develop under the Development Agreement.—~~

~~Unless otherwise stated, any reference in this Franchise Disclosure Document to “you” or “franchisee” includes you both as a franchise under a Development Agreement and as a franchisee under a Franchise Agreement.—~~

Market and Competition—

~~The “marketplace for commercial leasing and salon suite” industry is a form of retail leasing is well developed and competitive. You will be competing with other businesses, real estate development and management. You will enter into a lease for a Facility that we approve and then build-out that location into individual “suites” that—~~

~~can be leased or sub-leased to third parties developers, and property managers that provide personal care and other salon and wellness similar or substitute services to clientele.—~~

~~The products and for the services offered by SBJC Businesses (and their Operators) are not seasonal in nature. The market for salon studio rental businesses is moderately developed and competitive, and the market for general commercial leasing is well-developed. You may face competition from other businesses including franchised operations, national chains and independently owned the Franchised Business. Competition also includes other salon suite leasing businesses that offer and provide similar leasing and salon management or substitute services to third-party beauty and wellness practitioners for the services offered by the Franchised Business.~~

~~Your competitive advantage in the marketplace will be based on your adherence to our System standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service.—~~

Industry- Specific Laws

~~Most Many states and local jurisdictions have enacted laws, rules, and regulations and ordinances that may apply to the development and operation of your SBJC the Franchised Business, including those that regulate, or otherwise relate laws, rules, and regulations relating to or govern, the operation of a business that leases/subleases space to third parties and/or construction, design, and maintenance of the operation of a salon generally (businesses providing hair, nail, massage or other beauty or wellness-related services), including those that may require you to Franchised Business and real estate and leasing laws. You must evaluate and obtain certain the necessary licenses, certification, permits, certificates, licenses or approvals to provide the Approved Products and Approved Services at your SBJC Business. Your Operators may also need to obtain certain permits, certificates, licenses or and approval to provide their respective services from their respective suites within the Facility. We have not received formal legal opinions on the issue of whether the Approved Services can be provided under the laws of the necessary to establish and operate the Franchised Business. You must investigate all of these laws. You must check your state where you are looking. You must—, county and local jurisdiction about these rules and regulations and you should consult with your own legal advisor. You must prepare your Salon Suite Lease Agreement with an attorney to and ensure that the laws of the state where your SBJC Business the Salon Suite Lease Agreement is located permits you to provide the Approved Products and Approved Services from your Facility.—~~

~~You are responsible for the knowledge and application of all federal and state data privacy laws, such as the Gramm-Leach-Bliley Act, the Fair Credit Reporting Act, the Telephone Consumer Protection Act, the Fair and Accurate Credit Transactions Act, the National Automated Clearinghouse Association and all related and associated regulations as well as any other in compliance with applicable federal, state, and state local laws (collectively “Privacy Laws”).—~~

~~You must ensure that the form of Operator Agreement you utilize in connection with your SBJC Business complies with all applicable laws, and you will need to work with your own attorneys and legal advisors to take whatever steps necessary to ensure that your Operator Agreement creates an independent contractor relationship between you and each of your Operators with the Operator.~~

~~You will also be subject to federal and state laws and regulations that apply to businesses generally, including rules and regulations involving employment practices, wage and hour laws, immigration, and employment laws. You must review federal minimum wage and overtime laws, as well as similar laws within your state to ensure compliance with labor and wage laws currently in existence and those that may later be adopted. You should consult with your attorney concerning these and other local laws, rules, and regulations that may affect the operation of the Franchised Business. You should consult with your attorney and investigate and evaluate how these laws, rules, and regulations may affect your development and operation of the Franchised Business.~~

ITEM 2

BUSINESS EXPERIENCE

~~It is your sole responsibility to investigate any regulations in your territory, including those related to the leasing of any space by your SBJC Business at your Facility and those related to the establishment and operation of a business generally.—~~

~~You must investigate and comply with all of these applicable laws and regulations. You alone are responsible for complying with all applicable laws and regulations, despite any advice or information that~~

~~we may give you. We have not researched any of these laws to determine their applicability to your SBJC Business.—~~

~~ITEM 2—~~

~~BUSINESS EXPERIENCE—~~

~~Co-Founder:~~

Jack Griffey, Co-Founder

Jack Griffey is our Co-Founder and has served as Co-Founder of our company in this role since our inception information on January 23, 2008. ~~Jack is also~~ Since December 1997 and continuing to date, Mr. Griffey has served as Co-Founder of our ~~Affiliate, J 'N C Investments in San Antonio, Texas and that has been operating since 1997, LLC~~, which ~~currently~~owns and operates ~~10 SBJC~~several Salons by JC Businesses located in ~~the areas of~~ Dallas, Arlington, and San Antonio, Texas.

~~Steve Griffey, President:~~ Steve Griffey

Steve Griffey ~~has served as~~ is our President and has served in this role since our inception information on January 23, 2008. ~~Steve has also been~~ Since December 1997 and continuing to date, Mr. Griffey has served as President of our ~~Affiliate since its inception in 1997~~affiliate, J 'N C Investments, LLC, which ~~currently~~owns and operates ~~10 SBJC~~Salons by JC Businesses located in ~~the areas of~~ Dallas, Arlington, and San Antonio, Texas.

~~Drew Johnston, Vice President of Operations:~~ Drew Johnston

Drew Johnston ~~has served as~~ is our Vice President of Operations and has served in this role since April 2014. ~~Prior to that time, Drew served as a Regional Director for Fantastic Sams Franchise Corporation, located in San Antonio, Texas, from December 2003 through January 2014.~~

~~Antonio Limon, Vice President of Marketing:~~ Antonio Limon

Antonio Limon ~~has served as~~ is our Vice President of Marketing and has served in this role since January 2021 ~~in San Antonio, Texas~~. Prior. From January 2018 to ~~that time~~January 2021, Mr. Limon was ~~the~~ Head of Digital Marketing ~~for at~~ Lifeline Screening in Austin, Texas ~~from January 2018 to January 2021~~. Prior to that time, Antonio served as Director of Digital Marketing for Direct Energy LLP in Houston, Texas from April 2016 to January 2018..

~~Austin Miller, Vice President of Corporate Salon Operations:~~ Austin Miller

Austin Miller ~~has served as~~ is our Vice President of Corporate Salon Operations and has served in this role since June 2016 ~~in San Antonio, Texas~~.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

~~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

~~ITEM 5—
INITIAL FEES—~~

Franchise Agreement

~~Initial~~When you sign a Franchise ~~Fee—~~

~~You must~~Agreement you will pay to us ~~an a~~ non-refundable initial franchise fee ~~amounting to \$60,000 (the “(the “Initial Franchise Fee”).~~
The amount of the Initial Franchise Fee”) ~~when you sign the~~ under our single unit Franchise Agreement. ~~The Initial Franchise Fee covers~~
~~the~~ depends on your selection of one of the following two franchise offering options:

Franchise Offering	Number of Potential Businesses	Initial Franchise Fee
<u>Single Franchise</u> : Franchise Agreement	1	\$60,000
<u>1-2 Multi-Franchise</u> : Franchise Agreement Supplemented with Salons by JC 1-2 Multi-Franchise Addendum	1 to 2	\$100,000

~~If license to operate your Franchised~~you purchase the rights to a 1-2 franchise your Franchise Agreement will be supplemented with the Salons by JC 1-2 Multi-Franchise Addendum attached as to this Disclosure Document as Exhibit F. The Salons by JC 1-2 Multi-Franchise Addendum provides you with the option, in addition to the first Business that you will develop and the tuition fees for you operate under the Franchise Agreement, to develop and ~~up to two~~operate one additional ~~people to attend our proprietary initial training program (“Business (the “Additional Business”)~~ within five years of the effective date of the 1-2 Multi-Franchise Addendum without payment of an Initial Training Program). YourFranchise Fee at the time of signing the Salons by JC franchise agreement for the Additional Business. To develop and establish an Additional Business you must sign our then current Salons by JC franchise agreement that may differ from the current Franchise Agreement included with this Disclosure Document. The Salons by JC 1-2 Multi-Franchise Addendum does not grant to you a development area or territory protection and does not obligate you to a Development Schedule. The Initial Franchise Fee is deemed fully earned by us upon payment, ~~and is not refundable under any circumstances~~. The method we use to calculate the Initial Franchise Fee is uniform for all franchises that we offer through this Disclosure Document.

Conversion ~~Facility~~ of Existing Business Location

~~If you have an existing location that meets our then current Conversion Criteria and we grant you the right to convert that existing business into a Franchised Business, you must pay us a reduced Initial Franchise Fee amounting to \$30,000 immediately upon execution of your Franchise Agreement. This reduced Initial Franchise Fee will also be deemed fully earned and non-refundable upon payment and will be uniformly imposed on conversion franchisees.—~~

Development Agreement—

Development Fee—

~~If we grant you the right to develop multiple SBJC Businesses under a Development Agreement, you must pay us a one-time Development Fee when you sign the Development Agreement. Your Development Fee will depend on the number of SBJC Businesses we grant you the right to open within the Development Area based on the following calculations:—~~

For qualified individuals who we determine own and operate a business similar to a Salons by JC Business and/or offers services and products similar to the Approved Products and Services and meets our standards, specifications, and criteria for conversion businesses (“Salons by JC Conversion Business”), the Initial Franchise Fee for your first Franchise Agreement will be discounted by 50%. The discount must be requested at the time of signing the Franchise Agreement and represents a one-time discount applicable to only the Initial Franchise Fee. This discount is subject to our approval of franchisee entering into our franchise system. This discount cannot be combined with other discounts of the Initial Franchise Fee. You must provide documentation, which may include financial records, that we, in our sole discretion, deem appropriate to evaluate your Salons by JC Conversion Business.

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Multi-Unit Development Agreement

If you sign a Multi-Unit Development Agreement, you must pay a fixed non-refundable development area fee of \$32,500 per Business for the right to open three Businesses, \$33,333 per Business for the right to open four to six Businesses, and \$25,000 per Business for the right to open seven to 10 Businesses (the “Development Area Fee”), over and above the first Business authorized by the Franchise Agreement, that you will be authorized to develop under the Multi-Unit Development Agreement. The minimum number of Businesses that you may agree to develop is three and the maximum is 10. The Development Area Fee that you must pay to us is in addition to the Initial Franchise Fee of \$60,000 that you must pay to us at the time of signing the Franchise Agreement for your first Business. At the time of signing the Franchise Agreement for each additional Business authorized by the Multi-Unit Development Agreement, over and above your first Business, you will not be required to pay us an additional Initial Franchise Fee. The Development Area Fee is fully earned by us upon payment, represents consideration for a designated development area as referenced in Item 12 of this Disclosure Document, and is used to defray our costs for providing pre-opening assistance and to offset certain franchise recruitment expenses. The method we use to calculate the Development Area Fee is uniform for all franchises that we offer through this Disclosure Document.

ITEM 6

OTHER FEES

Type of Fee ^(Note 1)	Amount	Due Date	Remarks
Royalty ^(Notes 2 and 3)	Greater of 5.5% of Gross Sales or \$500 per month	Monthly on the 5 th of each month for the preceding month	Will be debited automatically from your bank account by ACH or other means designated by us.
Brand Development Fund ^(Note 4)	Up to 3% of Gross Sales, currently 1% of Gross Sales	Monthly on the 5 th of each month for the preceding month	Will be debited automatically from your bank account by ACH or other means designated by us.
Franchisee Directed Local Marketing ^(Note 5)	\$1,000 per month	As incurred	Must be spent by you monthly on pre-approved marketing within your designated territory.
Property Management Software Fee ^(Note 6)	Currently \$90 per month plus applicable merchant processing	Monthly as invoiced	Payable to us or our designated supplier.

Technology ^(Note 7)	Up to \$500 per month, currently \$125 per month	Monthly on the 5 th of each month for the preceding month	Will be debited automatically from your bank account by ACH or other means designated by us.
Local and Regional Advertising Cooperatives ^(Note 8)	As established by cooperative members but not exceeding the local marketing requirement, currently not assessed	As established by cooperative members	If we authorize an Advertising Cooperative, fees that you pay to the cooperative will count to the satisfaction of your local marketing requirements and will not exceed local marketing requirements.
Annual Conference Attendance Fee ^(Note 9)	Our then current conference fee but not greater than \$1,000 per attendee, currently \$299 per attendee	When invoiced and before conference	Applies to conference fee for an annual System conference.
Securities Offering Fee	\$3,500	When invoiced	If you are a Corporate Entity and you plan to offer securities by private offering, you must obtain our approval. You must submit all documents we reasonably request and pay this fee.
Additional Employee Initial Training	Our then current training fee, currently \$500 per person per day	When invoiced and prior to training	There is no initial pre-opening training fee for you or your Managing Owner, one designated manager, and one additional Owner or management level employee. This fee applies to additional individuals that we authorize to attend training.
Supplemental On-Site Training	Our then current daily rate per trainer, plus expenses we incur. Current rate is \$500 per day	When invoiced and prior to training	If you request or we require on-site training at your Business, you must pay our then current trainer fee plus our expenses for travel and accommodations.
Interest	18% per annum from due date	On demand	Payable on all overdue amounts, fees, charges, and payments due to us under the Franchise Agreement. Interest rate cannot exceed legal rate allowed by law and may be adjusted to reflect the same.
Reporting Non-Compliance	\$150 per occurrence	14 days of invoice	Payable for failure to timely submit Royalty and Activity Reports, and other reports and financial statements as required under Franchise Agreement.
Operations Non-Compliance	\$450 to \$1,000 per occurrence	14 days of invoice	Payable for failure to comply with operational standards as required and specified under Franchise Agreement, plus inspection and re-inspection costs incurred by us.
Payment Non-Compliance	\$150 per occurrence	14 days of invoice	Payable for failure to timely pay, when due, a fee or payment due to us under the Franchise Agreement, plus interest, costs and legal fees.

Non-Compliance	Actual fees, costs, and expenses	On demand	Fees, costs and expenses incurred by us as a result of your breach or noncompliance with the terms of your Franchise Agreement.
Audit	Cost of audit	On demand	For costs incurred by us for each financial audit, provided the audit determines underreporting of 2% or greater during any designated audit period. Includes fees incurred by us including audit, legal, travel and reasonable accommodations.
Quality Assurance Audit	Actual costs incurred by us	As invoiced	Payable to us if we elect to perform or designate a third party to perform periodic quality assurance audits, including mystery shopper type inspections and programs.
Collections	Actual fees, costs, and expenses	On demand	For costs and expenses incurred by us in collecting fees due to us, and/or to enforce the terms of the Franchise Agreement or a termination of the Franchise Agreement. Includes costs and expenses of re-inspections required by quality assurance audit.
NSF Check Fee of Failed Electronic Fund Transfer	5% of amount or \$50, whichever is greater, or maximum fee allowed by law	On demand	Payable if your bank account possesses insufficient funds or fails to process a payment or transfer related to a fee due to us.
Supplier Review	Actual fees, costs, and expenses	Within 14 days of invoice	You must pay us the costs incurred by us to review and evaluate a potential supplier, product, or service that you submit to us for approval.
Management Service	Actual costs incurred by us	As invoiced	Payable if we elect to manage the Franchised Business due to a failure by you to have the Franchised Business managed by an authorized Managing Owner or Manager.
Relocation	Costs and expenses	On demand	Payable if you submit a request to relocate the Franchised Business.
Transfer	\$15,000	On demand	Payable if we approve your transfer request, but prior to execution of final transfer agreements and authorization.
Renewal	\$5,000	On signing renewal Franchise Agreement	Payable if we approve your renewal request and upon signing our then current Franchise Agreement.

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Explanatory Notes to Item 6
Other Fees

Note 1: Type of Fee – The above table describes fees and payments that you must pay to us, our affiliates, or that our affiliates may impose or collect on behalf of a third party. All fees are uniformly imposed for all franchises offered under this Disclosure Document, are recurring, are not refundable, and are payable to us, unless otherwise specified. If you enter into a Multi-Unit Development Agreement or open multiple Businesses then these fees shall apply, respectively, to each and every Business, subject to the terms of their respective Franchise Agreement. Payment is subject to our specification and instruction, including, our election to have all fees automatically drafted from your business bank account or automatically debited or charged to your business bank account. You will be required to sign an ACH Authorization Form (Franchise Agreement, Exhibit 7) permitting us to electronically debit your designated bank account for payment of all fees payable to us and/or our affiliates. You must deposit all receipts and Gross Sales of your Business into the designated bank accounts that are subject to our ACH authorization. You must install and use, at your expense, the pre-authorized payment, point of sale, credit card processing, automatic payment, automated banking, electronic debit and/or electronic funds transfer systems that we designate and require in the operation of your Business. You must pay all fees charged by your bank in connection with our ability to debit your bank account.

Note 2: Royalty Fees – The royalty fee (the “Royalty Fee”) is a continuing monthly fee equal to the greater of: (a) 5.5% (the “Royalty Rate”) of your monthly Gross Sales; or (b) the minimum monthly Royalty Fee of \$500 per month. The minimum monthly Royalty Fee of \$500 per month will not be collected during the 90 day period following the opening of the Franchised Business. If any federal, state or local tax other than an income tax is imposed on the Royalty Fee which we cannot directly and, dollar for dollar, offset against taxes required to be paid under any applicable federal or state laws, you must compensate us in the manner prescribed by us so that the net amount or net effective Royalty Fees received by us is not less than the greater of: (a) 5.5% of your monthly Gross Sales; or (b) \$500 per month.

During the fiscal year ending December 31, 2024, the Royalty Fees for four franchisees under their respective Franchise Agreements were discounted to a Royalty Fee between \$600 to \$800. No other Royalty Fees were discounted or waived in 2024. During the fiscal year ending December 31, 2024, we provided Royalty Fee waivers and abatements for two franchisees.

Note 3: Gross Sales – “Gross Sales” means the total dollar sales from all business and customers of your Business and includes the total gross amount of revenues, receipts, and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by you in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by you or any other person or Corporate Entity from business conducted or which started in, on, from or through your Business and/or your Business Location, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement. Gross Sales include the total gross amount of revenues, receipts, and sales from whatever source derived from and/or derived by you (including any person and/or Corporate Entity acting on your behalf) from business conducted within and/or outside your designated territory that is related to your Business and/or a competitive business located and/or operated at your Business Location, within your designated territory, outside your designated territory, and/or otherwise. Gross Sales does not include sales taxes that you collect and remit to the proper taxing authority or promotional discounts that are authorized by us in writing and provided by you to customers of the Franchised Business.

Note 4: Brand Development Fund – The brand development fund fee is a continuing monthly fee equal to up to 3% of your monthly Gross Sales (the “Brand Development Fund Fee”). Currently the Brand Development Fund Fee is equal to 1% of your monthly Gross Sales, however, we reserve the right to increase the Brand Development Fund Fee at any time in the future.

Note 5: Franchisee Directed Local Marketing – On an on-going monthly basis, you must spend not less than \$1,000 per month on the local marketing of your Business within your designated territory and in accordance with our standards and specifications.

Note 6: Property Management Software Fee – You must maintain and utilize the property management software that we designate from time to time. The property management software fee is the current monthly license fee to access the property management software that we designate. The property management software fee may increase if the designated vendor increases the monthly license fees.

Note 7: Technology Fee – The continuing monthly technology fee is an administrative fee and is not associated with any particular service but is used, at our discretion, to defray some of our costs related to system website, intranet, and other technology related expenses that we may designate (the “Technology Fee”). Currently the Technology Fee is \$125 per month but we reserve the right to increase the Technology Fee at any time in the future provided that the monthly Technology Fee shall not exceed \$500 per month.

Note 8: Local and Regional Advertising Cooperatives – If two or more Businesses are operating within a geographic area, region, or market designated by us (a “designated market”), we reserve the right to establish and require your participation in a local or regional advertising cooperative within the designated market. If a local or regional advertising cooperative is established within a designated market that includes your Business(s), you will be required to participate in the cooperative and make on-going payments to the cooperative in such amounts and subject to such caps as established by the cooperative members. We anticipate that each Business franchisee will have one vote for each Business located within the cooperative market and that cooperative decisions shall be made based on approval of a simple majority vote with a quorum of not less than 25% of the designated cooperative members. Contributions to a local or regional cooperative that we designate will count to the satisfaction of your minimum local marketing requirements and shall not exceed the local marketing requirement.

Note 9: Annual Conference Attendance Fee – If we offer a franchisee annual conference in a given year you will be required to attend the conference on the dates and at the location that we designate. You will be responsible for all travel and lodging expenses. We may charge you an annual conference fee in an amount not exceeding \$1,000 per attendee. We reserve the right to charge the annual conference fee to those franchisees that do not attend. We will not require your attendance at an annual conference for more than five days during any calendar year.

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ITEM 7

3. ~~collect your Royalty Fee, Fund Contribution and other recurring fees payable to us or our affiliates under the Franchise Agreement upon written notice to you. For example, we may collect these recurring fees on a weekly rather than a monthly basis. You are required to provide us with a Gross Sales report detailing your Gross Sales from the preceding reporting period (which is currently each calendar month), along with your calculated Royalty Fee, Fund Contribution (if appropriate) and other information that we reasonably require (the “Gross Sales Report”) on or before the date that we designated (currently, the 5th of each calendar month).~~
2. ~~Gross Sales. “Gross Sales” means the total revenue generated by your SBJC Business, including all revenue generated from leasing salon suites at your Facility and all amounts paid by Operators and/or their clientele for vending, laundry and any other Approved Products or Approved Services offered at your Facility, whether such revenues are evidenced by cash, check, credit, charge, account, barter or exchange. Gross Sales does not include the sale of products or services for which refunds have been made in good faith to customers, the sale of equipment used in the operation of the SBJC Business, any sales tax or other taxes collected from customers by you and paid directly to the appropriate taxing authority, or any reduction in revenue due to coupon sales.~~
3. ~~Right to Inspect/Audit. We have the right to inspect your books and other financial information associated with your SBJC Business during the term of the Franchise Agreement. If we conduct an~~

~~audit and it reveals that you have underreported your Gross Sales by 2% or more, then we may require you to pay the costs we incur in connection with conducting the audit of your SBJC Business (including any fees paid to auditors and/or attorneys).—~~

~~6. Interest on Late Payments. Interest begins to accrue on the due date of any payment that has not been timely received or is not paid in full.—~~

~~ITEM 7—~~

ESTIMATED INITIAL INVESTMENT—

YOUR ESTIMATED INITIAL INVESTMENT

7. A. Franchise Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee ^(Note 1)	\$60,000	Lump sum	When Franchise Agreement is signed	Us
Construction and Leasehold Improvements ^(Note 2)	\$860,000 – \$1,380,000	As arranged	As incurred	Contractors, suppliers, and/or landlord
Site Selection Assistance and/or Site Evaluation Expenses ^(Note 3)	\$0 – \$1,000	As arranged	As incurred	Suppliers
Lease Deposits and Rent – Three Months ^(Note 4)	\$46,000 – \$74,000	As arranged	As incurred	Landlord
Furniture, Fixtures, and Equipment ^(Note 5)	\$230,000 – \$334,000	As arranged	As incurred	Suppliers
Signage ^(Note 6)	\$21,500 – \$31,400	As arranged	As incurred	Suppliers
Computer, Software, and Business Management System ^(Note 7)	\$800 – \$1,500	As arranged	As incurred	Suppliers
Grand Opening Marketing ^(Note 8)	\$15,000 – \$20,000	As arranged	As incurred	Suppliers
Initial Inventory ^(Note 9)	\$2,000 – \$4,000	As arranged	As incurred	Suppliers
Utility Deposits ^(Note 10)	\$5,000 – \$7,000	As arranged	As incurred	Utility suppliers
Insurance Deposits – Three Months ^(Note 11)	\$900 – \$1,500	As arranged	As incurred	Insurance carriers

Travel for Initial Training (Note 12)	\$1,500 – \$2,500	As arranged	As incurred	Airlines, hotels, restaurants
Professional Fees (Note 13)	\$75,000 – \$89,000	As arranged	As incurred	Attorneys, accountants, advisors, architects
Licenses and Permits (Note 14)	\$3,500 – \$17,500	As arranged	As incurred	Government
Additional Funds – Three Months (Note 15)	\$10,000 – \$20,000	As arranged	As incurred	Us, employees, suppliers, landlord, utility suppliers
Total Estimate (Note 16)	\$1,331,200 – \$2,043,400			

Explanatory Notes to Item ~~Chart 7(A) Above~~7 for a Franchise Agreement

~~These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your SBJC Business. We do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments.—~~

8. ~~Note 1: Initial Franchise Fee.—See Item 5 for additional information about your—~~ The Initial Franchise Fee for a single franchise under a Franchise Agreement is \$60,000. All fees are non-refundable. We do not finance any portion of your initial fees.

1. ~~Training and Living Expenses During Training.—This is our estimated range of costs to cover the travel and living expenses including airfare, lodging and meals, which you will incur when you and your employees attend the initial training program. The cost you incur will vary depending upon factors such as distance traveled, mode of transportation, travel preferences (such as air travel or ground transportation), nature of accommodations, per diem expenses actually incurred, and the number of persons who attend training. This estimate does not include any wages or salary for you or your trainees during training.—~~

Note 2: Construction and Leasehold Improvements – This estimate is for the cost of construction, construction management, and build-out of a Salons by JC Business Location but does not include costs associated with furniture, fixtures, and equipment which are separately disclosed in this Item 7. This estimate assumes that the typical square footage for a Business ranges from 5,000 to 8,000 square feet, however, some locations within the System are as large as 10,000 square feet. This estimate also assumes that the site of the business that you select is delivered to you in an enhanced shell condition with pre-installed improvements including installed and functional HVAC systems, essential lighting, electrical switches and outlets, lavatories, a finished ceiling, walls prepared for painting and a concrete slab floor. This estimate does not include architectural fees or other fees charged by licensed professionals other than general contractors and licensed tradesmen and does not include any special heating, cooling, or ductwork required by a business. The costs for developing your Business may be higher or lower than the estimates provided. Your landlord may agree to provide you with a tenant improvement allowance, whereby the landlord credits some of the costs you incur in building out the Business Location towards your monthly rent. During the past five years, our franchisees have averaged \$386,809.29 in total tenant improvement. This estimate does not account for a tenant improvement allowance.

9. ~~Note 3: Site Selection Assistance and/or Site Evaluation Expenses.—Currently, you are required to engage —~~ You must use one of our third-party approved designated suppliers to provide for site selection assistance or guidance. We have the right, but are under no obligation, to: (i) conduct an on-site evaluation of any site you propose; and (ii) require you to reimburse us for the actual costs that we incur in connection with sending our representative(s) to your Designated Territory to conduct this evaluation. We have accounted for reimbursement amounts as part of the Additional Funds estimate set forth in the chart above and site evaluation. The low end of this estimate assumes you engage our approved supplier for such services that charges its fees directly to the landlord, while the high end of this estimate assumes that you engage one of our other approved suppliers that charges its fees to you directly for the site selection assistance they provide their services.

Note 4: Lease Deposits and Rent – Three Months – You must operate your Salons by JC Business from a Business Location that we approve and that complies with state and local law. If you do not already own or lease a suitable location you will be required to lease a location that has been approved by us as meeting our brand standards. This estimate assumes that you will be leasing your Business Location and is limited to the estimated amount of your initial lease deposit and initial three months of rent. The typical square footage of a Salons by JC Business ranges from 5,000 to 8,000 square feet, however, some locations within the System are as large as 10,000 square feet. The amount of your lease deposit and rent is highly variable and is something that you will directly negotiate with your landlord. This estimate does not include the purchase of real property. Some franchisees have negotiated a waiver of the first three months of rent with their landlord, however, this estimate does not assume that you will receive any waiver of rent.

Note 5: Furniture, Fixtures, and Equipment – Subject to our brand standards and specifications you will be required to purchase certain types of furniture, fixtures, and equipment for your Business. Among other things, you will be required to purchase all furniture, fixtures, and equipment required to outfit the Salon suites from us, our approved manufacturers, and/or suppliers and/or subject to our specifications. The costs for furniture and fixtures may differ depending on the material quality and on other factors. Significant factors that will influence and will increase the cost of furniture, fixtures, and equipment will depend on the size of your Business. The costs listed here do not include any transportation or set up costs. It is assumed that some of the equipment will be leased. If you elect to purchase such equipment, your costs may be higher. Third party financing may be available for qualified candidates for some of the furniture, fixtures, and equipment costs, however, with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this table.

Note 6: Signage – You are required to purchase, subject to our design and construction specifications and approval, interior and exterior signs and displays that we designate. This estimate is for the cost to produce wall signage to be mounted to the outside of the building as well as all interior signage. This estimate includes other elements of brand identification within the Business such as wall graphics.

Note 7: Computer, Software, and Business Management System – You will be required to purchase, license, and use the business management systems and applications that we designate (the “Business Management System”). Information about the Business Management System and computer systems are disclosed in Item 11 of this Disclosure Document.

Note 8: Grand Opening Marketing Expense – You must spend a minimum of \$15,000 prior to the opening your Business to promote your grand opening. You must submit your grand opening marketing plan to us for our pre-approval.

Note 9: Initial Inventory – Your initial inventory comprised of small wares and supplies and your on-going inventory and supplies (including System Supplies) that you are required to obtain from us, our affiliate, or from our designated suppliers are paid for at standard prices and terms and your ongoing inventory must be purchased from either us or our approved vendors.

Note 10: Utility Deposits – To secure the appropriate utilities required for the operation of your Business, including gas, electric, water, sewer, internet, and telephone access, you will be required to pay upfront deposits to each applicable utility company.

Note 11: Insurance Deposits – Three Months – This estimate is for initial down payment and first three months of installment payments paid to insurance providers to secure and maintain minimum insurance coverage requirements designated by us. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent.

Note 12: Travel for Initial Training – You must complete our pre-opening training program before opening your Business. We do not charge a fee for our pre-opening initial training. This estimate is for estimated travel and lodging expenses that you will incur to attend our pre-opening initial training program.

Note 13: Professional Fees – This estimate is for costs associated with the engagement of professionals such as attorneys, accountants, and architects for advisories consistent with the start-up of a Business. You will be required to hire an architect to develop plans that meet our standards and specifications and comply with applicable laws, rules, and regulations for the development and operation of your Business. We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document, the Franchise Agreement and, if applicable the Multi-Unit Development Agreement. It is also advisable to consult these professionals to review any lease and other contracts that you will enter into as part of the development and operation of your Business.

Note 14: Licenses and Permits – You must apply for, obtain and maintain all required permits and licenses necessary to operate a Business. The licenses will vary depending on local, municipal, county, and state regulations. All licensing fees are paid directly to the governmental authorities when incurred and are due prior to opening the Franchised Business. This estimate does not include the cost of specialized licenses that involve a specialized application process and involve costs that vary significantly depending on state and location.

Note 15: Additional Funds – This is an estimate of the minimum recommended levels of additional funds that may be required to cover operating expenses such as employee salaries, inventory, rent, and utilities only for the initial three month period following the opening of your Business. This estimate does not include compensation to you or your owners and does not include interest, finance charges, or payments that may be incurred by you if you financed the development of your Business. In making this estimate, we have relied on the experiences of our affiliates and franchisees in developing and operating a Salons by JC Business. This is only an estimate for your initial three months of operations and more working capital and additional funds may be required depending on the sales and performance of your Business.

Note 16: About Your Estimated Initial Investment – This is an estimate of the initial start-up expenses for a Salons by JC Business. We have based these estimates on the experiences of our affiliates and franchisees in developing a Salons by JC Business. These are only estimates and your costs and, the range of those costs, may vary. These estimates do not include interest and financing charges that you may incur, and they do not include management level compensation payable to you or your owners. These estimates are for one Business only. If you sign a Multi-Unit Development Agreement, the estimated amount will be required for each Business that you develop.

B. Franchise Agreement with 1-2 Multi-Franchise Addendum

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee ^(Note 1)	\$100,000	Lump sum	When Franchise Agreement and 1-2 Multi-Franchise Addendum are signed	Us
Estimated Initial Investment to Open One Business ^(Note 2)	\$1,271,200 – \$1,983,400	Estimated Initial Investment is based on estimate contained in Table A, above, of this <u>Item 7</u> , for a Franchise Agreement, but excluding the Initial Franchise Fee of \$60,000 since the Initial Franchise Fee is higher for a Franchise Agreement with a 1-2 Multi-Franchise Addendum. See, Table A.		
Total Estimate ^(Note 3)	\$1,371,200 – \$2,083,400			

Explanatory Notes to Item 7 for a Franchise Agreement with a 1-2 Multi-Franchise Addendum

Note 1: Initial Franchise Fee – The Initial Franchise Fee for a single franchise under a Franchise Agreement that includes a 1-2 Multi-Franchise Addendum is \$100,000. If you purchase the rights to a multi-franchise your Franchise Agreement will be supplemented with the Salons by JC 1-2 Multi-Franchise Addendum attached to this Disclosure Document as Exhibit F.

Note 2: Estimated Initial Investment – This is the estimated initial investment for the development of one Salons by JC Business as reflected in Table A of this Item 7, excluding only the Initial Franchise Fee since the Initial Franchise Fee is higher for a 1-2 Multi-Franchise Addendum. It is important to review Table A of this Item 7 and the Explanatory Notes to Table A in detail.

Note 3: Total Estimate – This is the total estimated investment to enter into a single unit Franchise Agreement that has been supplemented with the addition of a 1-2 Multi-Franchise Addendum. This estimate is only for the development of one Salons by JC Business. It is important to review Table A of this Item 7 and the Explanatory Notes to Table A in detail. By signing the 1-2 Multi-Franchise Addendum you will have the option, in addition to the first Business that you will develop and operate under the Franchise Agreement, to develop and operate one Additional Business without payment of an Initial Franchise Fee at the time of signing the Salons by JC franchise agreement for the Additional Business. This estimate does not include the estimated initial investment that you will incur when you develop an Additional Business under your 1-2 Multi-Franchise Addendum.

C. Multi-Unit Development Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Development Area Fee (Note 1)	\$65,000 –\$265,000	Lump sum	When Franchise Agreement and Multi-Unit Development Agreement are signed	Us
Estimated Initial Investment to Open One Business (Note 2)	\$1,331,200 – \$2,043,400	Estimated Initial Investment is based on estimate contained in Table A, above, of this <u>Item 7</u> , for a Franchise Agreement. See, Table A.		
Total Estimate (Note 3)	\$1,396,200 – \$2,308,400			

Explanatory Notes to Item 7 for a Franchise Agreement with a Multi-Unit Development Agreement

Note 1: Development Area Fee and Franchise Fees – When you sign a Multi-Unit Development Agreement you must also sign a Franchise Agreement for the first Business to be developed by you. When you sign our Multi-Unit Development Agreement, in addition to paying the Initial Franchise Fee for your first Business, you will also pay to us a Development Area Fee in the amount of \$32,500 per Business for the right to open three Businesses, \$33,333 per Business for the right to open four to six Businesses, and \$25,000 per Business for the right to open seven to 10 Businesses, over and above your first Business that is authorized for development within the Development Area. The

minimum number of Businesses that you may be authorized to develop under a Multi-Unit Development Agreement is three and the maximum number is 10. You will not be required to pay us an Initial Franchise Fee at the time of signing the Franchise Agreement for each additional Business.

Note 2: Estimated Initial Investment – This is the estimated initial investment for the development of one Salons by JC Business under a Franchise Agreement as reflected in Table A of this Item 7.

Note 3: Total Estimate – This estimate is only for the development of one Salons by JC Business and, except for your first Salons by JC Business, this estimate does not include the estimated initial investment that you will incur each and every time you develop a Business as may be authorized under your Multi-Unit Development Agreement and pursuant to the terms of each respective Salons by JC Franchise Agreement.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

2. ~~You may only Security Deposits — Lease and Utilities. These are estimated amounts of your security deposit under the lease for the Facility as well as your initial utility deposits. These amounts will vary by market and may be refundable (as determined by the payee).—~~
3. ~~Insurance Premiums. This is an estimate of insurance premiums for the initial three months of business operation. Your costs will vary depending on your market, the amount of coverage you select, your insurance carrier, and other factors.—~~
4. ~~Business Licenses and Permits. You must obtain all business licenses, permits, certificates or approvals before you open for business. Local, municipal, county, and state regulations vary on what licenses and permits are required by you to operate.—~~
5. ~~Rent — 3 Months. You will need to rent or acquire a building for your Franchised Business. Rent varies considerably from market to market, and from location to location in each market. This figure estimates your rent for the Facility over the first three months of your lease, and this figure assumes that you will be leasing your Facility (rather than purchasing it). Some franchisees have received—~~

free rent over the first three months of operation.—

6. Leasehold Improvements. You may need to construct improvements or “build out” the Facility at which you will operate your SBJC Business. You may be able to negotiate various terms with your landlord, including paying for some of the build out costs for your space. Also, you may seek to finance some or all of your build out costs through your landlord or other financing sources. A variety of factors may affect the availability of landlord and other financing, the monthly overall costs of the financing, and other terms relevant to your decision whether to pay or finance the build out costs. Your landlord may also agree to provide you with a tenant improvement credit, whereby the landlord credits some of the costs you incur in building out the Facility towards your monthly rent. This estimate is based on our standard franchise offering that assumes that the approved Premises for your Franchised Business will be between 6,000 and 9,000 square feet in size.—
7. Signage and Graphics. The cost of signage and graphics will vary from location to location depending on lease requirements, local ordinances and restrictions, store frontage, and related factors. We can provide assistance to you if needed. The final design must be submitted to us for review and approval, which will not be unreasonably withheld so long as you comply with our standards and specifications for these items.—
8. Furniture, Fixtures and Equipment. You must purchase furniture, fixtures and equipment for the Facility that meet our specifications and are from approved or designated vendors (if we choose to designate vendors for these items). You may decide to lease the furniture and/or equipment needed rather than purchasing it with a lump sum payment. A variety of factors (such as the condition of the national and regional economy, availability of credit, number of suppliers leasing products in your area, the interest rates offered by suppliers, duration of leases offered, security requirements, and your credit history) may affect the availability of leased products, the monthly and overall costs of the leases, and other terms relevant to your decision whether to purchase or lease the furniture and/or equipment. The amounts listed are an estimate and may vary per your location and market. The estimate assumes that you will be purchasing these items and includes your required Computer System.—
9. Initial Inventory and Operating Supplies. This estimate covers your initial stock of various inventory and supply items you are required to use in your initial phase of operations. You are required to obtain these items from us or from our designated sources.—
10. Initial Marketing Spend. You are required to expend between \$15,000 and \$20,000 on marketing, advertising and other promotional efforts within your Designated Territory and where we otherwise direct regarding the initial launch and grand opening of your SBJC Business (the “Initial Marketing Spend”), which must be expended in connection with a written plan that you are responsible for developing subject to our directives, requirements and approval. We will designate your exact Initial Marketing Spend once you have secured your approved Facility, and you may be required to expend all of some portion of your Initial Marketing Spend on materials and services that are provided by our approved supplier(s).—
11. Additional Funds. You will need additional capital to support on-going expenses during the initial three months after you open your SBJC Business. The estimate includes items such as payroll, royalty, additional advertising, repairs and maintenance, bank charges, miscellaneous supplies and equipment, state tax, and other miscellaneous items, that may not be covered by sales revenues.—
12. Total Estimated Initial Investment. In calculating these estimates, we relied on: (1) the experience of our affiliate that currently operates various SBJC Businesses in a similar manner to the—

~~Franchised Business being offered in this Franchise Disclosure Document; (2) for certain estimates, information that was provided by certain of our franchisees that were developed and/or actively operating as of the end of our past fiscal year; and (3) estimates we have received from certain third-party vendors, including certain of our Approved Suppliers. We do not offer direct or indirect financing to you for any items. Unless otherwise noted above, expenditures are non-refundable.~~

A. Development Agreement

offer and sell the Approved Products and Services and your Operators may only offer and sell products and services authorized by us, as set forth in the Manuals. You may only use those products, supplies, equipment, technology systems, and services that we authorize and designate in writing. To ensure that our standards and specifications of quality, service and System development are maintained, you must operate your Business in strict conformity with the Franchise Agreement and the methods, standards, specifications, and sources of supply that we designate and prescribe in the Manuals.

Source Restricted Purchases and Leases – Generally

We require that you purchase or lease certain source restricted goods and services for the development and operation of your Business. Source restricted goods and services are goods and services that must meet our specifications and/or that must be purchased from an approved or designated supplier that may include us or our affiliates. We may designate a supplier, including ourselves or our affiliates, as the exclusive supplier for the System. Our specifications and list of approved and designated suppliers is contained in our Manuals. We will notify you of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, amendments and updates to our Manuals, and other forms of communication. We formulate and modify our standards and specifications for products and services based on our industry experience and our management decisions as to the overall operation and expansion of the System. If we have previously approved a supplier, and their standards fall below our designated standards, we will revoke our approval. We will notify you in writing of us revoking our approval.

Suppliers and Supplier Criteria

We may designate ourselves and our affiliates as exclusive suppliers of source restricted goods and services. We may designate ourselves or a third party as the sole and exclusive supplier irrespective of the existence of competing suppliers. If, in the Manuals, we do not designate a supplier for a particular item, you will purchase all such products, supplies and services from suppliers who meet our specifications and standards. Currently, we are not, and our affiliates are not approved suppliers of the source restricted goods and services identified below. Currently no officer of ours owns an interest in any of our designated suppliers.

If you want to purchase or lease a source restricted item from a supplier that has not been previously approved or designated by us in writing, you must send us a written request for approval and submit additional information, samples, and testing data that we may request. We may charge you a fee equal to the costs and expenses that we incur in reviewing and evaluating an alternate supplier, product, and/or service requested by you. We may request that you send us samples from the supplier for testing and documentation from the supplier for evaluation. We may also require, subject to our discretion, that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within a reasonable time not exceeding 60 days after we receive your written request and all additional information and samples that we request. We may, in our sole discretion, withhold our approval. We do not make our procedures or criteria for approving suppliers available to our System franchisees, except that when evaluating the approval of a particular supplier, among other things, we consider: whether the supplier can demonstrate to our reasonable satisfaction the ability to meet our standards, specifications and production requirements, the suppliers quality control, whether or not we are the exclusive supplier of the particular item, whether or not our affiliate or affiliates are the exclusive supplier of the particular item, and whether or not the suppliers approval, in our sole determination, will allow us to advance the overall interests of the System and our company.

We estimate that your purchase of goods and services from us or our approved suppliers, or that must conform to our specifications, will represent approximately 75% of your total purchases in establishing your Business and approximately 25% of your total purchases in the continuing operations of your Business. We currently require that you purchase or lease the following source restricted goods and services:

1. Lease – We do not review the terms of the lease for your Business Location but require that your landlord acknowledge our rights as set forth in the lease agreement rider attached as Exhibit 4 to the Franchise Agreement (the “Lease Agreement Rider”) and that you collaterally assign the lease to us as set forth in the collateral assignment of lease attached as Exhibit 5 to the Franchise Agreement (the “Collateral Assignment of Lease”). We possess the right to disapprove of a proposed lease if the landlord refuses to sign the Lease Agreement Rider in substantially the form set forth in Exhibit 4 to the Franchise Agreement. The Lease Agreement Rider grants certain rights to us, including our right to be notified in the event of a lease default and, potentially, for us to enter the premises of your Business.

2. System Supplies – Your Business must maintain an initial and ongoing inventory of System Supplies. You must purchase the System Supplies, as designated by us, from us, our affiliates, and/or our designated suppliers.
3. Furniture and Fixtures – Your Business must be equipped with branded and unbranded furniture and fixtures that we designate and that meet our standards and specifications. You may purchase unbranded furniture and fixtures from any supplier of your choosing, provided that the furniture and fixtures meet our specifications and standards, which may also include specified manufacturers, brands and models. If the furniture and fixtures that we designate are specified to be branded with the Licensed Marks, then you may only purchase them from our designated exclusive suppliers.
4. Signage – The signage for your Business must meet our standards and specifications and must be purchased from our designated suppliers.
5. Business Management System and Computer Equipment – Currently you are required to purchase, license and utilize our designated Business Management System and property management software, as set forth in our Manuals. Additionally, you must purchase and maintain a computer system on-site at your Business Location. In general, you will be required to obtain a computer system that will consist of certain hardware, software, and peripheral devices such as printers. You will be required to meet our requirements involving back office and point of sale systems, security systems, printers, back-up systems, and high-speed internet access.
6. Branded Items and Marketing Materials – All materials bearing the Licensed Marks (including, but not limited to, stationary, business cards, brochures, apparel, signs, and displays) must meet our standards and specifications and must be purchased from either us directly or our designated suppliers. All of your marketing materials must comply with our standards and specifications and must be approved by us before you use them. You may market your Business through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. You must purchase all branded marketing materials from either us or our designated exclusive supplier. We may require that you exclusively use, at your cost, our designated supplier for social and digital media marketing services and exclusively use, at your cost, our social media platforms, vendors and marketing channels.
7. Insurance – You must obtain the insurance coverage that we require from time to time as presently disclosed in the Manuals and as we may modify. All insurance policies required under your Franchise Agreement and as set forth in the Franchise Agreement must be written by a responsible carrier, reasonably acceptable to us and all insurance (excluding workers' compensation) must name us, our officers, directors, shareholders, partners, agents, representatives and independent contractors as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than 30 days' prior written notice in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to use at the earlier of 90 days after the Effective Date of the Franchise Agreement or prior to the commencement of our initial training program. Insurance coverage must be at least as comprehensive as the minimum requirements set forth in the chart below and in the Franchise Agreement (Franchise Agreement, Article 8). You must consult your carrier representative to determine the level of coverage necessary for the Franchised Business. Higher exposures may require higher limits.

Insurance Requirements

- a) Coverage against direct physical loss or damage to real and personal property, including improvements and betterments, written on a special form peril basis, including flood and earthquake, if the relevant property is situated in a flood or earthquake zone, in an amount equal to 100% of the Franchised Business' property value;
- b) Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least \$1,000,000 per occurrence and \$2,000,000 in the aggregate;
- c) Statutory workers' compensation insurance and employers' liability insurance as required by the law of the state in which the Franchised Business is located, including statutory workers' compensation limits and employers' liability limits of at least \$1,000,000;
- d) Business automobile insurance, including liability insurance coverage for hired and non-owned automobiles, with a combined single bodily injury and property damage limit of at least \$1,000,000 per occurrence;
- e) Business interruption insurance equal to 12 months of your net income and continuing expenses, including Royalty Fees;
- f) Commercial umbrella liability insurance with total liability limit of at least \$1,000,000;
- g) Cyber insurance in the amount of at least \$1,000,000 protecting against first party and third party claims;
- h) Employment practices liability insurance with a limit of at least \$2,000,000 including actions of a third party and a minimum limit

of \$100,000 for wage and hour disputes; and

i) All other insurance that we require in the Manuals or that is required by law or by the lease or sublease for the Franchised Business.

Purchase Agreements and Cooperatives

We may, in our discretion, negotiate purchase agreements, including price terms, with designated suppliers for source restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf of some or all of the Businesses under the System. We may limit the number of approved vendors and/or suppliers that you may purchase from, and we may designate one vendor as your sole supplier. Presently, you are required to use Construction Development Services as the designated supplier of construction management services and Kaemark as the designated supplier of certain furniture and fixtures. You will not receive any material benefits for using our designated or approved suppliers.

Our Right to Receive Compensation and Our Revenue from Source Restricted Purchases

We and/or our affiliates may receive rebates, payments and other

material benefits from suppliers based on your purchases and we reserve the right to institute and expand rebate programs in the future. During the

fiscal year ending December 31, 2024, we earned, directly or through our affiliates, \$67,534.20 in rebates from suppliers related to franchisee purchases, including rebates from Kaemark. This represents 1.2% of our total revenue of \$5,831,556.00 during 2024.

ITEM 9

FRANCHISEE'S OBLIGATIONS

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

Table Abbreviations: “FA” – Franchise Agreement; “DA”– Multi-Unit Development Agreement

Obligation		Articles in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	FA: 2.A., 3.A. and 3.B. DA: 2, 5.5 and 5.6	7 and 11
b.	Pre-opening purchases and leases	FA: 3 and 8 DA: Not applicable	7 and 8
c.	Site development and other pre-opening requirements	FA: 3, 4, 7.F., 7.G., 7.I., 7.J., 8 and 9 DA: 2, 5.5 and 5.6	6, 7 and 11
d.	Initial and ongoing training	FA: 4, 7.J., 14.C. and 14.D. DA: Not applicable	11
e.	Opening	FA: 2, 3, 4 and 9.B. DA: 2, 3, 4.1, 4.4 and 4.5	11
f.	Fees	FA: 3, 4.A., 5, 9, 10, 12, 13, 14, 15, 16 and 18.N. DA: 4, 5.2 and 7.13	5, 6, and 7
g.	Compliance with standards and policies/manual	FA: 3, 4, 5, 7, 8, 9, 11, 12 and 13 DA: 2 and 5	8 and 11
h.	Trademarks and proprietary information	FA: 6, 7 and 11 DA: 2, 5 and 7.3	13 and 14
i.	Restrictions on products and services offered	FA: 3, 4.C. and 7 DA: 2 and 5	8, 11, and 16
j.	Customer service requirements	FA: 7 DA: Not applicable	16
k.	Territorial development and sales quotas	FA: 2 and 3 DA: 4	12
l.	Ongoing product and service purchases	FA: 3, 4.C., 5 and 7 DA: Not applicable	8
m.	Maintenance, appearance and remodeling requirements	FA: 3 and 7 DA: 5	7 and 17
n.	Insurance	FA: 8 DA: Not applicable	7 and 8
o.	Advertising	FA: 3.G., 4.B., 7.I., 9 and 11 DA: Not applicable	6 and 11
p.	Indemnification	FA: 10 and 11.E. DA: Not applicable	6
q.	Owner’s participation, management, and staffing	FA: 4, 6 and 7 DA: 2.5 and 6.2	11 and 15

r.	Records and reports	FA: 5, 9, 12 and 13 DA: Not applicable	6
s.	Inspections and audits	FA: 5, 7.K. and 13 DA: Not applicable	6 and 11
t.	Transfer	FA: 14 DA: 6	17
u.	Renewal	FA: 15 DA: 3	17
v.	Post-termination obligations	FA: 6, 10, 11, 17 and 18 DA: Not applicable	17
w.	Non-competition covenants	FA: 6, 17 and 18 DA: Not applicable	17
x.	Dispute resolution	FA: 18.F. and 18.G. DA: 7	17
y.	Individual guarantee of franchisee obligations	FA: 2.C., 6, 7.J., 14.C., 14.D., 14.E. and 17.C. DA: 2.5 and 6.2	9

ITEM 10

FINANCING

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

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING,

COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Obligations

1. Grant of Franchise – We will grant you the right to operate a Business at a single Business Location within a designated territory. (Franchise Agreement, Article 2);
2. Franchise Agreement Designated Territory – Once you secure a Business Location that we approve, we will define the Designated Territory for your Business and include the geographic boundaries and/or a description of your Designated Territory within Schedule 1 of the Franchise Agreement. (Franchise Agreement, Article 2 and Schedule 1);
3. Multi-Unit Development Agreement Development Area – If you have entered into a Multi-Unit Development Agreement, we will designate your Development Area. The Businesses to be developed by you must be located within the Development Area. Once you select a Business Location that we approve within the Development Area, within the Franchise Agreement for each respective Business we will define the Designated Territory and include the geographic boundaries and/or a description of your Designated Territory for each respective Business. (Multi-Unit Development Agreement, Section 2). Our approval or disapproval of future Business locations that may be developed under a Multi-Unit Development Agreement will be based on our then current site selection criteria;
4. Manuals – We will provide you with access to our confidential and proprietary Manuals. You must operate the Franchised Business in accordance with the Manuals and all applicable laws, rules and regulations.

At all times, we reserve the right to supplement, modify and update the Manuals. (Franchise Agreement, Article 4.C.). As of the Issuance Date of this Disclosure Document, the operations manual consists of 66 pages and the table of contents to the operations manual is attached as Exhibit C to this Disclosure Document (Franchise Agreement, Article 4). The major subjects contained in the operations manual consists of establishing, developing, marketing, and operating the Franchised Business;

5. Site Review, Approval, and Designated Territory – We will review the proposed site that you select for your Business and will notify you of our approval or disapproval. Once you select a site that we approve for the location of your Business we will designate your Designated Territory. However, if you negotiate and we agree to designate and grant to you a Designated Territory prior to your selection of a Business, then you must locate your Business within the Designated Territory and at a site that we approve. You must obtain our approval of your Business Location. Additional information about site selection is discussed in more detail below in this Item 11;

10. 6. Approved Suppliers and Distributors – We will provide you with a list of our approved suppliers and distributors, either as part of the Manuals or otherwise in writing. (Franchise Agreement, Articles 3 and 4);

7. Signs, Equipment, Furniture, and Fixtures – We will provide you with a list of our approved signage, equipment, furniture and fixtures, either as part of the Manuals or otherwise in writing and we will review and approve, in our discretion, your proposed signage, equipment, furniture and fixtures. We do not provide assistance in delivering or installing signs, equipment, furniture, or fixtures. (Franchise Agreement, Articles 3 and 4);

8. Website and Digital Media – We will identify your Business on our website. You may not use any websites, web-based media or digital media unless expressly approved by us in writing. We strictly control how you may or may not use websites and digital media and you must assign all website media and digital media accounts to us. (Franchise Agreement, Articles 3.G. and 9); and

9. Initial Training – Not less than 45 days prior to the opening of your Business you or your Managing Owner and two management level employees or Owners must attend and complete our initial training program. We will provide you, and up to two of your designated managers, with training in accordance with our initial training program. (Franchise Agreement, Article 4). Our current training program is to be attended by you, or if you are a Corporate Entity, your Managing Owner, an Operating Manager, and one additional Owner or management level employee. at our training facility located in San Antonio, Texas or as otherwise designated by us. The training program takes place over an approximate three day period and is described below in this Item 11 in more detail.

Site Selection

Although you are responsible for selecting a site for your Business Location you must obtain our approval of your Business Location. We do not typically own or lease the real property that will serve as your Business Location and you are responsible for all costs and expenses in locating and evaluating proposed sites and the demographic data associated with your proposed sites. Before you enter into a lease or other agreement for your Business Location you must obtain our approval. We will provide you with site selection guidelines. If your Franchise Agreement specifies and designates a Designated Territory, your Business Location must be located within your Designated Territory at a site that we approve. If you sign a Multi-Unit Development Agreement then each Business Location must be located within the Development Area designated in the Multi-Unit Development Agreement and, as applicable, at sites that we approve within the Development Area. Your rights in your Business Location must be subordinate to our rights as set forth in the Lease Agreement Rider attached as Exhibit 4 to the Franchise Agreement and the Collateral Assignment of Lease attached as Exhibit 5 to the Franchise Agreement.

Although there is no specified time limit for us to review the proposed site for your Business Location, we will do so within a reasonable time period, not exceeding 30 days of our receipt of your written request for our review of a proposed site and your submission to us of the information and documentation that we may request. In determining whether to approve or disapprove a proposed site for your Business Location, factors that we take into consideration include: (a) demographic factors, traffic patterns, parking, building structures, visibility and available sign locations; (b) characteristics of the proposed site; (c) the location of your proposed site relative to your overall Designated Territory and proximity to other Businesses, if your Designated Territory was previously designated; (d) the location of your proposed site relative to your overall Development Area and proximity to other Businesses, if you signed a Multi-Unit Development Agreement and your Development Area was previously designated; and (e) whether or not the landlord for the Business Location approves of our Lease Agreement Rider in substantially the same form as contained in Exhibit 4 of the Franchise Agreement.

Within 180 days of signing your Franchise Agreement you must secure a Business Location and lease that we approve (Franchise Agreement, Article 3.A.). If you do not meet this requirement for any reason, including our disapproval of a proposed business location and/or your failure to find a suitable business location that we approve during the 180 day period, we may terminate your Franchise Agreement without refunding any fees to you if you do not cure this default within 30 days of notice from us. It is your obligation to consult with government agencies, architects and legal professionals to evaluate and determine that your Business Location permits the establishment and operation of the Franchised Business and that you possess the necessary licenses and authority to operate a business that offers and provides the Approved Products and Services. (Franchise Agreement, Articles 2, 3, 7 and 16).

Time to Open

You may not open your Business until you have completed our initial training requirements, obtained the necessary licensing and authorization from state and regulatory agencies within your Designated Territory, obtained and provided us with written proof of the required insurance, and have timely secured a Business Location that we approved.

We estimate that the length of time between the signing of your Franchise Agreement and opening your Business to be approximately nine to 12 months. Factors that may affect this estimated time period include: (a) evaluating and selecting a suitable site for your Business Location; (b) timeliness of your submission to us of information and documentation that we may request in determining whether or not to approve of the site for your proposed Business Location; (c) length of time taken by you to successfully complete our initial training program; (d) negotiating and obtaining a suitable lease for your Business Location that is approved by us; (e) obtaining third party lender financing, if necessary; and (f) obtaining the necessary licenses for the operation of your Business. Other factors that may affect this time period include availability of equipment, delays associated with equipment installation and the construction and/or installation of your leasehold improvements and fixtures. You must open your Business within 12 months from the effective date of your Franchise Agreement, otherwise we may terminate your Franchise Agreement without refunding any fees to you. (Franchise Agreement, [Article 3.C.](#)).

Post-Opening Obligations

1. [Supplemental Training](#) – We may require that you and your Operating Manager participate in supplemental on-site training that we may designate and require in our discretion. We may provide, in our discretion, supplemental training on-site at your Business Location. You will be required to pay our then current supplemental training fee, currently \$500 per on-site trainer per day, plus travel expenses, meals and accommodation expenses incurred by us. (Franchise Agreement, [Article 4.A.](#));

2. [Initial Training for Replacement Operating Manager\(s\)](#) – Your Operating Manager must complete, to our satisfaction, our initial training program. We will offer and make available to your replacement Operating Manager our initial training program which must be complete to our satisfaction. The initial training program will be provided by us at the facilities that we designate that, presently, is comprised of our Business located in San Antonio, Texas and at the certified training Business that we designate in San Antonio, Texas. You will be required to pay our then current supplemental training fee for your replacement Operating Managers, currently \$500 per manager per day for each replacement manager attending our initial training. You will also be responsible for all costs incurred by your managers in attending our initial training. (Franchise Agreement, [Articles 4.A.](#) and [7.J.](#));

3. [Communication of Operating Standards](#) – We may establish, update and provide you with consultations and communications as to the standards, procedures and System requirements as to the operation of your Business including, but not limited to, Approved Products and Services, System Supplies, marketing and promotion standards, and as we may, in our discretion, designate, modify, supplement and amend from time to time and as set forth in the Manuals which we may, in our discretion, modify from time to time. (Franchise Agreement, [Articles 4.B.](#) and [4.C.](#));

4. [Marketing Standards and Approval](#) – We may establish, update and communicate to you our standards for the marketing and promotion of the Franchised Business including, but not limited to, the marketing materials and mediums that you may utilize. We will respond to your request respecting the communication of our approval or disapproval of marketing materials and mediums that may be requested by you for use in the marketing and promotion of the Franchised Business. We maintain full discretion as to the marketing standards and the marketing materials and media that you may use in the marketing and promotion of the Franchised Business (Franchise Agreement, [Article 4.B.](#));

5. [Approved Vendors](#) – We will provide the names and addresses of approved vendors and suppliers for the Approved Products and Services and the System Supplies. (Franchise Agreement, [Articles 4.B.](#) and [4.C.](#));

6. [Annual System Conference](#) – We may, in our discretion, coordinate an annual conference to be attended by franchisees of the System that are in good standing. We may charge an annual conference fee not exceeding \$1,000 per attendee. You will be responsible for all travel and accommodation expenses associated with your attendance at the conference. We reserve the right to charge the annual conference fee to those franchisees that do not attend. (Franchise Agreement, [Article 5.C.](#));

7. [Administration of Marketing Funds](#) – We may administer and manage System-wide marketing funds comprised of a Brand Development Fund. (Franchise Agreement, [Articles 9.A.](#) and [9.F.](#));

8. [Hiring and Training of Employees](#) – We do not provide assistance with the hiring and training of your employees. You will be directly responsible for the management and supervision of your employees. For the protection of the System, you must ensure that all employees wear and maintain the proper uniforms with our approved System branded apparel and uniforms including, but not limited to, the apparel and uniforms comprising System Supplies. You must monitor and ensure that all System Supplies and Approved Products and Services are prepared, maintained, and served in accordance with the System standards and Manuals; and

9. [Pricing](#) – As permitted by law, we reserve the right to designate the maximum, minimum, promotional, and other prices and promotions

that you may charge and offer for Approved Products and Services (Franchise Agreement, Articles 3.D. and 3.E.). Our designation of pricing is not a guarantee that you will achieve a specific level of sales or profitability.

10. Hours of Operation – You must maintain openings and operating hours in conformity with our then current standards and requirements, as designated by us, related to, among other things, days, hours, and times of your Business operations and services offered to the public, and days, times, and holidays for opening and closing.

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Advertising

1. Generally – All advertising, marketing, marketing materials and all marketing mediums used by you in the marketing and promotion of your Business must be pre-approved by us in writing and conform to our standards and specifications. You may only utilize those advertising and marketing materials and mediums that we designate and approve in writing. In our discretion, we may make available to you approved marketing templates comprised of pre-approved ads, ad copy and digital media that you may utilize at your own expense. If you wish to utilize marketing materials and/or marketing mediums that are not currently approved by us in writing, you may submit a written request requesting permission and we will approve or disapprove of your request within 15 days of your submission of the written request and sample marketing materials. We are not required to spend any amount on your behalf on advertising in your Designated Territory and we are not required to conduct any advertising on behalf of the franchise System or on your behalf. (Franchise Agreement, Article 9);

2. Local Marketing – You are not authorized to engage in any marketing unless it is pre-approved by us at our discretion (Franchise Agreement, Article 9.B.). On an on-going and monthly basis, you must spend not less than \$1,000 per month on the local marketing of your Business. We will review your local marketing programs and notify you if we approve of them. We will make available to you and provide you with access, in the form of a source document, to our approved marketing campaigns, media, and messaging that may be used by you. In those instances where we provide you with access to our marketing campaigns, we provide you with the source designs, copy, and design specifications. However, you will incur the direct costs associated with customizing, duplicating and using such marketing campaigns and in having them distributed and/or placed with media sources. (Franchise Agreement, Article 9);

3. Digital Media and Website – All digital media and marketing must be approved by us. We will designate for your Designated Territory information about your Business on the www.salonsbyjc.com webpage or such other websites as we may designate for the System. (Franchise Agreement, Article 9);

4. Brand Development Fund – We may control and administer a brand development fund (the “Brand Development Fund”) (Franchise Agreement, Article 9.A.). As disclosed in Item 6 of this Disclosure Document, you must contribute a monthly sum not to exceed 3% of monthly Gross Sales to the Brand Development Fund. We may use the Brand Development Fund for market studies, research, service development, product development, testing, research studies, technology development, advertising and public relations studies or services, creative production and printing of advertising and marketing materials, advertising copy and commercials, tracking costs, agency fees, administrative costs, which may include reimbursement for direct administrative and personnel costs associated with advertising and public relations, and any other costs associated with the development, marketing and testing of advertising, marketing and public relations materials, and the purchase of media placement, advertising time and public relations materials in national, regional or other advertising and public relations media in a manner determined by us, in our discretion, to be in the best interest of the franchisees and the System. Our company and/or affiliate owned Businesses may but are not required to contribute to the Brand Development Fund. The Brand Development Fund will maintain unaudited financial records detailing its expenditures and will make available to you, no more frequently than one time in any 12 month period, an unaudited accounting of how monies contributed to the Brand Development Fund were spent each year. We are not required to segregate the Brand Development Fund from our general operating funds and we are not a fiduciary or trustee of the Brand Development Fund. The Brand Development Fund will not be used to directly promote your Business or the marketing area in which your Business will be located. (Franchise Agreement, Article 9.A.). We may use the Brand Development Fund to develop and test various media and technologies for potential use and/or improvement of the operations of Businesses and the marketing of Businesses. These technology developments and/or improvements may relate, among other things, to our website and to the interaction and potential enhancement of web offerings that may or may not be implemented on behalf of Businesses. You may or may not benefit from these technology developments and improvements. The Brand Development Fund will be uniformly imposed upon all franchisees. (Franchise Agreement, Article 9.A.).

We may use the Brand Development Fund to compensate ourselves for administrative fees associated with managing the Brand Development Fund and for our internal employee salaries, expenses and overhead associated with or reasonably allocated to managing the activities of the Brand Development Fund and performing services on behalf of the Brand Development Fund including, but not limited to, directing, developing and managing media of the Brand Development Fund. We will not use the Brand Development Fund to directly market the sale of Business franchises but we may do so indirectly by requiring and including information as to the availability of Business franchises for sale and contact information for franchise inquiries on and within advertising, marketing and brand development materials, including the System website, developed with the Brand Development Fund.

Currently, we collect a Brand Development Fund Fee equal to 1% of your monthly Gross Sales. During the fiscal year ending December 31, 2024, we have collected \$759,471 towards the Brand Development Fund. Of the \$759,471 collected, we have spent 37% towards Salesforce, 11% towards website maintenance and enhancements, 11% towards creative support, 16% towards social media support, 9% towards Vagaro support, and 11% towards website re-design, training, and tech support. A total of \$37,682 was rolled over into 2025;

5. Local and Regional Advertising Cooperative – We possess the exclusive right to authorize, establish, designate and de-authorize a local

or regional advertising cooperative within those markets that we designate. We will exclusively determine the geographic and other boundaries constituting each respective cooperative and factors that we will consider include media markets including print, television and digital. If we establish a cooperative within a market that includes your Business you must contribute to the cooperative in such amounts and frequency as determined by the cooperative. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions, marketing expenditures and allocations. However, we may require that cooperative decisions be made based on approval of a simple majority of franchisee members based on one vote per Business located and a quorum of not less than 25% of the designated franchisee cooperative members. If a cooperative exceeds nine franchisee members we may require that the cooperative establish formal governing documents. Each cooperative must prepare annual unaudited financial statements that must be provided to each cooperative member for review. We reserve the right to form, change, dissolve, or merge any advertising cooperative. If we elect to form a local or regional cooperative or if a cooperative already exists as to the area of your Business, you will be required to participate in the cooperative in accordance with the provisions of our operations manual which we may supplement and modify from time to time. You will not be required to make contributions to a local or regional advertising cooperative in amounts exceeding the local marketing requirement.

As of the Issuance Date of this Disclosure Document we have not established any local or regional advertising cooperatives but reserve the right to do so in the future; and

6. Advertising Council – We have not established an advertising council but reserve the right to do so in the future. (Franchise Agreement, Article 9.A.).

Computer System

You must purchase, license, and use the computer, point of sale, business management, and other systems that we designate. The Business Management System that you must license and use is designated by us in the Manuals. Additionally, you must purchase and maintain a computer system on-site at your Business Location. Generally, you will be required to obtain a computer system that will consist of certain hardware and software and, among other things, you will be required to meet our requirements for: (a) back office and point of sale systems; (b) security systems; (c) printers and other peripheral devices; (d) archive and back-up systems; and (e) high speed internet access. The initial upfront cost of the Business Management System and computer system that you will be required to purchase ranges from \$800 to \$1,500. You are obligated to install and/or access all required point of sale and software upgrades as recommended by the manufacturer of the computer and the licensor of the point of sale system. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. Your estimated costs for the maintenance, repair and updates for the computer and point of sale systems is estimated to not exceed \$500 per year. There are no contractual obligations imposed on us to maintain, repair, update, or upgrade your computer systems. We will have independent access to all of the information and data that is electronically transmitted on your point of sale system and will have access to all data related to the financial performance of your Business. There are no contractual limitations on our right to access your point of sale system.

Initial Training

If this is your first Business we will provide initial training for you, or if you are a Corporate Entity, your Managing Owner, an Operating Manager, and one additional Owner or management level employee. You or your Managing Owner and your Operating Manager must successfully attend and complete the initial training program to our satisfaction no later than 45 days before the opening of your Business. The initial training program takes place over an approximate three day period. If more than three individuals attend initial training you will be charged an additional fee per additional person attending initial training. Although we provide you and your general manager with initial training at no additional fee or charge, you will be responsible for paying for all travel expenses and employee wages that you incur in your initial training attendance and participation. (Franchise Agreement, Article 4). Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis.

TRAINING PROGRAM

The following chart summarizes the subjects covered in our initial training program:

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Welcome and Business Orientation	2	0	San Antonio, Texas
Marketing and Advertising	4	0	San Antonio, Texas
Layout and Setup	1	0	San Antonio, Texas
Pre-Opening Sales Activities, Sales Presentations, Facility Operations	4	0	San Antonio, Texas
Salon Practicum	3	4	San Antonio, Texas
This Salon Industry and Working with Operators; The Operator Agreement	1	0	San Antonio, Texas
Salon Management Software	4	0	San Antonio, Texas
Subtotal Hours	19	4	
Total Hours	23		

Instructional materials that will be used in the initial training process includes our Manuals, live instruction, and handouts. Initial training will be conducted under the direction and supervision of our Vice President of Operations, Drew Johnston. For the period of 2014 through present, Drew Johnston has been involved with the Salons by JC franchise system. The level of experience of our trainers will, at a minimum, include each trainer's satisfactory completion of our initial training program. In addition to initial training, you will also be required to participate in and satisfy all other training programs that we may designate respecting the Franchised Business. (Franchise Agreement, Articles 4 and 7.J.).

After the

opening of your Business we reserve the right to require that you (or your Managing Owner if you are a Corporate Entity) attend a system-wide training program (the "System-Wide Training Program") that we may establish at our discretion. If we establish a System-Wide Training Program, the program will be offered from our affiliate owned Business in San Antonio, Texas and you will be responsible for all travel and expenses, lodging, food, automobile rental expenses and employee wages that you incur in connection with your attendance. We will not require your attendance at a System-Wide Training Program for more than a total of five days in any calendar year.

ITEM 12

TERRITORY

Your Location

Under the Franchise Agreement, we will grant to you the right to develop and operate one Business at a specific Business Location. If the location is not known at the time you sign a Franchise Agreement, then your Business Location is subject to our approval.

If your Franchise Agreement is supplemented with a 1-2 Multi-Franchise Addendum, your development of an Additional Business, over and above the one Business Location authorized by your Franchise Agreement, will be subject to the terms of our then current individual unit franchise agreement that must be signed for the Additional Business.

Grant of Territory

Once you identify a site that we approve for your Business Location we will designate an area around your site as your designated territory (the "Designated Territory"). There is no minimum size for a designated territory, the scope and size of your Designated Territory will, generally, be a distance of two miles from the Business Location in all directions travelable by road, but may be smaller based on population density, demographics, and geographical boundaries. If your Business is located in a major metropolitan downtown area or a central business district, your Designated Territory will typically be less than two miles from the Business Location in all directions travelable by road. If your Business is located within a facility with a captive market, your Designated Territory may be limited to the physical boundaries of the facility. Depending on the demographics and geography we may designate your Designated Territory where your Business is located at the center of the Designated Territory or where your Business is located elsewhere within the Designated Territory. We may identify your Designated Territory by zip code, boundary streets, highways, county lines, designated market area, and/or other recognizable demarcations.

Relocation

Your right to relocate your Business is not guaranteed and approval of a request by you to relocate your Business is completely at our discretion. We evaluate relocation requests on a case-by-case basis and consider factors such as operational history, the location of other Businesses, our expansion plans, the designated territory, demographics and other factors that, at the time of a relocation request, are relevant to us.

Establishment of Additional Businesses

You do not have the right to establish additional Businesses unless you sign a 1-2 Multi-Franchise Addendum or a Multi-Unit Development Agreement. If your Franchise Agreement is supplemented with a 1-2 Multi-Franchise Addendum, your development of an Additional Business, over and above the one Business authorized by your Franchise Agreement, will be subject to the terms of our then current individual unit franchise agreement that must be signed for the Additional Business. You are not granted any additional territory rights under a 1-2 Multi-Franchise Addendum. If we enter into and sign a Multi-Unit Development Agreement you will have the right to develop a mutually agreed upon number of additional Businesses within a specified Development Area. The size of your Development Area will vary significantly from other franchisees and your right to develop additional Businesses under a Multi-Unit Development Agreement will be subject to your timely compliance with the agreed upon development schedule, your compliance with the terms of your Multi-Unit Development Agreement, and your compliance with all other agreements with us and our affiliates, including all Franchise Agreements. Our approval of future Business Locations and their respective designated territories will be based on our then current site and territory criteria.

Options and Rights of First Refusal to Acquire Additional Franchises

You are not granted any options, rights of first refusal, or similar rights to acquire additional franchises.

Territory Rights

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, during the term of the Franchise Agreement, provided that you are not in default of your obligations to us or our affiliates and except as to our Reserved Rights set forth below, we will not open, and we will not grant another franchisee the right to open a Salons by JC Business at a Business Location within your Designated Territory.

There are no restrictions on you from entering into Salon Suite Lease Agreements with Operators residing outside of your Designated Territory and/or within the designated territory of another franchisee. Other franchisees and our affiliate-owned businesses may enter into Salon Suite License Agreements with Operators residing in your Designated Territory. Additionally, Operators are not limited to providing services and products to customers within the Designated Territory and may solicit and/or provide services and products to customers outside of the Designated Territory.

We and our affiliates reserve to ourselves the exclusive right on any and all terms and conditions that we deem advisable and, without any

compensation or consideration to you (Franchise Agreement, Article 2.D. and Multi-Unit Development Agreement, Section 2.3), to engage in the following activities (our “Reserved Rights”): (a) operate and grant to others the right to develop and operate Businesses and Franchised Businesses using the System and Licensed Marks at locations outside your Designated Territory and, if applicable, Development Area, as we deem appropriate and irrespective of the proximity to your Designated Territory and, if applicable, Development Area; (b) acquire, be acquired, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as, or similar to, the Franchised Business, and after such acquisition, merger or affiliation to own and operate and to franchise, or license others to own and operate and to continue to own and operate such businesses of any kind, even if such businesses offer and sell products and services that are the same as or similar to a the Franchised Business but, not using the Licensed Marks, within your Designated Territory and, if applicable, within your Development Area; (c) use the Licensed Marks and System to sell, distribute, and deliver the Approved Products and Services offered and sold by the Franchised Business or products and services similar to the Approved Products and Services offered and sold by the Franchised Business through website based and/or e-commerce based channels of sale, distribution, or delivery that includes direct to consumer sales within or outside your Designated Territory and, if applicable, your Development Area; (d) use the Licensed Marks and System to sell, distribute, and deliver the Approved Products and Services offered and sold by the Franchised Business or products and services similar to the Approved Products and Services offered and sold by the Franchised Business in alternative channels of distribution including wholesale stores or other direct marketing sales and through similar distribution and delivery channels within or outside your Designated Territory and, if applicable, your Development Area; and (e) use the Licensed Marks and System and to license others to use the Licensed Marks and System, to engage in all other activities not expressly prohibited by the Franchise Agreement.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory

There are no restrictions on us from soliciting or accepting orders from customers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under the Franchise Agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

Soliciting by You Outside Your Territory

You are required to target and direct the marketing of your Business to Operators located within your territory. You are not authorized to solicit Operators outside of your Designated Territory. Notwithstanding the foregoing, you may enter into Salon Suite Lease Agreements with Operators residing outside of your Designated Territory and/or within the designated territory of another franchisee, provided you are not directly soliciting operators outside of your Designated Territory and/or marketing the Franchised Business outside of your Designated Territory. You may only offer and sell Approved Products and Services from your Business Location.

Competition by Us Under Different Trademarks

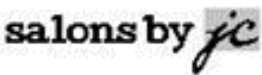
We do not have plans to operate or franchise a business under trademarks different from the Licensed Marks that sells or will sell goods or services similar to those that will be offered by you through the Franchised Business.

ITEM 13
TRADEMARKS

Under the terms of the Franchise Agreement, you will be granted a license to use the “Salons by JC” trademark and those other marks that we designate. We are the owner of the Licensed Marks. We reserve the right to supplement and modify the marks that you may or may not use in connection with the operations of your Business. You may only use the Licensed Marks as authorized by us in writing and under the terms of your Franchise Agreement. You may not use the Licensed Marks in the name of any Corporate Entity that you establish.

Principal Trademarks Registered with the United States Patent and Trademark Office

The principal trademarks identified in the schedule below are a part of the Licensed Marks, our System, are registered with the United States Patent and Trademark Office (the “USPTO”) and, unless otherwise designated by us, will be used by you in the operations of the Franchised Business. As to these marks all required affidavits have been filed with the USPTO.

Mark	USPTO Registration Number	Registration Type	Registration Date
	4752098	Principal	June 9, 2015 Renewed: January 31, 2025
SALONS BY JC	4687389	Principal	February 17, 2015 Renewed: February 1, 2025
SALONS BY JC	4755055	Principal	June 16, 2015 Renewed: August 20, 2024

~~As of the Issue Date, we have filed all affidavits and other documents with the USPTO to maintain the federal registrations described above.~~

~~You must strictly comply with our standards, specifications, rules, requirements, and instructions regarding the use of the Marks. The goodwill associated with our Marks will remain our exclusive property, and you will receive no tangible benefit from our goodwill, except from the operation or possible sale of the SBJC Business during the term of the Franchise Agreement. Any increase in the goodwill associated with our Marks during the term of the Franchise Agreement will benefit us. All rights to use our Marks will automatically revert to us without cost and without the execution or delivery of any documents, upon the expiration or termination of your Franchise Agreement.—~~

~~As of the Issue Date of this Franchise Disclosure Document, principal trademarks there is no litigation pending arising out of our Marks, and we are not aware of any superior rights in, or infringing uses of, our Marks that could materially affect your right to use these marks. Presently, there are none currently effective adverse material determinations of by the USPTO, the Trademark Trial and Appeal Board, any court, or the trademark administrator of any state or any court, and. There are no pending infringement, opposition or cancellation proceedings or any material and no pending litigation involving the Marks. There are no agreements in effect that significantly limit our right to use, or license the use of, the Marks that are material to the franchise.—~~

~~You may not use all or any portion of our Marks as part of your company name and, without our prior written consent, as part of your trade name or “d/b/a”. You may not modify the Marks with words, designs or symbols, except those that we license to you. You may not use our Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Marks, trade secrets, methods, procedures, and advertising techniques that are part of our franchise System, or contest our sole right to register, use, or license others to use, our Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the word “Salons by JC” or any similar phrase.—~~

~~You must immediately notify us in writing if you become aware of any unauthorized use of our Marks or other proprietary information and you must permit us to participate in any litigation involving you and our Marks. our principal marks. We will take the action we think appropriate. We will indemnify, defend and hold you harmless in connection with any third-party claims that are brought against you that arise solely out of your authorized use of any Marks in the manner we prescribe, provided you notify us of the proceeding within three days and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding know of no superior rights or infringing uses that could materially affect your use of our principal marks or other related rights in any state.~~

~~We will not reimburse you for your expenses and legal fees for separate, independent legal counsel, unless we approve of your use of such counsel in writing prior to your engaging counsel. We will not reimburse you for disputes where we challenge your use of our Marks.—~~

~~You must modify or discontinue using any of the Marks, and add new names, designs, logos or commercial symbols to the Marks as we instruct. We may, at our sole discretion, impose changes whenever we believe the change is advisable. We do not have to compensate you for any costs you incur to make the changes we require. You will receive written notice of any change, and will be given a reasonable time to conform to our directions (including changing signage, marketing displays, trade dress and other advertising), at your sole expense.—~~

You are required to provide us with written notice of any claims that you may become aware of respecting the Licensed Marks, including your use of the Licensed Marks and/or any claim associated with a third party's use of a trademark that is identical or confusingly similar to the Licensed Marks. We maintain the exclusive discretion to take any and all actions, or to refrain from any action, that we believe to be appropriate in response to any trademark infringement, challenge or claim. As between us, we possess the sole right to exclusively control any and all litigation, legal proceedings, administrative proceedings and/or settlement(s) involving any actual or alleged infringement, challenge or claim relating to the Licensed Marks. You must sign all documents, instruments and agreements and undertake the actions that we, with the advice of our legal counsel, determine to be necessary or advisable for the protection and/or maintenance of our interests in the Licensed Marks in any legal proceeding, administrative proceeding or as may be otherwise determined by us. As to the foregoing, we will reimburse you for the reasonable out-of-pocket administrative expenses that you incur and pay in complying with our written instructions.

We will protect your right to use the Licensed Marks and other related rights and to protect you against claims of infringement and unfair competition related to the Licensed Marks, provided that you use the Licensed Marks in accordance with the terms of your Franchise Agreement, as designated by us in the Manuals, and, otherwise, as we instruct you. We will indemnify you against direct damages for trademark infringement in a proceeding arising out of your use of the Licensed Marks, provided your use of the Licensed Marks comply with the terms of your Franchise Agreement, the Manuals, our written instructions and, that you have timely notified us of the claim, have given us sole control of the defense and settlement of the claim, and you are in compliance with your Franchise Agreement and, if applicable, Multi-Unit Development Agreement. If we defend the claim, we have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney that you retain.

If any third party establishes, to our satisfaction and in our discretion that its rights to the Licensed Marks are, for any legal reason, superior to any of our rights or of a nature that we believe, in our discretion, that it is advisable to discontinue and/or modify the Licensed Marks, then we will modify and/or replace the Licensed Marks and you must use the substitutions, replacements and/or variations of and/or to the Licensed Marks and use those trademarks, service marks, logos and trade names required and designated by us. In such event, our sole liability and obligation will be to reimburse you for the direct out-of-pocket costs of complying with this obligation, which you must document to our satisfaction, including, by way of example, alterations in signage and replacement of marketing materials.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

~~We do not own any registered patents rights to, or pending licenses in any patent applications that are or copyrights material to the franchise. We do claim common law copyright and trade secret protection for several aspects of the franchise System including. We may copyright advertising materials and design specifications, our Manuals, training materials, advertising, and business other written materials.—~~

~~There are no current determinations, proceedings or litigation involving any of our copyrighted materials. If you learn that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.—~~

~~During the term of the Franchise Agreement and/or Development Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement and/or Development Agreement or any time after that, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any of these trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the SBJC Business (the “Confidential Information”). You may divulge such Confidential Information only to your employees who must items. We have access to it in order to perform their employment obligations not applied to the USPTO for the issuance of any patents.~~

~~You must require your Concierge Manager and any personnel having access to any of our Confidential Information to sign our then-current form of Confidentiality and Non-Competition Agreement attached as an Exhibit to the Franchise Agreement, where these individuals agree that they will maintain the confidentiality of information they receive in connection with their employment and restrict their right to work for a competitor while they are employed by you. This confidentiality agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.—~~

The Franchise Agreement and Development Agreement provide that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of any SBJC Business, you will promptly notify us and provide us with all necessary related information, without compensation. Any new concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts. You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that these provisions in the Franchise Agreement and/or Development Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.—

~~We may modify, revise and/or supplement any of our Manual(s) and/or other copyrighted materials at our discretion and require that you cease using any outdated item or portion of the Manuals.—~~

You must keep as confidential our Manuals and any supplements to the Manuals. Our Manuals may take the form of written materials and/or digitally distributed and stored materials and made available to you for use in connection with the Franchised Business. The Manuals contain information about our System, Approved Products and Services, System Supplies, proprietary products, marketing systems, training, and confidential methods of operation. You must use all reasonable and prudent means to maintain the Manuals and the information maintained in the Manuals as confidential and prevent any unauthorized copies, recordings, reproduction, or distribution of the Manuals or the information contained in the Manuals. You must also restrict access to the Manuals to management level employees who sign a confidentiality agreement with you and are required by you to maintain the confidentiality of the Manuals and refrain from distributing or disclosing the Manuals and the information contained in the Manuals. You must provide us with immediate notice if you learn of any unauthorized use of the Manuals or of the information contained in the Manuals, or any infringement or challenge to the proprietary or confidentiality of the information contained in the Manuals. We will take any and all action(s) or, refrain from taking action, that we determine, in our discretion, to be appropriate. We may control any action or legal proceeding we choose to bring. We need not participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright or patent. If any third party establishes to our satisfaction, in our discretion, that it possesses rights superior to ours, then you must modify or discontinue your use of these materials in accordance with our written instructions.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL- OPERATION OF THE FRANCHISE BUSINESS

~~You must hire a Concierge Manager to manage the day-to-day operation of your SBJC Business. Your Concierge Manager will be required to complete the virtual Concierge Manager training.—~~

~~We will not unreasonably withhold our approval of any Concierge Manager you propose, provided the Concierge Manager has demonstrated that they have adequate knowledge of our System standards and specifications for daily operations of an SBJC Business. If the franchisee is a business entity, we do not require the Concierge Manager to own an interest in the entity, but the Concierge Manager must sign our prescribed form of Confidentiality and Non-Competition Agreement.—~~

~~If you sign a Development Agreement, you must designate and retain an individual to act on behalf of the developer in all transactions (the “Representative”). The Representative must meet our standards and criteria for a Representative as set forth in the Manuals or otherwise in writing by us.—~~

~~Under the terms of our Franchise Agreement, your principals, partners, or members, as applicable, are required to sign a Personal Guaranty (Exhibit B to the Franchise Agreement) agreeing to be bound by the non-competition agreement, confidentiality requirements and all of the other terms and obligations contained in the Franchise Agreement. Additionally, your spouse is required to sign the Franchise Owner Agreement, which binds your spouse to the obligations contained in the Franchise Agreement.—~~

~~We are not your employer and you will control all decisions related to recruiting, hiring or firing any personnel, including any managers. Nothing in this Franchise Disclosure Document or any agreement you enter into with us will create any type of employer or joint employer relationship between (a) you and/or your personnel, and (b) us.—~~

~~Your SBJC Business must, at all times, be managed and staffed with a Concierge Manager. In the event that you operate more than one SBJC Business, you must have a properly trained Concierge Manager at each SBJC Business you own and operate. You must keep us informed at all times of the identity of any personnel acting as Concierge Manager, and obtain our approval before substituting a new Concierge Manager at any of your locations.—~~

The Franchise Agreement requires that you or, if you are a Corporate Entity, your designated managing shareholder, member or partner (your “Managing Owner”) be personally responsible for the management and overall supervision of your Business. Your Managing Owner must complete, to our satisfaction, our initial training program and be approved by us. While we recommend that your Managing Owner personally participate in the day-to-day management and on-site supervision and operations of your Business, you may hire an operating manager to supervise and manage the day-to-day on-site operations of your Business provided that your operating manager: (a) meets all

of our minimum standards and criteria for managers; (b) completes our initial training program; and (c) signs our confidentiality agreements (an “Operating Manager”). At all times, your Business must be managed and supervised on-site by either a Managing Owner or Operating Manager. If you own and operate multiple Businesses then each Business must be managed and supervised on-site by an Operating Manager.

You and, if you are a Corporate Entity, each of your members, shareholders and/or partners (collectively, “Owners”), must personally guarantee all of your obligations to us under the Franchise Agreement. Each Owner and the spouse of each Owner must personally guarantee your obligations to us under the Franchise Agreement. You and each Owner and spouse must also promise in writing that, among other things, during the term of the Franchise Agreement you will not participate in any business that in any way competes with the Franchised Business, and that for 24 months after the expiration of termination of the Franchise Agreement (with said period being tolled during any periods of non-compliance), neither you nor your Owners and their spouses will participate in any competitive business located within and/or servicing customers located within your Designated Territory and a 25 mile radius surrounding your Designated Territory. Further you will not participate in any competitive business located within and/or servicing customers located within a 10 mile radius of any other Salons by JC Business and/or the designated territory of any other Salons by JC Business. Your managers and all other employees and agents with access to our confidential information will be required by us to sign a confidentiality agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

~~You and your Operators, as applicable, may only offer the Approved Products and Approved Services that we expressly authorize through your SBJC Business, and may only offer these products and services at the Facility and in the manner prescribed in your Franchise Agreement and our Manuals. We may supplement, revise and/or modify our Approved Products and Approved Services as we deem appropriate from time to time, as well as our System standards and specifications associated with the provision of these products/ services. These changes will be outlined in our Manuals or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.—~~

~~Unless you obtain our prior written approval, you may only engage Operators to provide beauty and wellness services from a suite within your Facility, such as hair stylists, nail technicians, massage therapists, and skin care specialists.—~~

~~If we discontinue any Approved Product or Approved Service offered by the SBJC Business, then you (and, if applicable, your Operators) must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard, in which case you must immediately comply upon receipt of notice from us.—~~

~~You may not use the Facility of your SBJC Business for any other business purpose other than the operation of your SBJC Business.—~~

~~You may only sell the Approved Products and Services as specified in the Manuals or otherwise approved by us in writing and may only sell the products and services required by us. Your Operators may only offer and sell the products and services approved by us, as set forth in the Manuals, and must operate their businesses in accordance with our standards and specifications. We can change the products and services that you must offer. There is no limitation on our right to change the products and services offered sold by Salons by JC Businesses. You are not limited to whom you may sell products and services of your Salons by JC Business, provided you do so exclusively from your Business Location and as otherwise required by and in compliance with the standards we determine for the System.~~

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION-

The Franchise Relationship Under a Single Unit Franchise Agreement

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.~~Disclosure Document.

A. Franchise Agreement—

Provision	Article in Franchise Agreement	Summary
a. Length of the franchise term	2.B.	The term of your Franchise Agreement is 10 years.
b. Renewal or extension of the term	15	If you meet our conditions for renewal you may renew your franchise for two additional 10 year terms.
c. Requirements for franchisee to renew or extend	15	To renew your franchise you must be in compliance with the terms of your Franchise Agreement, provide us with 180 days prior written notice of your request to renew, sign our then current form of Franchise Agreement and related agreements for the renewal term, sign a general release in our favor, pay a renewal fee, remodel and upgrade your Business to meet our standards and specifications, secure and possess the legal right to continue to occupy the premises of your Business location, and meet all other renewal requirements contained in the Franchise Agreement. Your Owners must be in compliance with their agreements with us, including the Franchise Owner and Spouse Agreement and Guaranty, and they must personally guarantee the terms of your renewal Franchise Agreement which may contain terms materially different from your current Franchise Agreement.

d. Termination by franchisee	16.B.	You may terminate the Franchise Agreement if you are in compliance with its terms, we are in material breach of the Franchise Agreement, and we fail to cure the material breach within 30 days of receiving written notice or, if the breach cannot be cured within 30 days, such period of time that is reasonable to cure the material breach.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with “cause”	16.A.	We can terminate if you are in default of the terms of the Franchise Agreement.
g. “Cause” defined – curable defaults	16.A.(3), 16.A.(4)	You have 10 days to cure a default where you fail to pay any fees and/or obligations due to us and/or to an affiliate of ours, or if you fail to pay a supplier without, as determined by us, a legal justification, provided that the foregoing defaults were not intentionally and knowingly in violation of the Franchise Agreement. You will have 30 days to cure a default where you, fail to: timely lease a location that we approve for your Business; timely develop and open your Business; operate your Business in accordance with the specifications, standards, and requirements set forth in our Manuals; develop or operate your Business in compliance with all federal, state, and local laws, rules, and regulations, unless, such violation poses a threat to public health or safety; maintain insurance coverage that we require; comply with our standards, systems or specifications as we may designate or as otherwise designated in the operations manual; fail to operate your Business in conformity with our System or otherwise violate the Franchise Agreement, except as to events of default that are not curable.

h. “Cause” defined – non-curable defaults	16.A(1), 16.A(2)	<p>The following are defaults that cannot be cured: three or more instances where you commit a curable default, whether or not you timely cured such default in each instance; you intentionally and knowingly refuse to comply with the terms of the Franchise Agreement, and/or the standards specifications, and/or requirements set forth in the Operations Manual and/or as communicated to you by us from time to time; you intentionally, knowingly, or negligently operate the Franchised Business in violation of applicable laws, rules, and regulations and, in doing so, create a foreseeable, imminent, and/or immediate threat to the health and safety of others; you abandon the Franchised Business or fail to maintain the required leasehold and/or ownership interests in your Business Locations; you or your Owners intentionally made a material statement or omission in questionnaires submitted to us; the data, information, and/or records that you record and/or submit to us are intentionally misleading or false; you transfer or attempt to transfer the Franchised Business or the ownership interests in your franchise company without our approval; you disclose or permit the disclosure of information contained in the operations manual and/or of confidential information; you or your Owners engage in intentionally dishonest or unethical conduct that impacts our System; you and/or your Owners breach and, if such breach is capable of a cure, fail to timely cure another agreement with us including the Owner and Spouse Agreement and Guaranty; you and your Owners and managers fail to complete, to our satisfaction, our initial and on-going training programs; you fail to notify us of the misuse of confidential information and you fail to protect same; you misappropriate or misuse the Licensed Marks; you are deemed insolvent, make an assignment for the benefit of creditors, admit in writing your inability to pay debts; are adjudicated bankrupt, file a voluntary bankruptcy petition or have one filed against you, and/or you acquiesce to the appointment of a trustee or receiver, or a court orders one; execution is levied against the Franchised Business; a final judgment is entered against the Franchised Business and is not satisfied within 30 days; you are dissolved; a lawsuit or action is commenced against the Franchised Business to foreclose on a lien on equipment of the Franchised Business and such action is not dismissed after 60 days; and/or real or personal property used by the Franchised Business is sold or levied by a sheriff or other law enforcement officer; and/or you abandon or fail to continuously own and operate the Franchised Business.</p>
i. Franchisee’s obligations on termination/non-renewal	6, 17	<p>You must: pay all sums that you owe to us under the Franchise Agreement and all other agreements with us; cease owning and operating the Franchised Business; cease representing yourself as a franchisee of ours; permanently cease using and/or accessing the System, the Licensed Marks, our confidential information, the operations manual, the Business Management System, the Business Management System Data, and the System Supplies; return the operations manual and all confidential information to us in the original form provided to you and document the destruction of all electronic files related to same; completely de-identify the location and/or facility associated with the Franchised Business; as requested by us, transfer to us all data, telephone listings, digital media, accounts, web listings and websites associated with the Franchised Business; and abide by the post-termination non-competition covenants and restrictions.</p>
j. Assignment of the contract by franchisor	14.A.	<p>No restriction on our right to assign.</p>

k. “Transfer” by franchisee - definition	14.B.	A transfer means and includes, whether voluntary or involuntary, conditional or unconditional, direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.
l. Franchisor’s approval of transfer by franchisee	14.B.	Transfers require our prior written consent, which may be granted or withheld at our discretion.
m. Conditions for franchisor’s approval of transfer	14.C.	For approval of your transfer, you must provide us with 30 days prior written notice of the proposed transfer; you and your Owners must not have defaulted in your obligations under the Franchise Agreement and all other agreements with us; you and your Owners must be in compliance with your obligations under the Franchise Agreement and all other agreements with us; the transferee must agree to be bound by all of the terms and provisions of the Franchise Agreement; the transferee’s owners and their spouses must personally guarantee all of the terms and provisions of the Franchise Agreement; you and your Owners and their spouses must sign a general release in favor of us; the transfer must provide for the assignment and/or ownership of the approved location for the Franchised Business, and the transferees continued use and occupancy of such location throughout the term of the Franchise Agreement; the assets of the Franchised Business must be transferred to the transferee; the transferee and the transferee’s owners and managers, at the transferee’s expense must complete our training programs; we waive our right of first refusal; we approve of the transfer and transferee in writing and subject to our discretion; and you pay the Transfer Fee (subject to applicable state laws).
n. Franchisor’s right of first refusal to acquire franchisee’s business	14.F.	We have the right to match any offer to purchase your Business or the Corporate Entity operating your Business.
o. Franchisor’s option to purchase franchisee’s business	Not applicable	Not applicable.
p. Death or disability of franchisee	14.D.	If you are an individual, within 30 days of the death or permanent disability of Franchisee, your executor and/or legal representative must appoint an Operating Manager approved by us and within 60 days of such appointment the Operating Manager must complete, to our satisfaction, our initial training program. Within 12 months of the date of death or disability, the Franchise Agreement must be transferred to a transferee approved by us and otherwise transferred in accordance with the terms of the Franchise Agreement. If the franchisee is a Corporate Entity, within 30 days of the death or permanent disability of your Managing Owner, if there are other Owners, must appoint a replacement Operating Manager approved by us and within 60 days of such appointment the replacement Operating Manager must complete, to our satisfaction, our initial training program.

q. Non-competition covenants during the term of the franchise	6	No involvement in any competitive business and must comply with confidentiality, non-disclosure and non-solicitation covenants.
r. Non-competition covenants after the franchise is terminated or expires	6, 17.C.	No involvement, ownership or interest whatsoever for 24 months in any competing business in: your Designated Territory; a 25-mile radius of your Designated Territory; a 10-mile radius of the Designated Territory of any other Business; and you must comply with confidentiality, non-disclosure and non-solicitation covenants.
s. Modification of the agreement	18.L.	Requires writing signed by you and us, except for unilateral changes that we may make to the Manuals or our unilateral reduction of the scope of a restrictive covenant that we may make at our discretion.
t. Integration/merger clauses	18.M.	Only the terms of the Franchise Agreement and schedules to the Franchise Agreement and the respective signed exhibits to the Franchise Agreement are binding, subject to state law. Nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	18.G.	Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Bexar County, Texas and, if mediation is unsuccessful, then to binding arbitration in Bexar County, Texas. This provision is subject to applicable state law.
v. Choice of forum	18.G.	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, State court of general jurisdiction that is within or closest to Bexar County, Texas. This provision is subject to applicable state law.
w. Choice of law	18.F.	Texas law will govern. However, this provision is subject to state law and as otherwise disclosed in <u>Exhibit J</u> to this Disclosure Document.

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The Franchise Relationship Under a Multi-Unit Development Agreement

THE FRANCHISE RELATIONSHIP

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

Provision	Sections in Multi-Unit Development Agreement	Summary
a. Length of the franchise term	3	Varies depending on the number of Businesses to be developed and the Development Area. The agreement commences on the effective date and the term automatically expires at the earlier of the opening of the final Business required for development, or the last day of the calendar month in which the final Business was required to be open under the Multi-Unit Development Agreement.
b. Renewal or extension of the term	Not applicable	There is no renewal of the Multi-Unit Development Agreement.
c. Requirements for franchisee to renew or extend	Not applicable	There is no renewal of the Multi-Unit Development Agreement.
d. Termination by franchisee	Not applicable	There is no option for your termination of the Multi-Unit Development Agreement.
e. Termination by franchisor without cause	Not applicable	We can terminate without cause only if you and we mutually agree, in writing, to terminate.
f. Termination by franchisor with "cause"	3.2	We may terminate your Multi-Unit Development Agreement with cause. Your Multi-Unit Development Agreement can be terminated by us if: (a) you abandon your obligations under the Multi-Unit Development Agreement; (b) if you for four consecutive months, or any shorter period that indicates an intent by you to discontinue your development of Businesses within the Development Area; (c) if you become insolvent or you are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed by you; (d) if you fail to meet your development obligations under the Development Schedule for any single Development Period including, but not limited to, your failure to establish, open and/or maintain the cumulative number of Businesses in accordance with Development Schedule; and/or (e) in the event that any one Franchise Agreement is terminated respecting any Business and/or any other Franchise Agreement between you and us.
g. "Cause" defined – curable defaults	Not applicable	Not applicable.

h.	“Cause” defined – non-curable defaults	3.2	Your Multi-Unit Development Agreement can be terminated by us if: (a) you abandon your obligations under the Multi-Unit Development Agreement; (b) if you for four consecutive months, or any shorter period that indicates an intent by you to discontinue your development of Businesses within the Development Area; (c) if you become insolvent or you are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit or creditors or a receiver is appointed by you; (d) if you fail to meet your development obligations under the Development Schedule for any single Development Period including, but not limited to, your failure to establish, open and/or maintain the cumulative number of Businesses in accordance with Development Schedule; and/or (e) in the event that any one Franchise Agreement is terminated respecting any Business and/or any other Franchise Agreement with us.
i.	Franchisee’s obligations on termination/non-renewal	Not applicable	You lose all rights under the Multi-Unit Development Agreement. There are no renewal rights respecting the Multi-Unit Development Agreement.
j.	Assignment of the contract by franchisor	6	There are no restrictions on our right to assign.
k.	“Transfer” by franchisee-definition	6	You have no right to transfer the Multi-Unit Development Agreement.
l.	Franchisor’s approval of transfer by franchisee	6	You have no right to transfer the Multi-Unit Development Agreement.
m.	Conditions for franchisor’s approval of transfer	6	You have no right to transfer the Multi-Unit Development Agreement.
n.	Franchisor’s right of first refusal to acquire franchisee’s business	Not applicable	Not applicable.
o.	Franchisor’s option to purchase franchisee’s business	Not applicable	Not applicable.
p.	Death or disability of franchisee	Not applicable	Not applicable.
q.	Non-competition covenants during the term of the franchise	Not applicable	Not applicable as to Multi-Unit Development Agreement. However, each Business developed pursuant to Multi-Unit Development Agreement will be subject to non-competition covenants set forth in each respective Franchise Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable as to Multi-Unit Development Agreement. However, each Business developed pursuant to Multi-Unit Development Agreement will be subject to non-competition covenants set forth in each respective Franchise Agreement.

s.	Modification of the agreement	5.3, 7.11	Only by written agreement between you and us or if governing law requires a modification. We can change the form of the Franchise Agreement for future Businesses which will not alter your obligations under the Multi-Unit Development Agreement.
t.	Integration/merger clauses	7.12	The Multi-Unit Development Agreement is the entire agreement between you and us relating to the development of the Exclusive Territory. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u.	Dispute resolution by arbitration or mediation	7.5, 7.6	Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Bexar County, Texas and, if mediation is unsuccessful, then to binding arbitration in Bexar County, Texas. This provision is subject to applicable state law.
v.	Choice of forum	7.5, 7.6	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, State court of general jurisdiction that is within or closest to Bexar County, Texas. This provision is subject to applicable state law.
w.	Choice of law	7.5, 7.6	Texas law will govern. However, this provision is subject to state law and as otherwise disclosed in <u>Exhibit J</u> to this Disclosure Document.

ITEM 18

PUBLIC FIGURES

We do not currently use any public figure to promote our franchise. No public figure is currently involved in our management.

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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) 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.

DEFINITIONS

- (a) Average – means the sum of all data points in a set, divided by the number of data points in that set.
- (b) Calendar Year – means, as to each respective year, the 12-month period commencing on January 1 and ending on December 31.
- (c) Company Owned Outlet – means an Outlet owned either directly or indirectly by us, our affiliate or any person identified in Item 2 of this Disclosure Document. A Company Owned Outlet also includes any Outlet that is operated as a joint venture owned in part by us, our affiliate or any person identified in Item 2 of this Disclosure Document, or that is managed by us our affiliate or any person identified in Item 2.
- (d) First Year Base Rent – as to the period representing the first 12 months under the terms of a lease agreement for an Outlet, means the base rent charged or to be charged for the Business Location pursuant to a lease agreement between Landlord and Tenant, excluding taxes, insurance, and common area maintenance charges.
- (e) First Year Base Rent Per Square Foot – refers to the First Year Base Rent of an Outlet divided by the Total Square Footage of that Outlet.
- (f) Franchise Outlet – refers to a Salons by JC Business operated under a Franchise Agreement that is not a Company Owned Outlet.
- (g) Free Rent Amount – means the total amount of rent waived during the Free Rent Days, calculated by the total rent for the first 12 months of the lease agreement term as set forth in the lease agreement between the Landlord and Tenant, divided by 365, and then multiplied by the Free Rent Days.
- (h) Free Rent Days – means the number of days during the first 12 months of the lease agreement term that Landlord waived rent for Tenant as part of the negotiations between Landlord and Tenant and to incentivize Tenant to sign the lease agreement.
- (i) Gross Sales – means the total revenue derived by each Salons by JC Business less sales tax, discounts, allowances, and returns.
- (j) Landlord – refers to the landlord of the Business Location, as set forth in the lease agreement for the Business Location.
- (k) Leasable Square Footage – means, for each Outlet, the square footage of the Business Location that can be leased or subleased to a third party as a suite. Leasable Square Footage is calculated at the time of opening the Outlet.
- (l) Leasable Square Footage Percentage – refers to the percentage of Total Square Footage that is characterized as Leasable Square Footage, calculated as Leasable Square Footage divided by Total Square Footage, and multiplied by 100. Leasable Square Footage Percentage is calculated at the time of opening the Outlet.
- (m) Leased Suites – refers to the number of individual salon suites at the Business Location that, as of the last day of the reported Calendar Year or such other date as may be specified within this Item 19, are leased or subleased to a third party. The number of Leased Suites does not account for variability of leased or subleased suites occurring during a Calendar Year or any measurable period.
- (n) Median – means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two.
- (o) New Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet and not as an Operational Company Owned Outlet, see definition below. If this Company Owned Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2024 Calendar Year.

- (p) New Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet and not as an Operational Franchise Outlet, see definition below. If this Franchise Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2024 Calendar Year.
- (q) Occupancy Rate – means the number of Leased Suites as a percentage of the Total Suites that the Business Location has available for rent. The Occupancy Rate is calculated by dividing the total number of Leased Suites that are leased or subleased to a third party at a Business Location on the last day of the Calendar Year by the number of Total Suites available for rent at the Business Location as of the last day of the Calendar Year, multiplied by 100.
- (r) Operational Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet, see definition above, and not as an Operational Company Owned Outlet. If this Company Owned Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2024 Calendar Year.
- (s) Operational Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that was open and in operation prior to the commencement of the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet, see definition above, and not as an Operational Franchise Outlet. If this Franchise Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2024 Calendar Year.
- (t) Outlet – refers to a Salons by JC Business that is either a Company Owned Outlet or a Franchise Outlet, as the context requires.
- (u) Salons by JC Conversion Business – refers to a Salons by JC Business where, prior to the business becoming a part of the Salons by JC franchise system, the business offered Approved Products and Services similar to a Salons by JC Business, met our standards and specifications for a conversion business, and was ultimately converted into a Salons by JC Business.
- (v) Tenant – refers to the tenant of the Business Location, as set forth in the lease agreement for the Business Location. A Tenant is either our affiliate or franchisee, as the context requires.
- (w) Tenant Improvement Allowance – means the total amount that Landlord agrees to contribute towards Tenant’s construction costs associated with the build out of the Business Location as part of the negotiations between Landlord and Tenant and to incentivize Tenant to sign the lease agreement.
- (x) Total Square Footage – means, for each Outlet, the sum of the Leasable Square Footage and all other square footage making up the Business Location. Total Square Footage is calculated at the time of opening the Outlet.
- (y) Total Suites – refers to the number of individual salon suites, measured on the last day of the respective Calendar Year, that are available for rent at the Business Location. The number of Total Suites does not account for variability of total suites available throughout a Calendar Year.

BASES AND ASSUMPTIONS

The financial information was not prepared on a basis consistent with generally accepted accounting principles. Data for our Operational Company Owned Outlets is based on information reported to us by our affiliate and data for the Operational Franchise Outlets is based on information reported to us by our franchisees. The information in this analysis has not been audited, is based on historical financial data, and is not a forecast or projection of future financial performance.

ANALYSIS OF RESULTS OF OPERATIONAL COMPANY OWNED OUTLETS

During

the 2023 Calendar Year we had 11 Company Owned Outlets. Of our 11 Company Owned Outlets, all 11 Outlets were Operational Company Owned Outlets. During the 2024 Calendar Year we had 12 Company Owned Outlets. Of our 12 Company Owned Outlets, 11 Outlets were Operational Company Owned Outlets and one Outlet was a New Company Owned Outlet. We do not include data for our New Company Owned Outlet that was not open for the full 2024 Calendar Year.

Material financial and operational characteristics that are reasonably anticipated to differ from future operational franchise outlets include: (a) managerial skill and efficiency experienced by our Company Owned Outlets as a result of our extensively experienced management team; (b) previously negotiated and favorable lease terms; (c) brand recognition within the local markets in which our Company Owned Outlets operate; and (d) no obligation to pay ongoing fees that a franchisee will pay to us, such as Royalty Fees and Brand Development Fund Fees. The table below provides a summary of our Operational Company Owned Outlets.

Operational Company Owned Outlet Summary								
Outlet						Outlet Description		
001TX						Our 001TX Outlet opened for business in September 1998 and is located at 7602 W Campbell Drive, Dallas, Texas 78248. This Outlet operates in a Business Location that had a Total Square Footage of approximately 8,400 square feet at the time of opening and contained 49 Total Suites as of the end of the 2024 Calendar Year. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2023 and 2024 Calendar Years.		
002TX						Our 002TX Outlet opened for business in February 2000 and is located at 3701 S Cooper Street, Suite 153, Arlington, Texas 76015. This Outlet operates in a Business Location that had a Total Square Footage of approximately 7,700 square feet at the time of opening and contained 37 Total Suites as of the end of the 2024 Calendar Year. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2023 and 2024 Calendar Years.		
004TX						Our 004TX Outlet opened for business in May 2004 and is located at 11703 Huebner Road, San Antonio, Texas 78230. This Outlet operates in a Business Location that had a Total Square Footage of approximately 8,000 square feet at the time of opening and contained 42 Total Suites as of the end of the 2024 Calendar Year. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2023 and 2024 Calendar Years.		
005TX						Our 005TX Outlet opened for business in June 2007 and is located at 2106 E Sonterra Boulevard, Suite 111, San Antonio, Texas 78259. This Outlet operates in a Business Location that had a Total Square Footage of approximately 10,000 square feet at the time of opening and contained 73 Total Suites as of the end of the 2024 Calendar Year. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2023 and 2024 Calendar Years.		
006TX						Our 006TX Outlet opened for business in July 2010 and is located at 14615 IH-35 North, Suite 130, San Antonio, Texas 78233. This Outlet operates in a Business Location that had a Total Square Footage of approximately 6,005 square feet at the time of opening and contained 31 Total Suites as of the end of the 2024 Calendar Year. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2023 and 2024 Calendar Years.		

103TX						Our 103TX Outlet opened for business in July 2011 and is located at 10919 Culebra Road, Suite 112, San Antonio, Texas 78253. This Outlet operates in a Business Location that had a Total Square Footage of approximately 8,000 square feet at the time of opening and contained 40 Total Suites as of the end of the 2024 Calendar Year. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2023 and 2024 Calendar Years.		
009TX						Our 009TX Outlet opened for business in December 2012 and is located at 2814 West Loop 340, Building H-1, Waco, Texas 76711. This Outlet operates in a Business Location that had a Total Square Footage of approximately 6,000 square feet at the time of opening and contained 32 Total Suites as of the end of the 2024 Calendar Year. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2023 and 2024 Calendar Years.		

<p>025TX</p>	<p>O u r 0 2 5 T X O u t l e t o p e n e d f o r b u s i n e s s i n M a r c h 2 0 1 4 a n d i s l o c a t e d a t 2 2 2 1 1 W I n t e r s t a t e 1 0 F r o n t a g e R o a d , S u i t e 1 2 0 1 , S a n A n t o n i o , T e x a s 7 8 2 5 7 . T h i s O u t l e t o p e r a t e s i n a B u s i n e s s L o c a t i o n t h a t h a d a T o t a l S q u a r e F o o t a g e o f a p p r o x i m a t e l y 6 , 0 0 0 s q u a r e f e e t a t t h e t i m e o f o p e n i n g a n d c o n t a i n e d 4 4 T o t a l S u i t e s a s o f t h e e n d o f t h e 2 0 2 4 C a l e n d a r Y e a r . T h i s O u t l e t i s r e p r e s e n t a t i v e o f t h e F r a n c h i s e d B u s i n e s s a n d c o n s t i t u t e s a n O p e r a t i o n a l C o m p a n y O w n e d O u t l e t f o r t h e 2 0 2 3</p>							
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<p>054TX</p>	<p>O u r 0 5 4 T X O u t l e t o p e n e d f o r b u s i n e s s i n D e c e m b e r 2 0 1 4 a n d i s l o c a t e d a t 3 4 9 C r e e k s i d e W a y , N e w B r a u n f e l s , T e x a s 7 8 1 3 0 . T h i s O u t l e t o p e r a t e s i n a B u s i n e s s L o c a t i o n t h a t h a d a T o t a l S q u a r e F o o t a g e o f a p p r o x i m a t e l y 8 , 0 0 0 s q u a r e f e e t a t t h e t i m e o f o p e n i n g a n d c o n t a i n e d 4 4 T o t a l S u i t e s a s o f t h e e n d o f t h e 2 0 2 4 C a l e n d a r Y e a r . T h i s O u t l e t i s r e p r e s e n t a t i v e o f t h e F r a n c h i s e d B u s i n e s s a n d c o n s t i t u t e s a n O p e r a t i o n a l C o m p a n y O w n e d O u t l e t f o r t h e 2 0 2 3 a n d 2 0 2 4 C a l e n d a r Y e a r s .</p>							
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027TX		Our 027TX Outlet opened for business in October 2014 as a Franchise Outlet but was acquired by our affiliate and became a Company Owned Outlet in September 2021, and is located at 1328 W McDermott Drive, Suite 222, Allen, Texas 75013. This Outlet operates in a Business Location that had a Total Square Footage of approximately 5,620 square feet at the time of opening and contained 30 Total Suites as of the end of the 2024 Calendar Year. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2023 and 2024 Calendar Years.						
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143TX		Our 143TX Outlet opened for business in February 2002, relocated to a new Business Location in May 2022, and is currently located at 255 E Basse Road, Suite 150, San Antonio, Texas 78209. In this <u>Item 19</u> , we refer to the opening date of this Outlet as the date of the relocation in May 2022. This Outlet operates in a Business Location that had a Total Square Footage of approximately 14,178 square feet at the time of opening and contained 74 Total Suites as of the end of the 2024 Calendar Year. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2023 and 2024 Calendar Years.						
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Table 1

Operational Company Owned Outlets Gross Sales Data for 2023 and 2024 Calendar Years												
Outlet		2023 Gross Sales		2024 Gross Sales								
001TX		\$461,840.06		\$432,607.23								

002TX				\$425,612.54	\$422,307.33						
004TX				\$540,662.90	\$514,058.77						
005TX				\$997,659.55		\$1,062,070.31					
006TX				\$412,805.73	\$394,748.63						
103TX				\$593,338.30	\$558,638.19						
009TX				\$278,920.10	\$262,762.25						
025TX				\$622,835.28	\$570,692.79						
054TX	\$576,439.91			\$590,369.29							
027TX	\$261,312.91				\$279,373.46						
143TX	\$1,211,790.43			\$1,307,470.95							

Table 2

Operational Company Owned Outlets Average, Median, High, and Low Gross Sales for 2023 and 2024 Calendar Years					
Data	Average	Number of Outlets Above/ Below Average	Median	High	Low
2023 Gross Sales ¹	\$580,292.52	Above: 4 (36.36%) Below: 7 (63.64%)	\$540,662.90	\$1,211,790.43 ²	\$261,312.91 ³
2024 Gross Sales ⁴	\$581,372.65	Above: 3 (27.27%) Below: 8 (72.73%)	\$514,058.77	\$1,307,470.95 ⁵	\$262,762.25 ⁶

							<p><u>Notes to Table:</u></p> <p>¹ The data represented is for all 2023 Calendar Year Operational Company Owned Outlets. During the 2023 Calendar Year we had a total of 11 Operational Company Owned Outlets.</p> <p>² The high Gross Sales represents the Gross Sales of the 143TX Outlet, which operated in a Business Location with 74 Total Suites as of the last day of the reported Calendar Year.</p> <p>³ The low Gross Sales represents the Gross Sales of the 027TX Outlet, which operated in a Business Location with 30 Total Suites as of the last day of the reported Calendar Year.</p> <p>⁴ The data represented is for all 2024 Calendar Year Operational Company Owned Outlets. During the 2024 Calendar Year we had a total of 11 Operational Company Owned Outlets.</p> <p>⁵ The high Gross Sales represents the Gross Sales of the 143TX Outlet, which operated in a Business Location with 74 Total Suites as of the last day of the reported Calendar Year.</p> <p>⁶ The low Gross Sales represents the Gross Sales of the 009TX Outlet, which operated in a Business Location with 32 Total Suites as of the last day of the reported Calendar Year.</p>	
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Table 3

Operational Company Owned Outlets									
Total Suite and Occupancy Data as of the Last Day of the 2023 and 2024 Calendar Years ¹									
Outlet	Opening Date	2023 Number of Total Suites	2023 Occupanc y Rate		2024 Number of Total Suites	2024 Occupanc y Rate			
001TX	9/1/1998	49	82%		49	94%			
002TX	2/1/2000	37	81%		37	89%			
004TX	5/1/2004	42	90%		42	93%			
005TX	6/1/2007	73	90%	73	97%				
006TX	31	94%	31	90%					
103TX	7/1/2011	40	88%	40	98%				
009TX	12/1/2012	32	81%	32	63%				
025TX	3/10/2014	44	86%		44	89%			
054TX	12/2/2014	44	91%	44	98%				
027TX	9/1/2021	30	67%	30	93%				
143TX	5/25/2022 ²	74	88%	74	99%				

<p><u>Notes to Table:</u></p> <p>¹ Reported data as to Total Suites and Occupancy Rate is measured on the last day of each particular Calendar Year. For purposes of calculating the Occupancy Rate, the number of Leased Suites is measured on the last day of each particular Calendar Year.</p> <p>² Our 143TX Outlet opened for business in February 2002 but was relocated to a new Business Location in May 2022. In this table, we refer to the opening date of this Outlet as the date of the relocation in May 2022.</p>							
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ANALYSIS OF RESULTS OF OPERATIONAL FRANCHISE OUTLETS

During the 2023 Calendar Year we had a total of 138 Franchise Outlets. Of the 138 Franchise Outlets, 124 Outlets were Operational Franchise Outlets and 14 Outlets were New Franchise Outlets. During the 2024 Calendar Year we had a total of 152 Franchise Outlets. Of the 152 Franchise Outlets, 137 Outlets were Operational Franchise Outlets and 15 Outlets were New Franchise Outlets. For the 2024 Calendar Year, we exclude data for one Franchise Outlet, 042MN, that closed and was not operating for the full 2024 Calendar Year and therefore was not an Operational Franchise Outlet. In the tables below, we report data related to our Operational Franchise Outlets. We do not include data for New Franchise Outlets that were not open for the full reported Calendar Year.

Table 4

		Operational Franchise Outlets Gross Sales Data for 2023 and 2024 Calendar Years	
	Outlet	2023 Gross Sales	2024 Gross Sales
	007AL	\$318,052.27	\$353,391.43
	008TX	\$429,143.09	\$476,825.61
	010TX	\$369,008.39	\$410,109.32
	011TX	\$291,423.86	\$323,804.29
	012TX	\$618,812.21	\$612,741.92
	013CA	\$535,923.79	\$555,960.66
	014GA	\$338,216.00	\$259,300.98
	015TN	\$294,668.06	\$240,967.50
	016TX	\$486,306.00	\$376,424.32
	017TX	\$518,178.15	\$492,432.67
	018GA	\$505,939.60	\$433,227.30
	019AZ	\$376,365.16	\$404,028.15
	020NC	\$668,731.52	\$599,139.51
	021NC	\$610,149.34	\$618,737.60
	022GA	\$326,056.11	\$190,593.00
	023IL	\$431,579.00	\$403,866.50
	024GA	\$647,773.81	\$658,788.94
	026TX	\$478,291.57	\$482,247.07
	028WA	\$599,310.00	\$464,575.57
	029GA	\$493,824.00	\$488,991.75
	030FL	\$841,867.50	\$792,499.88
	031FL	\$649,449.53	\$682,854.64
	032NC	\$264,604.80	\$258,119.27
	033TX	\$319,299.58	\$276,964.71
	034MO	\$449,623.00	\$346,354.08
	035FL	\$672,121.00	\$603,417.00
	036CT	\$383,892.00	\$275,718.30
	037CT	\$509,911.96	\$535,676.66
	038TX	\$626,614.75	\$619,029.05
	039TN	\$780,231.23	\$791,270.42
	040CO	\$428,780.94	\$437,242.12
	042MN	\$292,717.14	N/A
	043OK	\$318,837.02	\$286,950.33
	044OK	\$418,614.20	\$437,242.12
	046OH	\$314,937.56	\$338,649.60
	047NY	\$1,452,885.00	\$1,383,147.76

048NC	\$609,632.07	\$616,271.00
049MN	\$588,568.00	\$550,697.00
050OH	\$489,346.74	\$442,331.10
051IL	\$425,142.50	\$423,738.99
052TX	\$623,195.07	\$584,658.45
053MN	\$710,949.00	\$708,968.77
055MA	\$774,239.16	\$742,350.52
056NV	\$547,745.99	\$248,040.06
057VA	\$233,996.91	\$234,052.50
058NY	\$593,445.60	\$606,833.28
060IL	\$771,794.28	\$543,519.00
061CT	\$569,166.86	\$544,098.44
062NC	\$493,423.59	\$392,316.77
063FL	\$570,290.30	\$560,968.97
064CA	\$674,083.00	\$753,986.66
065TN	\$756,210.31	\$726,717.93
066FL	\$536,754.00	\$551,904.04
067CA	\$634,410.79	\$578,614.54
068TX	\$531,604.98	\$502,702.16
069MA	\$572,392.39	\$517,210.26
070IL	\$431,274.50	\$370,055.00
071TX	\$515,308.41	\$487,319.00
072TN	\$719,523.08	\$767,322.75
073CT	\$644,554.00	\$642,497.44
074VA	\$561,028.20	\$515,738.50
075TX	\$247,054.45	\$270,105.40
076CA	\$522,597.90	\$471,126.89
077NC	\$615,557.14	\$643,343.37
078TX	\$199,356.47	\$236,993.71
079OK	\$460,630.32	\$487,497.52
080MN	\$567,652.63	\$509,464.00
081MN	\$565,417.59	\$453,869.51
082SC	\$349,875.60	\$442,860.45
083MD	\$619,177.50	\$638,688.32
084TX	\$530,665.63	\$565,653.12
085FL	\$606,915.39	\$556,555.29
086MD	\$525,707.79	\$448,512.63
087SC	\$365,595.81	\$388,640.57
088TX	\$358,321.84	\$358,949.64

089FL	\$871,743.20	\$792,978.01
090NC	\$410,993.22	\$283,011.38
092MN	\$529,744.51	\$528,619.50
093AL	\$438,390.42	\$421,970.47
094TN	\$635,903.26	\$534,280.53
095CA	\$637,873.21	\$606,326.79
096MD	\$407,135.00	\$455,285.44
097FL	\$676,548.55	\$754,080.35
098FL	\$676,501.13	\$672,652.79
099MN	\$533,290.00	\$579,751.33
100GA	\$339,861.90	\$256,494.48
101TX	\$655,772.24	\$712,257.06
102FL	\$655,772.24	\$656,024.96
105TX	\$416,937.43	\$385,894.03
106FL	\$479,532.00	\$574,490.11
107NC	\$723,454.79	\$831,779.67
108GA	\$439,374.00	\$447,987.46
109MN	\$345,460.18	\$274,979.18
110MN	\$547,181.96	\$551,192.54
111MN	\$383,947.78	\$407,889.93
112NC	\$427,271.89	\$393,876.01
113NY	\$2,132,410.05	\$2,128,559.81
115CA	\$879,586.00	\$798,675.26
116TX	\$316,168.00	\$260,521.00
117NJ	\$552,144.16	\$552,419.60
118FL	\$1,088,044.96	\$1,170,976.95
120NY	\$581,500.69	\$542,509.80
121CA	\$461,611.79	\$523,621.65
122MN	\$686,194.17	\$686,125.32
123NJ	\$853,984.00	\$852,009.46
126TN	\$532,500.00	\$569,906.29
128MI	\$455,073.77	\$557,875.44
129TN	\$768,758.77	\$885,493.17
130FL	\$708,349.95	\$749,709.75
131NJ	\$366,865.86	\$408,189.05
132PA	\$301,080.00	\$375,557.50
133TX	\$327,221.42	\$317,047.18
134NC	\$658,690.19	\$701,913.49
135NJ	\$571,752.05	\$585,410.21

136TX	\$617,803.32	\$497,191.39
146TX	\$790,478.20	\$815,242.86
147TX	\$392,691.67	\$333,773.32
148TX	\$610,550.66	\$584,432.45
149TX	\$662,789.16	\$678,365.91
150TX	\$447,292.50	\$440,497.03
151TX	\$500,874.54	\$475,424.07
152TX	\$661,702.24	\$584,089.74
153TX	\$634,558.61	\$538,557.77
158NJ	\$480,826.00	\$756,851.51
119CA	N/A	\$566,611.94
137PA	N/A	\$613,675.16
138FL	N/A	\$717,615.12
139FL	N/A	\$609,908.89
140GA	N/A	\$531,084.68
144ID	N/A	\$467,180.62
145FL	N/A	\$705,141.13
154CO	N/A	\$471,875.23
155FL	N/A	\$265,747.42
164TX	N/A	\$381,037.08
166NY	N/A	\$352,874.18
173TX	N/A	\$429,699.07
185NJ	N/A	\$178,859.04
187MN	N/A	\$507,611.43

Table 5

Operational Franchise Outlets Average, Median, High, and Low Gross Sales for 2023 and 2024 Calendar Years					
Data	Average	Number of Outlets Above/ Below Average	Median	High	Low
2023 Gross Sales ¹	\$549,682.00	Above: 57 (45.97%) Below: 67 (54.03%)	\$532,052.49	\$2,132,410.05 ²	\$199,356.47 ³
2024 Gross Sales ⁴	\$534,950.03	Above: 65 (47.45%) Below: 72 (52.55%)	\$523,621.65	\$2,128,559.81 ⁵	\$178,859.04 ⁶

		<p><u>Notes to Table:</u></p> <p>¹ The data represented is for all 2023 Calendar Year Operational Franchise Outlets. During the 2023 Calendar Year we had a total of 124 Operational Franchise Outlets.</p> <p>² The high Gross Sales represents the Gross Sales of 113NY Outlet, which operated in a Business Location with 75 Total Suites as of the last day of the reported Calendar Year.</p> <p>³ The low Gross Sales represents the Gross Sales of the 078TX Outlet, which operated in a Business Location with 37 Total Suites as of the last day of the reported Calendar Year.</p> <p>⁴ The data represented is for all 2024 Calendar Year Operational Franchise Outlets. During the 2024 Calendar Year we had a total of 137 Operational Franchise Outlets.</p> <p>⁵ The high Gross Sales represents the Gross Sales of 113NY Outlet, which operated in a Business Location with 75 Total Suites as of the last day of the reported Calendar Year.</p> <p>⁶ The low Gross Sales represents the Gross Sales of the 185NJ Outlet, which operates in a Business Location with 40 Total Suites as of the last day of the reported Calendar Year.</p>
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Table 6

		All Franchise Outlets Opened During the Previous Five Years Square Footage and Rent Data for First Year of Operation ¹						
Outlet	Opening Date	Total Square Footage ²	First Year Base Rent Per Square Foot	Free Rent Days	Free Rent Amount	Tenant Improvement Allowance	Leasable Square Footage ³	Leasable Square Footage Percentage ⁴

100GA	2/27/2020	7,028	\$20.71	180	\$72,816.36	\$316,440.00	3,967	56%
112NC	3/2/2020	7,554	\$17.00	120	\$44,183.00	\$250,000.00	4,553	60%
108GA	3/3/2020	7,023	\$18.00	120	\$42,138.00	\$175,575.00	4,013	57%
105TX	5/18/2020	6,000	\$25.00	90	\$37,400.00	\$299,200.00	3,495	58%
095CA	6/15/2020	6,550	\$27.00	180	\$89,059.50	\$197,910.00	3,821	58%
115CA	6/17/2020	7,807	\$53.50	120	\$139,064.33	\$350,910.00	4,525	58%
113NY	6/22/2020	16,253	\$65.00	180	\$528,222.49	\$0.00	11,615	71%
101TX	7/20/2020	10,000	\$12.00	240	\$40,536.00	\$466,164.00	5,994	60%
118FL	9/4/2020	7,984	\$22.00	0	\$0.00	\$239,520.00	4,516	57%
098FL	9/14/2020	7,634	\$18.00	180	\$68,706.00	\$305,360.00	4,437	58%
102FL	10/26/2020	7,600	\$19.80	210	\$87,780.00	\$209,000.00	4,384	58%
117NJ	10/30/2020	4,589	\$31.58	150	\$60,449.38	\$183,760.00	2,404	52%
122MN	11/16/2020	6,150	\$19.00	45	\$15,912.50	\$234,500.00	3,612	59%
120NY	2/1/2021	6,065	\$23.00	120	\$59,033.33	\$1,027,950.00	3,365	55%
123NJ	2/21/2021	7,516	\$23.00	0	\$0.00	\$187,500.00	4,533	60%
126TN	6/18/2021	8,144	\$31.00	180	\$116,064.00	\$486,720.00	4,589	56%
135NJ	6/25/2021	6,646	\$32.00	0	\$0.00	\$529,300.00	3,823	58%
110MN	9/1/2021	8,045	\$17.25	30	\$8,711.25	\$284,820.00	4,610	57%
129TN	11/22/2021	9,002	\$33.00	180	\$148,533.00	\$405,090.00	N/A	N/A
134NC	1/10/2022	8,828	\$18.10	90	\$39,096.00	\$302,400.00	5,281	60%
121CA	1/17/2022	7,491	\$20.00	90	\$37,560.00	\$413,160.00	4,370	58%
149TX	3/10/2022	10,750	N/A	N/A	N/A	N/A	N/A	N/A
150TX	3/10/2022	8,100	N/A	N/A	N/A	N/A	N/A	N/A
151TX	3/10/2022	8,090	N/A	N/A	N/A	N/A	N/A	N/A
152TX	3/10/2022	10,000	N/A	N/A	N/A	N/A	N/A	N/A
153TX	3/10/2022	8,624	N/A	N/A	N/A	N/A	N/A	N/A
147TX	3/14/2022	10,000	N/A	N/A	N/A	N/A	N/A	N/A
148TX	3/14/2022	10,000	N/A	N/A	N/A	N/A	N/A	N/A
146TX	3/21/2022	11,436	N/A	N/A	N/A	N/A	N/A	N/A
128MI	5/25/2022	9,368	\$22.00	360	\$205,546.00	\$333,825.00	5,516	59%
136TX	5/31/2022	7,324	\$7.00	0	\$0.00	\$202,000.00	4,450	61%
131NJ	6/13/2022	10,037	\$21.00	375	\$218,750.00	\$180,000	5,277	53%
130FL	6/16/2022	7,118	\$33.00	240	\$159,170.00	\$180,875.00	3,962	56%
132PA	9/13/2022	8,348	\$33.00	120	\$92,708.00	\$294,980.00	4,688	56%
133TX	10/28/2022	10,627	\$29.00	90	\$78,293.00	\$464,357.00	6,196	58%
158NJ	12/19/2022	7,468	\$20.00	0	\$0.00	\$150,000.00	4,432	59%
140GA	1/16/2023	8,428	\$18.50	0	\$0.00	\$401,327.50	4,871	58%
137PA	3/15/2023	10,751	\$21.00	0	\$0.00	\$445,830.00	6,168	57%

166NY	3/22/2023	7,401	\$30.52	0	\$0.00	\$370,000.00	4,400	59%
139FL	3/29/2023	8,448	\$22.00	0	\$0.00	\$544,310.00	4,856	57%
164TX	4/26/2023	7,939	\$23.00	75	\$38,207.30	\$460,000.00	4,713	59%
138FL	6/7/2023	9,441	\$20.00	90	\$51,785.01	\$468,065.00	5,430	58%
145FL	7/20/2023	8,785	\$18.00	90	\$55,530.00	\$493,600.00	5,250	60%
119CA	8/9/2023	5,903	\$35.00	0	\$0.00	\$420,000.00	3,390	57%
154CO	9/21/2023	8,965	\$27.25	0	\$0.00	\$851,812.50	5,379	60%
155FL	9/27/2023	6,728	\$26.00	90	\$42,906.50	\$345,050.00	3,940	59%
173TX	10/4/2023	8,000	\$29.00	60	\$38,666.67	\$440,000.00	4,683	59%
144ID	10/6/2023	6,192	\$14.67	0	\$44,246.00	\$100,000.80	3,571	58%
187MN	10/27/2023	6,510	\$20.00	90	\$32,694.99	\$261,560.00	3,849	59%
185NJ	12/7/2023	8,466	\$22.00	0	\$0.00	\$688,880.00	4,997	59%
188TX	1/25/2024	8,971	\$20.00	150	\$75,025.00	\$450,150.00	5,419	60%
163NY	2/14/2024	9,582	\$28.00	180	\$59,904.00	\$299,520.00	5,473	57%
172NJ	2/20/2024	8,890	\$29.50	120	\$88,401.00	\$584,350.00	5,232	59%
168NJ	3/19/2024	9,521	N/A	N/A	N/A	N/A	3,866	41%
186NY	4/1/2024	13,316	\$52.32	210	\$403,918.00	\$350,000.00	5,777	43%
174CA	5/13/2024	7,365	\$24.00	60	\$29,460.00	\$581,835.00	4,486	61%
161TX	5/20/2024	8,500	\$26.50	150	\$93,854.15	\$467,500.00	4,939	58%
157TX	5/24/2024	11,800	\$30.00	450	\$442,500.00	\$708,000.00	6,966	59%
196FL	6/24/2024	6,672	\$25.00	270	\$113,850.00	\$165,000.00	3,898	58%
194FL	7/26/2024	5,990	\$29.00	90	\$412,463.25	\$100,916.00	3,827	64%
198TX	9/10/2024	6,990	\$23.00	180	\$80,695.50	\$596,445.00	4,060	58%
179MI	9/14/2024	7,317	\$20.00	90	\$41,211.00	\$375,210.00	4,005	55%
189TX	9/17/2024	7,000	N/A	N/A	N/A	N/A	N/A	N/A
201TX	9/24/2024	8,082	N/A	N/A	N/A	N/A	N/A	N/A
195MO	10/1/2024	10,469	\$20.27	60	\$35,702.22	\$1,247,024.00	6,025	58%

Notes to Table:

¹ In this table we disclose historical square footage and rent data for all Franchise Outlets, including Operational Franchise Outlets and New Franchise Outlets that opened for business during the previous five years, e.g., on or after January 1, 2020, and that were open as of December 31, 2024. The data in this table represents data from 65 Franchise Outlets. The data in this table is measured and represents information that is exclusively related to the terms of each Franchise Outlet's respective lease agreement for the first 12 months of the lease terms. This is not a historical representation of multi-year data, but rather a summary of data as to each Outlet's historical information as to the first 12 months of its negotiated and agreed upon lease terms. We exclude data from Franchise Outlets that opened prior to the past five years, e.g., before January 1, 2020, because the data for Outlets opened on or after January 1, 2020 is more representative of the current market conditions. In this table, we do not provide First Year Base Rent Per Square Foot, Free Rent Days, Free Rent Amount, Tenant Improvement Allowance, Leasable Square Footage, and Leasable Square Footage Percentage data for certain Outlets because we are unable to retrieve accurate and reliable data for the Outlets or the excluded data is not representative of the Franchised Business, either because the owner of the Outlet owns the Business Location or the Outlet is a Salons by JC Conversion Business.

² Total Square Footage is calculated at the time of opening the Outlet.

³ Leasable Square Footage is calculated at the time of opening the Outlet.

⁴ Leasable Square Footage Percentage is calculated at the time of opening the Outlet.

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Table 7

		All Franchise Outlets Opened During the Previous Five Years ¹ Average, Median, High, and Low Square Footage and Rent Data for First Year of Operation				
Data	Average	Number of Outlets Above/ Below Average	Median	High	Low	
Total Square Footage ²	8,363	Above: 28 (43.08%) Below: 37 (56.92%)	8,082	16,253	4,589	
First Year Base Rent Per Square Foot ³	\$25.29	Above: 21 (38.89%) Below: 33 (61.11%)	\$23.00	\$65.00	\$7.00	
Free Rent Days ⁴	115	Above: 25 (46.30%) Below: 29 (53.70%)	90	450	0	
Free Rent Amount ⁵	\$84,643.57	Above: 16 (29.63%) Below: 38 (70.37%)	\$44,214.50	\$528,222.49	\$0.00	
Tenant Improvement Allowance ⁶	\$386,809.29	Above: 24 (44.44%) Below: 30 (55.56%)	\$350,455.00	\$1,247,024.00	\$0.00	
Leasable Square Footage ⁷	4,739	Above: 20 (37.04%) Below: 34 (62.96%)	4,529	11,615	2,404	
Leasable Square Footage Percentage ⁸	58%	Above: 37 (68.52%) Below: 17 (31.48%)	58%	71%	41%	

Notes to Table:

¹ In this table we disclose historical square footage and rent data for all Franchise Outlets, including Operational Franchise Outlets and New Franchise Outlets that opened for business during the previous five years, e.g., on or after January 1, 2020, and that were open as of December 31, 2024. The data in this table represents data from 65 Franchise Outlets. The data in this table is measured and represents information that is exclusively related to the terms of each Franchise Outlet's respective lease agreement for the first 12 months of the lease terms. This is not a historical representation of multi-year data, but rather a summary of data as to each Outlet's historical information as to the first 12 months of its negotiated and agreed upon lease terms. We exclude data from Franchise Outlets that opened prior to the past five years, e.g., before January 1, 2020, because the data for Outlets opened on or after January 1, 2020 is more representative of the current market conditions. In providing the aggregate average, median, high, and low data in this table, we exclude certain Franchise Outlets, as set forth in Table 6 of this Item 19, because we are unable to retrieve accurate and reliable data for the Outlets or the excluded data is not representative of the Franchised Business, either because the owner of the Outlet owns the Business Location or the Outlet is a Salons by JC Conversion Business.

² The average, median, high, and low Total Square Footage data is collected from a group of 65 Franchise Outlets. Total Square Footage is calculated at the time of opening the Outlet.

³ The average, median, high, and low First Year Base Rent Per Square Foot data is collected from a group of 54 Franchise Outlets. Some Franchise Outlets from Table 6 were excluded from the average, median, high, and low calculations because we are unable to retrieve accurate and reliable First Year Base Rent Per Square Foot data for the Outlets.

⁴ The average, median, high, and low Free Rent Days data is collected from a group of 54 Franchise Outlets. Some Franchise Outlets from Table 6 were excluded from the average, median, high, and low calculations because we are unable to retrieve accurate and reliable Free Rent Days data for the Outlets.

⁵ The average, median, high, and low Free Rent Amount data is collected from a group of 54 Franchise Outlets. Some Franchise Outlets from Table 6 were excluded from the average, median, high, and low calculations because we are unable to retrieve accurate and reliable Free Rent Amount data for the Outlets.

⁶ The average, median, high, and low Tenant Improvement Allowance data is collected from a group of 54 Franchise Outlets. Some Franchise Outlets from Table 6 were excluded from the average, median, high, and low calculations because we are unable to retrieve accurate and reliable Tenant Improvement Allowance data for the Outlets.

⁷ The average, median, high, and low Leasable Square Footage data is collected from a group of 54 Franchise Outlets. Some Franchise Outlets from Table 6 were excluded from the average, median, high, and low calculations because we are unable to retrieve accurate and reliable Leasable Square Footage data for the Outlets. Leasable Square Footage is calculated at the time of opening the Outlet.

⁸ The average, median, high, and low Leasable Square Footage Percentage data is collected from a group of 54 Franchise Outlets. Some Franchise Outlets from Table 6 were excluded from the average, median, high, and low calculations because we are unable to retrieve accurate and reliable Leasable Square Footage Percentage data for the Outlets. Leasable Square Footage Percentage is calculated at the time of opening the Outlet.

Table 8

Franchise Outlets Opened During the Previous Five Years But Excluding New Franchise Outlets Total Suite and Suite Leasing Data for First Year of Operation ¹	
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Outlet	Opening Date	Number of Total Suites as of Opening	Number of Leased Suites Three Months After Opening	Number of Leased Suites Six Months After Opening	Number of Leased Suites Nine Months After Opening	Number of Leased Suites 12 Months After Opening
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Explanatory Notes to Part II of this Item:—

1. Please see Note 9 to Part I of this Item for the definition of “Gross Sales.”—
2. For Part II above, the “Average” among all Part II Affiliate-Owned Facilities is calculated by taking the sum of all figures in that column and dividing by the number of Part II Affiliate-Owned Facilities disclosed in Part II.—
3. For Part II above, the “Median” among all Part II Affiliate-Owned Facilities is calculated by taking the “middle” number of each data set.—

Part III: Number of Suites Leased in Initial Year of Active Operations by Part I Franchised Facilities that Were Open for at Least 12 Months as of 12/31/2023 over First 12 Months of Operation—

100GA	2/27/2020	35	7	14	17	29
112NC	3/2/2020	38	18	19	21	29
108GA	3/3/2020	36	6	10	16	17
105TX	5/18/2020	31	8	9	11	28
095CA	6/15/2020	34	33	33	33	33
115CA	6/17/2020	40	15	29	31	36
113NY	6/22/2020	49	40	42	43	46
101TX	7/20/2020	50	31	45	49	48
118FL	9/4/2020	45	36	43	45	44
098FL	9/14/2020	38	22	34	36	38
102FL	10/26/2020	40	29	40	40	40
117NJ	10/30/2020	22	0	16	19	21
122MN	11/16/2020	31	22	31	31	31
120NY	2/1/2021	28	24	28	28	27
123NJ	2/21/2021	36	26	35	36	36
126TN	6/18/2021	N/A	N/A	N/A	N/A	N/A

135NJ	6/25/2021	31	19	23	21	21
110MN	9/1/2021	43	21	23	26	27
129TN	11/22/2021	47	31	36	N/A	38
134NC	1/10/2022	47	36	N/A	47	47
121CA	1/17/2022	38	23	N/A	22	20
149TX	3/10/2022	53	N/A	N/A	N/A	N/A
150TX	3/10/2022	45	N/A	N/A	N/A	N/A
151TX	3/10/2022	38	N/A	N/A	N/A	N/A
152TX	3/10/2022	48	N/A	N/A	N/A	N/A
153TX	3/10/2022	52	N/A	N/A	N/A	N/A
147TX	3/14/2022	56	N/A	N/A	N/A	N/A
148TX	3/14/2022	54	N/A	N/A	N/A	N/A
146TX	3/21/2022	64	N/A	N/A	N/A	N/A
128MI	5/25/2022	49	N/A	24	26	23
136TX	5/31/2022	40	N/A	32	36	38
131NJ	6/13/2022	44	N/A	15	15	15
130FL	6/16/2022	35	N/A	34	34	32
132PA	9/13/2022	41	9	13	16	21
133TX	10/28/2022	55	10	19	22	26
158NJ	12/19/2022	37	19	27	27	33

~~Part IV: Tenant Occupancy Rate and Average Year-End Tenant Occupancy Rate for Each Affiliate-Owned Facility Open all of 2023 as of the End of Each Calendar Year from 2020 to 2023~~

140GA	1/16/2023	43	13	22	27	29
137PA	3/15/2023	55	14	21	29	31
166NY	3/22/2023	39	14	16	15	16
139FL	3/29/2023	42	41	42	39	39
164TX	4/26/2023	43	15	24	24	24
138FL	6/7/2023	48	30	40	48	48
145FL	7/20/2023	47	35	40	44	46
119CA	8/9/2023	28	28	22	22	27
154CO	9/21/2023	47	17	27	28	26
155FL	9/27/2023	34	14	20	21	29
173TX	10/4/2023	40	23	29	36	36
144ID	10/6/2023	32	32	31	30	31
187MN	10/27/2023	35	26	33	34	35
185NJ	12/7/2023	40	8	10	11	12

	<p><u>Note to Table:</u></p> <p>¹ In this table we disclose historical suite and suite leasing data for Franchise Outlets that opened for business during the previous five years, e.g., on or after January 1, 2020, and that were open as of December 31, 2024, but specifically excluding New Franchise Outlets that were not open for the full 2024 Calendar Year. The data in this table represents data from 50 Operational Franchise Outlets. The data in this table is measured and represents information that is exclusively related to each Franchise Outlet's first year of operations. This is not a historical representation of multi-year data, but rather a summary of data as to each Outlet's historical information as to the first year of operations. We exclude data from Franchise Outlets that opened prior to the past five years, e.g., before January 1, 2020, because the data for Outlets opened on or after January 1, 2020, is more representative of the current market conditions. In this table, we do not provide Total Suite and Leased Suite data for certain Outlets because we are unable to retrieve accurate and reliable data for the Outlets or the excluded data is not representative of the Franchised Business, either because the owner of the Outlet owns the Business Location or the Outlet is a Salons by JC Conversion Business.</p>					
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Table 9

Operational Franchise Outlets Total Suite and Occupancy Data as of the Last Day of the 2023 and 2024 Calendar Years¹					
Outlet	Opening Date	2023 Number of Total Suites	2023 Occupancy Rate	2024 Number of Total Suites	2024 Occupancy Rate
008TX	1/31/2012	32	96.88%	32	90.63%
007AL	7/16/2012	36	88.89%	36	77.78%
010TX	3/21/2013	38	94.74%	38	84.21%
011TX	8/1/2013	28	85.71%	28	85.71%
016TX	3/17/2014	42	97.62%	42	76.19%
012TX	5/30/2014	43	100.00%	43	97.67%

078TX	7/10/2014	37	64.86%	37	64.86%
075TX	7/28/2014	44	59.09%	42	83.33%
021NC	8/4/2014	37	100.00%	37	100.00%
029GA	10/6/2014	48	75.00%	48	89.58%
019AZ	10/21/2014	34	82.35%	34	73.53%
039TN	11/3/2014	50	98.00%	50	100.00%
015TN	11/11/2014	34	94.12%	34	82.35%
014GA	11/18/2014	28	92.86%	28	82.14%
044OK	12/16/2014	39	94.87%	39	79.49%
033TX	12/17/2014	32	87.50%	34	82.35%
042MN	12/17/2014	36	100.00%	34	N/A
013CA	12/18/2014	31	90.32%	31	100.00%
048NC	12/19/2014	48	100.00%	48	100.00%
017TX	1/6/2015	38	94.74%	38	76.32%
032NC	1/6/2015	19	94.74%	19	68.42%
040CO	1/13/2015	31	93.55%	31	77.42%
031FL	1/20/2015	36	83.33%	36	91.67%
035FL	3/10/2015	41	100.00%	41	95.12%
038TX	3/10/2015	44	97.73%	44	97.73%
036CT	3/12/2015	40	60.00%	39	56.41%
052TX	3/27/2015	46	100.00%	46	95.65%
023IL	4/7/2015	34	82.35%	35	94.29%
049MN	4/27/2015	37	94.59%	37	97.30%
030FL	5/26/2015	51	100.00%	51	88.24%
018GA	6/23/2015	43	95.35%	43	79.07%
024GA	6/23/2015	39	92.31%	39	92.31%
061CT	7/21/2015	44	93.18%	43	90.69%
053MN	8/11/2015	49	97.96%	49	100.00%
026TX	10/6/2015	38	97.37%	37	100.00%
043OK	10/12/2015	29	96.55%	29	96.55%
056NV	10/12/2015	35	80.00%	35	65.71%
020NC	10/20/2015	52	96.15%	51	82.35%
057VA	11/3/2015	31	48.39%	31	54.84%
037CT	11/9/2015	32	93.75%	32	100.00%
055MA	11/9/2015	47	89.36%	46	91.30%
022GA	11/10/2015	31	83.87%	31	41.94%
028WA	12/1/2015	36	100.00%	36	86.11%
063FL	1/4/2016	35	97.14%	35	94.29%
060IL	1/25/2016	53	69.81%	53	56.60%

069MA	2/1/2016	33	72.73%	33	84.85%
051IL	2/8/2016	44	72.73%	44	68.18%
062NC	2/12/2016	46	78.26%	46	67.39%
070IL	2/15/2016	30	96.67%	31	96.77%
058NY	3/1/2016	38	97.37%	38	86.84%
068TX	3/1/2016	44	100.00%	44	100.00%
050OH	3/21/2016	38	97.37%	38	68.42%
071TX	3/28/2016	51	74.51%	51	92.16%
064CA	4/11/2016	47	76.60%	46	84.78%
065TN	5/2/2016	53	96.23%	53	84.91%
073CT	5/16/2016	44	100.00%	44	100.00%
076CA	7/18/2016	31	93.55%	31	80.65%
067CA	8/8/2016	40	95.00%	40	87.50%
072TN	9/20/2016	51	98.04%	51	90.20%
066FL	9/27/2016	35	91.43%	35	94.29%
080MN	10/11/2016	37	83.78%	37	86.49%
077NC	11/1/2016	37	97.30%	37	97.30%
081MN	11/1/2016	31	96.77%	31	100.00%
074VA	2/20/2017	30	86.67%	30	96.67%
083MD	2/27/2017	38	97.37%	38	94.74%
047NY	3/27/2017	44	95.45%	44	86.36%
079OK	3/28/2017	37	100.00%	37	91.89%
087SC	4/3/2017	37	100.00%	37	100.00%
085FL	4/24/2017	45	84.44%	45	77.78%
088TX	7/1/2017	26	96.15%	26	96.15%
034MO	11/1/2017	36	91.67%	36	77.78%
090NC	12/5/2017	26	96.15%	26	76.92%
084TX	12/28/2017	40	97.50%	40	95.00%
092MN	1/29/2018	32	100.00%	32	100.00%
086MD	2/26/2018	39	92.31%	38	76.32%
096MD	5/21/2018	24	100.00%	24	100.00%
089FL	6/5/2018	46	100.00%	46	93.48%
093AL	6/22/2018	31	100.00%	31	93.55%
099MN	7/2/2018	45	73.33%	45	84.44%
046OH	9/4/2018	28	82.14%	28	71.43%
094TN	10/12/2018	42	76.19%	42	69.05%
097FL	2/11/2019	36	100.00%	38	100.00%
106FL	6/24/2019	43	83.72%	43	86.04%
107NC	6/24/2019	49	91.84%	49	89.80%

109MN	7/30/2019	45	37.78%	45	26.67%
111MN	8/28/2019	43	60.47%	43	76.74%
116TX	9/15/2019	41	56.10%	41	56.10%
082SC	11/25/2019	53	69.81%	53	79.25%
100GA	2/27/2020	34	61.76%	34	41.18%
112NC	3/2/2020	38	81.58%	38	68.42%
108GA	3/3/2020	36	86.11%	36	66.67%
105TX	5/18/2020	31	80.65%	31	90.32%
095CA	6/15/2020	34	94.12%	34	76.47%
115CA	6/17/2020	40	97.50%	40	80.00%
113NY	6/22/2020	75	81.33%	75	77.33%
101TX	7/20/2020	50	84.00%	50	86.00%
118FL	9/4/2020	45	100.00%	45	95.56%
098FL	9/14/2020	38	97.37%	38	97.37%
102FL	10/26/2020	40	92.50%	40	100.00%
117NJ	10/30/2020	22	100.00%	22	95.45%
122MN	11/16/2020	40	100.00%	40	100.00%
120NY	2/1/2021	28	100.00%	28	100.00%
123NJ	2/21/2021	37	97.30%	37	97.30%
126TN	6/18/2021	37	83.78%	37	64.86%
135NJ	6/25/2021	31	87.10%	31	77.42%
110MN	9/1/2021	41	92.68%	41	85.37%
129TN	11/22/2021	46	73.91%	46	91.30%
134NC	1/10/2022	47	93.62%	47	93.62%
121CA	1/17/2022	38	92.11%	38	81.58%
149TX	3/10/2022	53	79.25%	54	87.03%
150TX	3/10/2022	44	84.09%	44	90.91%
151TX	3/10/2022	38	84.21%	38	78.94%
152TX	3/10/2022	48	79.17%	47	95.74%
153TX	3/10/2022	50	92.00%	45	66.67%
147TX	3/14/2022	54	75.93%	55	76.36%
148TX	3/14/2022	54	77.78%	54	88.88%
146TX	3/21/2022	64	95.31%	64	98.43%
128MI	5/25/2022	49	63.27%	49	63.27%
136TX	5/31/2022	40	92.50%	40	85.00%
131NJ	6/13/2022	43	32.56%	43	53.49%
130FL	6/16/2022	35	97.14%	34	100.00%
132PA	9/13/2022	41	48.78%	41	60.98%
133TX	10/28/2022	55	49.09%	55	41.82%

158NJ	12/19/2022	36	91.67%	36	97.22%
140GA	1/16/2023	43	N/A	43	93.02%
137PA	3/15/2023	55	N/A	55	60.00%
166NY	3/22/2023	39	N/A	39	74.36%
139FL	3/29/2023	43	N/A	43	97.67%
164TX	4/26/2023	43	N/A	43	53.49%
138FL	6/7/2023	48	N/A	48	100.00%
145FL	7/20/2023	47	N/A	47	93.62%
119CA	8/9/2023	29	N/A	28	96.43%
154CO	9/21/2023	47	N/A	47	53.19%
155FL	9/27/2023	34	N/A	34	91.18%
173TX	10/4/2023	40	N/A	40	82.50%
144ID	10/6/2023	32	N/A	32	100.00%
187MN	10/27/2023	35	N/A	35	100.00%
185NJ	12/07/2023	40	N/A	40	30.00%

Note to Table:

¹ Reported data as to Total Suites and Occupancy Rate is measured on the last day of each particular Calendar Year. For purposes of calculating the Occupancy Rate, the number of Leased Suites is measured on the last day of each particular Calendar Year.

Some Outlets have earned~~143TX~~

Explanatory Notes to **Part IV Chart of this Item 19**

11. ~~This table details the following information about each Affiliate-Owned Facility: (i) opening date (Month/Day/Year); (ii) the number of~~**amount. Your individual Suites at each Facility results may differ. There is no assurance that** ~~can be leased; and (iii) the tenant occupancy rate of the Facility at the end of each calendar year from 2020 through 2023~~**you'll earn as much.**

- ~~The term "Tenant Occupancy Rate" for each Affiliate-Owned Facility was calculated by taking the total number of Suites leased by that Facility as of December 31 of each calendar year listed above, and dividing that number by the total number of Suites that Facility has available to lease at its respective Facility.~~

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

Other than the preceding financial performance ~~representation~~**representations**, J 'N C Real Estate Development, LLC does not make any ~~representations about a franchisee's future financial performance~~ ~~representations~~**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~~**franchisor's** management by contacting Drew Johnston, ~~c/o~~**J 'N C Real Estate Development, LLC, 2511** at 18402 US ~~Hwy~~**Highway** 281 N., ~~Ste. 267, Suite 202,~~ San Antonio, Texas 78259 ~~or~~**and** (210) 314-3126, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

~~Table No. 1~~
~~Systemwide Outlet Summary~~
~~For Years 2021 – 2023 –~~

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	107	124	+17
	2023	124	138	+14
	2024	138	152	+14
Company Owned	2022	11	11	0
	2023	11	11	0
	2024	11	12	+1
Total Outlets	2022	118	135	+17
	2023	135	149	+14
	2024	149	164	+15

*Operated by our affiliate.—

~~Table No. —~~
~~Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)~~
~~For Years 2021 – 2023 —~~

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2022 to 2024

State	Year	Number of Transfers
California	2022	1
	2023	0
	2024	0
Connecticut	2022	0
	2023	3
	2024	0
Georgia	2022	0
	2023	1
	2024	1
Illinois	2022	0
	2023	0
	2024	1
New Jersey	2022	0
	2023	0
	2024	1
	2022	1

Texas	2023	0
	2024	1
Totals	2022	2
	2023	4
	2024	4

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TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Alabama	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Arizona	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
California	2022	6	1	0	0	0	0	7
	2023	7	1	0	0	0	0	8
	2024	8	1	0	0	0	0	9
Colorado	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Connecticut	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Florida	2022	12	1	0	0	0	0	13

	2023	13	4	0	0	0	0	17
	2024	17	2	0	0	0	0	19
Georgia	2022	7	0	0	0	0	0	7
	2023	7	1	0	0	0	0	8
	2024	8	0	0	0	0	0	8
Idaho	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Maryland	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Massachusetts	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Michigan	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Minnesota	2022	11	0	0	0	0	0	11
	2023	11	1	0	0	0	0	12
	2024	12	0	0	1	0	0	11
Missouri	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Nevada	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Jersey	2022	3	2	0	0	0	0	5
	2023	5	1	0	0	0	0	6
	2024	6	2	0	0	0	0	8
New York	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
	2024	5	2	0	0	0	0	7
North Carolina	2022	9	1	0	0	0	0	10
	2023	10	0	0	0	0	0	10
	2024	10	0	0	0	0	0	10

Ohio	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Oklahoma	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Pennsylvania	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	0
	2024	2	0	0	0	0	0	2
South Carolina	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Tennessee	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7
Texas	2022	19	10	0	0	0	0	29
	2023	29	2	0	0	0	0	31
	2024	31	6	0	0	0	0	37
Virginia	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Washington	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	2022	107	17	0	0	0	0	124
	2023	124	14	0	0	0	0	138
	2024	138	15	0	1	0	0	152

~~Table No. 3—
Status of Franchise Outlets—
For Years 2021–2023—~~

**TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS
FOR YEARS 2022 to 2024**

State	Year		Outlet s at Start of Year	Outlet s Open ed			Outlet s Reacq uired by Franch isor	Outlet s Close d	Outlets Sold to Franchisee	Outlets at End of Year	
Colorado	2022		0	0			0	0	0	0	
	2023		0	0			0	0	0	0	
	2024		0	1			0	0	0	1	
Texas	2022		11	0			0	0	0	11	
	2023		11	0			0	0	0	11	
	2024		11	0			0	0	0	11	
Totals	2022		11	0			0	0	0	11	
	2023		11	0			0	0	0	11	
	2024		11	1			0	0	0	12	

**TABLE NO. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2024**

State	Franchise Agreement Signed but Outlet Not Opened		Projec ted New Franc hised Outlets in the Next Fiscal Year						Projected New Company Owned Outlets in the Next Fiscal Year			
California	2		0					0				
Florida	4		0					0				
Georgia	2		0					0				

Indiana			1	0	0					
Maryland			1	0	0					

Minnesota	1	1	0
New Jersey	2	2	0
New York	2	1	0
North Carolina	2	1	0
South Carolina	2	1	0
Texas	6	1	0
Utah	1	1	0
Washington	1	1	0
Totals	27	9	0

~~A list of the names of all of our current System franchisees, along with the contact information of their respective SBJC Business(es) that were open and operating as of December 31, 2023, are set forth in Exhibit F to this Franchise Disclosure Document.~~

~~The name, city, state and current contact information (to the extent known) of any SALONS BY JC franchisee who had a franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable franchise agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the original issuance date of this Franchise Disclosure Document, will be listed on Exhibit F to this Franchise Disclosure Document when applicable.~~
~~Notes to Tables:~~

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

~~During the last three (3) fiscal years, no franchisees have signed confidentiality provisions clauses with us that would restrict them from discussing with you their ability to speak openly about their experience with the System experiences as a franchisee in our franchise system. There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.~~

~~Exhibit H to this Disclosure Document contains a list of our then current franchisees as of the end of the Issuance Date of this Disclosure Document.~~

~~Exhibit formed by our I to this Disclosure Document contains a list of franchisees that are associated with the System had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.~~

ITEM 21

FINANCIAL STATEMENTS

~~Our~~

~~Attached as Exhibit D are our audited financial statements for our fiscal years ending December 31, 2023, December 31, 2022, 2023, and December 31, 2021, as well as our (i) unaudited balance sheet as of June 30, 2024, and (ii) unaudited profit and loss statement for the interim period beginning . We were established on January 1, 2024, and ending June 30, 2024, are attached as Exhibit D. Our 2023, 2008 and our fiscal year end is ends on December 31.~~

ITEM 22

CONTRACTS

~~ITEM 22—~~

~~CONTRACTS—~~

~~The following agreements are attached as Exhibits to this Franchise Disclosure Document:~~

Attached to this Disclosure Document or to the Exhibits attached to and comprising the Franchise Agreement attached to this Disclosure Document are copies of the following franchise and other contracts and agreements in use or proposed for use:

Exhibits to this Disclosure Document

Exhibit E	Franchise Agreement
Exhibit F	1-2 Multi-Franchise Addendum
Exhibit G	Multi-Unit Development Agreement
Exhibit J	State Specific Addenda

Schedules and Exhibits to the Franchise Agreement

Schedule 1	Location and Designated Territory Acknowledgment
Schedule 2	Statement of Franchise Owners
Exhibit 1	Franchise Owner and Spouse Agreement and Guaranty
Exhibit 2	Confidentiality Agreement
Exhibit 3	Site Selection Acknowledgment
Exhibit 4	Lease Agreement Rider
Exhibit 5	Collateral Assignment of Lease
Exhibit 6	Assignment of Telephone Numbers and Digital Media Accounts
Exhibit 7	ACH Authorization Form
Exhibit 8	General Release

Schedules and Exhibits to the Multi-Unit Development Agreement

Schedule A	Development Information Term Sheet
------------	------------------------------------

Individual state law may supersede the provisions contained in your Franchise Agreement and, if applicable, your Multi-Unit Development Agreement respecting the requirement that you execute a general release as a condition to assignment, sale or transfer. See, the state specific addendums contained in Exhibit J of this Disclosure Document.

ITEM 23

RECEIPTS

Two copies of a detachable receipt in Exhibit L are located at the very end of this Disclosure Document. Please sign one copy of the receipt and return it to us at the following address Drew Johnston, J 'N C Real Estate Development, LLC, 1723 North Loop 1604 E, Suite 202, San Antonio, Texas 78232. The duplicate is for your records.

[THE DISCLOSURE DOCUMENT ENDS HERE]



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT A
STATE ADMINISTRATORS

[List of State Administrators](#)

California

Department of Financial Protection and Innovation
320 West 4th Street Suite 750
Los Angeles, CA 90013

651 Bannon Street, Suite 300
Sacramento, CA 95811
866-275-2677

Connecticut

Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, CT 06103

Florida

Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, FL 32399

Hawaii

Commissioner of Securities
Dept. of Commerce & Consumer Affairs
Business Registration Division
335 Merchant St., Room 203
Honolulu, HI 96813

Illinois

Office of the Attorney General
Franchise Bureau
500 South Second Street
Springfield, IL 62706

Indiana

Indiana Secretary of State
Indiana Securities Division
Franchise Section
302 W. Washington Street Room E-111
Indianapolis, IN 46204

Kentucky

Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, KY 40601

Maine

Department of Professional and Financial
Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, ME 04333

Maryland

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202

Michigan

Michigan Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
PO Box 30213
Lansing, MI 48909

Minnesota

Minnesota Department of Commerce
Securities Division
85 7th Place East, Suite 280
St. Paul, MN 55101

Nebraska

Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400
Lincoln, NE 68509

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
212-416-8222

North Carolina

Secretary of State
Securities Division
300 North Salisbury Street, Suite 100
Raleigh, NC 27603

List of State Administrators (continued)

North Dakota

Securities Department
600 East Boulevard Avenue, State Capitol
Fourteenth Floor, Department 414
Bismarck, ND 58505
701-328-4712

Wisconsin

Franchise Office
Wisconsin Securities Commission
PO Box 1768
Madison, WI 53701

Rhode Island

Department of Business Registration
Division of Securities
233 Richmond Street Suite 232
Providence, RI 02903

South Carolina

Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, SC 29201

South Dakota

Franchise Office
Division of Securities
910 E. Sioux Avenue
Pierre, SD 57501

Texas

Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, TX 78701

Utah

Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
PO Box 146704
Salt Lake City, UT 84114

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington

Department of Financial Institutions
Securities Division
PO Box 9033
Olympia, WA 98507
360-902-8700



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B AGENTS FOR SERVICE OF PROCESS

12.

Agents for Service of Process

~~EXHIBIT A~~

~~STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS~~

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

J 'N C Real Estate Development, LLC
1723 North Loop 1604 E, Suite 202
San Antonio, Texas 78232
Attn: Drew Johnston, Vice President of Operations

California

Department of Financial Protection and Innovation
320 West 4th Street Suite 750
Los Angeles, CA 90013

651 Bannan Street, Suite 300
Sacramento, CA 95811
866-275-2677

Connecticut

Banking Commissioner
Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103

Hawaii

Commissioner of Securities
Dept. of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202

Michigan

Michigan Department of Commerce
Corporation and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

Minnesota

Commissioner of Commerce of Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

New York

Secretary of the State of New York
99 Washington Avenue
Albany, NY 12231

North Dakota

North Dakota Securities Department
Securities Commissioner
600 East Boulevard Avenue, State Capitol
Fifth Floor, Dept 414
Bismarck, ND 58505
Phone 701-328-4712

Rhode Island

Director of Department of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota

Director, Division of Securities
Department of Commerce and Regulation
445 East Capitol Avenue
Pierre, SD 57501

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

Washington

Securities Administrator
Washington Department of Financial
Institutions
150 Israel Road SW
Tumwater, WA 98501

Wisconsin

Wisconsin Commissioner of Securities
345 W Washington Avenue
Madison, WI 53703



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT C
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Section 3: Concierge Connect
Section 4: New Salon Marketing
Section 5: Safety and Security

Total Pages in Operations Manual:

66



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT D
FINANCIAL STATEMENTS



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT E
FRANCHISE AGREEMENT



**SALONS BY JC
FRANCHISE AGREEMENT**

FRANCHISEE:

Salons by JC
FRANCHISE AGREEMENT

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	INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.....	30
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Schedules and Exhibits

Schedule 1	Location and Designated Territory Acknowledgment
Schedule 2	Statement of Franchise Owners

Exhibit ~~A: Data Sheet~~1 Franchise Owner and Spouse Agreement and—

~~Exhibit B: Form of Personal~~ Guaranty

Exhibit 2 Confidentiality Agreement

Exhibit ~~C: Form of~~3 Site Selection Acknowledgment

Exhibit 4 Lease ~~Addendum and~~ Agreement Rider

Exhibit 5 Collateral Assignment ~~(for use with Landlord of Premises)~~ Exhibit D: EFT Withdrawal Authorization Form of Lease

**Exhibit E: ~~Form of Confidentiality and Non-Competition Agreement~~
(~~for use by Franchisee for Management Personnel of the~~
~~Franchised Business and Officers/Directors of the~~
~~Franchisee~~)**

Exhibit ~~F: Conditional~~ 6 Assignment of Telephone/~~Facsimile~~ Numbers and ~~Domain Names~~Digital
Media Accounts
Exhibit 7 ACH Authorization Form
Exhibit 8 General Release

Salons by JC

14.

FRANCHISE AGREEMENT

~~©2024 J & N C Real Estate Development, LLC~~
~~2024~~ This Franchise Agreement—

~~J ‘N C REAL ESTATE DEVELOPMENT, LLC
FRANCHISE AGREEMENT~~

~~THIS FRANCHISE AGREEMENT~~ (the “Agreement”) is ~~made and~~ entered into on this _____ day of _____, 20____ (“Effective Date,”), by and between: (i) J ‘N C Real Estate Development, LLC, a Texas limited liability company with its principal place of business located at 18402 US Hwy 281 N., Ste. 2671723 North Loop 1604 E, Suite 202, San Antonio, Texas 7825978232 (the “Franchisor”); and (ii) [INSERT FRANCHISEE], a/an [individual OR INSERT ENTITY TYPE] with a business address at [INSERT FRANCHISEE NOTICE ADDRESS] (“”) and _____ (the “Franchisee”).

RECITALS

~~WHEREAS, RECITATIONS~~

- A. Franchisor and its affiliate, as a result of the expenditure of time, skill, effort, and money, have has developed a distinctive and own a unique proprietary system (the “System”) related tofor the establishment, development, opening, and operation of a Salons by JC, a business that offers and provides high-end retail space in the form of individual salon suites to beauty and wellnessfor lease to third party practitioners where such practitioners can provide their respective services utilizing the mark SALONS BY JC and our proprietary business system (each a “Franchised Business” or “Facility”).
15. Franchisor’s System is comprised of various proprietary and, in some cases, distinguishing elements, including without limitation: proprietary methodology and procedures for the establishment and operating procedures; site selection guidance and criteria; specifications for the design, layout and construction of the interior of the Facility and each individual salon suite, standards and specifications for the furniture, fixtures and equipment located(the “Operators”) primarily within a Facility, established relationships with approved or designated suppliers for certain the beauty, health and wellness, personal care, and related industries, and other products and services, and standards and specifications for advertising, bookkeeping, sales and other aspects of operating a Facility. The parties agree and acknowledge that Franchisor may change, improve, further develop, or otherwise modify the System from time to time as it deems appropriate in its discretion. Franchisee hereby acknowledges and agrees that: (i) while the System and Franchisor’s related materials contain information that, in isolated form, could be construed as being in the public domain, they also contain significant proprietary and confidential information which makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals that are proprietary and confidential.authorizes (the “Approved Products and Services”) under the Licensed Marks (defined below) (each, a “Franchised Business” or “Business”);
- B. ~~The~~WHEREAS, the System and Facilities are-, therefore, each Business, is identified by the mark SALONS BY JC, as well as certain other trade names, trademarks, service marksLicensed Marks and distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards, all of which are part of the System and all of which Franchisor owns or has obtained a license may modify from time to time to use and license others to use in connection with the System (collectively, the “Proprietary Marks”). Franchisor has established substantial goodwill and business value in its Proprietary Marks, expertise, and System.—
16. Franchisor is in the business of granting qualified individualtime; and entities a franchise for the right to independently own and operate a single Facility utilizing the Proprietary Marks and System at a location that Franchisor approves in writing.
- C. Franchisee recognizes the benefits derived from being identified with Franchisor, appreciates and acknowledges the distinctive and valuable significance to the public of the System and the Proprietary Marks, and understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, appearance, and service to the value of the System.—
- D. WHEREAS, Franchisee desires to acquire aobtain the non-exclusive franchise for the license and right to operate use the System in the development and operation of one Business from a single franchised Facility from an approvedfixed location, and has submitted an application to obtain such within a franchise from Franchisor.—

17. ~~Franchisor is willing to grant Franchisee the right to operate a Facility based on the representations contained in the franchise application and subject designated territory and pursuant to the terms and conditions set forth in of this Agreement.~~

~~AGREEMENT~~

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:

1. ~~ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE~~

- A. ~~Franchisee acknowledges and represents that Franchisor, itself or through any officer, director, employee, or agent, has not made, and Franchisee has not received or relied upon, any oral, written, visual, express, or implied information, representations, warranties, guarantees, or promises regarding the amount of sales levels or income Franchisee might expect to earn from the franchise granted hereby, except as set forth in the Franchise Disclosure Document.~~
- B. ~~The business venture contemplated by this Agreement involves business risks.~~
- C. ~~Franchisee's success will be largely dependent upon Franchisee's ability as an independent businessperson.~~
- D. ~~Franchisee has received, read, and does understand this Agreement and any attachments.~~
- E. ~~Franchisee understands and agrees that the commercial leasing industry is well-developed, and Franchisee may face competition from other businesses including franchised operations, national chains and independently owned businesses that offer similar leasing and salon management services to third-party beauty and wellness operators.~~
- F. ~~Franchisee acknowledges and agrees that Franchisor has fully and adequately explained each provision of this Agreement to Franchisee's satisfaction.~~
- G. ~~Franchisee has consulted with Franchisee's own advisors with respect to the legal, financial, and other aspects of this Agreement, the business franchised hereby, and the prospects for such business. Franchisee either has consulted with such advisors or has deliberately declined to do so.~~
- H. ~~Any written inquiries made to Franchisor by Franchisee pertaining to the nature of this franchise were answered in writing to the satisfaction of Franchisee.~~
- I. ~~Franchisee has had the opportunity and adequate time to independently investigate, analyze, and construe both the franchise being offered hereunder and the terms and provisions of this Agreement utilizing the services of legal counsel, accountants, and other advisors (if Franchisee so elects).~~
- J. ~~Any and all applications, financial statements, and representations submitted to Franchisor by Franchisee, whether oral or in writing, were complete and accurate when submitted and are complete and accurate as of the date of execution of this Agreement unless the same has been otherwise amended in writing. Franchisee states that he/she is not presently~~

~~involved in any business activity that could be considered competitive in nature, unless heretofore disclosed to Franchisor in writing.—~~

- ~~K. Franchisee agrees not to contest, directly or indirectly, Franchisor's ownership, title, right, or interest in its names or Proprietary Marks, trade secrets, methods, procedures, know-how, or advertising techniques which are part of Franchisor's business, or contest Franchisor's sole right to register, use, or license others to use such names or Proprietary Marks, trade secrets, methods, procedures, or techniques.—~~
- ~~L. Franchisee's signature to this Agreement has not been induced by any representation inconsistent with the terms of this Agreement or inconsistent with the Franchise Disclosure Document given to Franchisee by Franchisor.—~~
- ~~M. Franchisee represents and warrants that Franchisee is not a party to or subject to any order or decree of any court or government agency which would limit or interfere in any way with the performance by Franchisee of the obligations under this Agreement and that Franchisee is not a party, and has not within the last ten (10) years been a party, to any litigation, bankruptcy, or legal proceedings other than those heretofore disclosed to Franchisor in writing.—~~
- ~~N. Franchisee agrees and acknowledges that it is solely responsible for ensuring that: (i) it acquires and maintains all business licenses, permits and approvals, including those that are specifically required to offer and provide salon suite leasing services, that are necessary to operate the Franchised Business at the Premises (defined below) and within the Designated Territory (defined below); and (ii) the Franchised Business is otherwise operated in full compliance with all federal, state and local laws and regulations where the Franchisee and Franchised Business is located.—~~

~~18. Franchisee agrees and acknowledges that: (i) Franchisor may enter into franchise agreements with other franchisees that may contain provisions, conditions, and obligations that differ from those contained in this Agreement, including without limitation, franchise agreements for the operation of a System Facility; and (ii) the existence of different forms of agreement and the fact that Franchisor and other franchisees may have different rights and obligations does not affect the parties' duty to comply with the terms of this Agreement.—~~

~~O. Franchisee agrees and acknowledges as follows:—~~

- ~~1. Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business (as defined herein) and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.—~~
- ~~2. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state—~~

~~or imply that Franchisor is the employer of Franchisee's employees and/or independent contractor, nor vice-versa.—~~

- ~~3. Neither Franchisor nor any representative of Franchisor has made any statement, representation or guaranty that Franchisee will be able to obtain financing in connection with the development and operation of the Franchised Business.—~~

2. GRANT OF FRANCHISE

- A. ~~Franchisor hereby grants Franchisee, subject to the terms, conditions, and obligations of this Agreement, a non-exclusive right and license to use the Proprietary Marks and receive the other benefits of the System in connection with the establishment and operation of a single SALONS BY JC Facility (the "Franchised Business").—~~
- B. ~~The Franchised Business must be operated from a single location that Franchisor reviews and approves (the "Premises"). If the parties have not agreed on a Premises as of the date this Agreement is executed, Franchisor will designate a general marketing area (the "Site Selection Area") on the data sheet attached to this Agreement as Exhibit A (the "Data Sheet") wherein Franchisee must locate and secure the Premises as detailed more fully in Section 6(A) of this Agreement. Franchisee acknowledges and agrees that: (i) it does not have any territorial rights within the Site Selection Area; (ii) Franchisor may permit other new franchisees to search for the location of their franchised facility within the same Site Selection Area that is assigned to Franchisee under this Agreement if Franchisor determines in its discretion that the Site Selection Area is large enough to contain additional franchises; and (iii) potential locations for each franchised Facility, and resulting Designated Territories (as defined below), within the Site Selection Area will be reviewed and rejected/granted on a first-to-propose basis.—~~
 1. ~~Nothing in this provision shall affect Franchisee's rights within any "Development Area" or "Designated Marketing Area" that Franchisee is granted under any separate form of area development agreement that Franchisee enters into with Franchisor (an "ADA").—~~
 2. ~~The parties agree and acknowledge that Franchisor may, in the alternative, define Franchisee's Designated Territory (see Section 2(C) below) upon execution of this Agreement (rather than designate a Site Selection Area), in which case Franchisee will be required to locate an approved Premises within that Designated Territory within the time period prescribed in that Agreement.—~~
- C. ~~Once the Franchisor approves the Premises of the Franchised Business, the location will be set forth in the Data Sheet. Franchisee may only use the Premises to operate the Franchised Business. Franchisee may not relocate the Franchised Business to any location other than the Premises without Franchisor's prior written consent, which Franchisor will not unreasonably withhold, provided: (i) Franchisee secures an alternate location for the Franchised Business within the Designated Territory (as defined below) that meets Franchisor's then-current site selection criteria for the premises of a SALONS BY JC Facility; and (ii) Franchisee pays Franchisor a relocation fee amounting to Two Thousand Dollars (\$2,000) prior to Franchisor's approval of the relocation.—~~
- D. ~~Upon locating and securing a Premises, Franchisor will designate a geographical area surrounding the Premises wherein Franchisor will not open or locate, or license a third party—~~

~~the right to open or locate, another Facility utilizing the System and Proprietary Marks (the “Designated Territory”), for so long as Franchisee is in compliance with this Agreement. The boundaries of the Designated Territory once determined by Franchisor, if any, will be described in an amended Data Sheet. Franchisee acknowledges that it does not have any other territorial rights within the Designated Territory.—~~

- ~~E. Franchisee acknowledges and agrees that this Agreement does not afford Franchisee any rights or options to open any additional Facilities and that Franchisee does not have any right to sub-license or sub-franchise any of the rights granted hereunder. Franchisee may not use the Proprietary Marks or System for any purpose other than promoting and operating the Franchised Business at the Premises. Franchisor will have sole discretion as to whether it decides to grant Franchisee the right to open any additional Facilities, each of which will be governed by a separate form of Franchisor’s then-current franchise agreement.—~~
- ~~F. Notwithstanding anything contained in this Agreement, Franchisor and its affiliates hereby reserve the exclusive right to: (i) open and operate, and license third parties the right to open or operate, other Facilities utilizing the Proprietary Marks and System outside the Designated Territory; (ii) market, offer and sell products and services similar to those offered by the Franchised Business and other Facilities (such as private label products that Franchisor may develop) through alternate channels of distribution, including without limitation, via the Internet and other e-commerce channels, catalog sales, direct mail or wholesale, at any location; (iii) acquire, or be acquired by, any company, including a company operating one or more businesses offering products or services similar to those offered by a Facility, located within or outside your Designated Territory, and subsequently operate (or license a third party the right to operate) these locations; (iv) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Franchised Business under marks other than the Proprietary Marks at any location; and (v) use, and license others the right to use, the Proprietary Marks and System to engage in any other activity not expressly prohibited by this Agreement.—~~
- ~~G. Franchisor reserves the right to supplement, revise or otherwise modify the System or any aspect/component thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and make such reasonable expenditures as may be necessary to comply with any change that Franchisor makes to the System. Any change or modification that Franchisor makes to the System will not materially alter Franchisee’s fundamental rights under this Agreement. Moreover, Franchisor will provide Franchisee with a reasonable amount of time to comply with any change or modification to the System once Franchisee has been notified of such change/modification in writing (via the Operations Manual or otherwise).—~~

3. TERM AND RENEWAL

- ~~A. Unless previously terminated pursuant to this Agreement, the term of this Agreement shall be for a period of ten (10) years (“Initial Term”) commencing as of the Effective Date.—~~
- ~~B. Franchisee may submit a request to renew this Agreement for up to two additional, consecutive terms of ten (10) years each, and must provide each request to renew no less than six (6) months and no more than twelve (12) months prior to the end of the then-current term. Failure to provide such notice to Franchisor will be deemed an indication that Franchisee does not wish to renew the franchise relationship. Franchisor shall not~~

~~unreasonably withhold its approval of such requests for renewal, provided Franchisee complies with the following conditions:—~~

- ~~1. Franchisee must not have: (i) any uncured material defaults under this Agreement (including any monetary defaults) or any other agreement between Franchisee and Franchisor or the landlord of the Premises, either at time of Franchisee's renewal request or at the time of renewal; and (ii) received more than three (3) separate, written notices of material default from Franchisor with respect to this Agreement in the 12-month period preceding the renewal request date or renewal date.—~~
- ~~2. Franchisee must execute Franchisor's then-current form of franchise agreement, which may contain materially different terms and conditions from those contained in this Agreement, within thirty (30) days of the date Franchisee is provided with Franchisor's then-current form of franchise agreement.—~~
- ~~3. Franchisee pays Franchisor a renewal fee amounting to Ten Thousand Dollars (\$10,000.00) at least ninety (90) days prior to the expiration of the then-current term. Franchisee will not be required to pay an additional Initial Franchisee Fee (as defined in Section 4) upon renewal.—~~
- ~~4. Franchisee and/or the Concierge Manager (as defined in this Agreement) attends a prescribed training refresher course at least thirty (30) days before the expiration of the then-current term of this Agreement, and pays a refresher training tuition fee amounting to One Thousand Dollars (\$1,000.00), which will cover the tuition for two persons to be trained over three (3) days or for whatever training schedule Franchisor is requiring for franchisees at the time of renewal. Franchisee will also be responsible for all expenses incurred in connection with attending this refresher training.—~~
- ~~5. Franchisee executes a general release under seal, in a form satisfactory to Franchisor, of any and all claims it may have against Franchisor and its officers, directors, shareholders, and employees in their corporate and individual capacities, including without limitation, all claims arising under any federal, state, or local law, rule, or ordinance.—~~
- ~~6. Franchisee must have participated in and supported the training procedures, purchasing, marketing, advertising, promotional, and other operational and training programs recommended or provided by Franchisor to the satisfaction of Franchisor.—~~
- ~~7. Franchisee or transferee agrees, at its sole cost and expense, to re-image, renovate, refurbish, and modernize the Premises and Facility within the time frame required by Franchisor, including the design, equipment, signs, interior and exterior décor items, displays, inventory assortment and depth, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies, and other products and materials, as necessary to meet Franchisor's then-current System standards, specifications, and design criteria for a newly-opened SALONS BY JC Facility.—~~

4. ~~**FEES AND PAYMENTS**~~

- A. ~~In consideration of the rights and license granted herein, Franchisee shall pay the following amounts:—~~
1. ~~Upon execution of this Agreement, Franchisee must pay Franchisor an initial franchise fee of Sixty Thousand Dollars (\$60,000.00) (the “Initial Franchise Fee”), which fee shall be deemed fully earned and non-refundable under any circumstances upon payment.—~~
 2. ~~On or before the 5th day of each calendar month, the Franchised Business is open and operating (and/or required to be open and operating under this Agreement), Franchisee must pay Franchisor an ongoing royalty fee (the “Royalty Fee”) amounting to the greater of: (i) 5.5% of the Gross Sales (as defined in Section 4(D)) generated by the Franchised Business in the preceding calendar month; or— (ii) a minimum royalty amounting \$500 per month (the “Minimum Royalty”), which shall be waived until such point that the Franchised Business has been open and operating for a period of 90 days (the “Initial Ramp-Up Period”).—~~
 3. ~~Franchisee shall be required to contribute an amount equal to up to two percent (2%) of the Gross Sales of the Franchised Business to the brand development fund that Franchisor has established or establishes in the future (collectively, the “Fund”), with Franchisor having the right to collect such Fund Contributions: (i) immediately upon the opening of the Franchised Business; and (ii) at the same interval and manner as the Royalty Fee. Franchisor reserves the right to increase said Fund Contribution to an amount equal to up to three percent (3%) of the Gross Sales generated by the Franchised Business over the preceding calendar month.—~~
 4. ~~Franchisee must pay Franchisor its then-current technology fee (the “Technology Fee”) on a monthly basis as consideration for certain technology-related services that Franchisor determines to associate and/or provide System franchisees with access to as part of the overall System, including without limitation, the costs associated with online site or portal that will be accessible by System Facility owners for purposes of (a) affording access to the Manual(s), (b) providing System-related updates and/or other communications, (c) affording access to any approved or required marketing or advertising collateral, (d) providing remotely-accessible training and/or assistance via an online learning management system (“LMS”) from Franchisor, and (e) otherwise developing the System and/or franchisee network via such site or portal (each, a “System Site”).—~~
 - i. ~~Franchisor’s then-current Technology Fee will be set forth in the Manual(s), as well as any updates thereto, that Franchisee will have access to prior to the opening of the Franchised Business;—~~
 - ii. ~~Franchisee’s obligation to remit a Technology Fee to Franchisor will commence upon the earlier of the calendar month wherein (a) Franchisee opens the Franchised Business, and (b) Franchisee is required to open the Franchised Business under this Agreement, unless Franchisor agrees to a different arrangement in a separately signed agreement.—~~

- iii. ~~Franchisor may update or designate a different Approved Supplier for the Technology Fee upon 60 days' prior written notice to Franchisee via the Manual(s), System Site or otherwise.—~~
 5. ~~All other fees, payments and other amounts due to Franchisor and its Approved Suppliers, as well as the landlord of the approved Premises, as and when such amounts become due and owing to such third parties, in order to operate the Franchised Business in accordance with the terms of this Agreement.—~~
- B. ~~With the exception of the Initial Franchise Fee, Franchisee shall pay all fees and other amounts due to Franchisor and/or its affiliates under this Agreement through an electronic funds transfer program (the "EFT Program"), under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the "EFT Account"). Franchisee shall immediately deposit all revenues from operation of the Franchised Business into this bank account immediately upon receipt, including cash, checks, and credit card receipts.—~~
 1. ~~At least ten (10) days prior to opening the Franchised Business, Franchisee shall provide Franchisor with: (i) Franchisee's bank name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee's bank, all documents, including Franchisor's form of EFT Authorization Form attached as Exhibit D to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer.—~~
 2. ~~Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including any change to the EFT Account.—~~
 3. ~~Franchisor may, without notice to Franchisee, have the right to independently and remotely access and view Franchisee's computer system used in connection with the Franchised Business (the "Computer System") via the Internet, other electronic means or by visiting the Facility, in order to obtain Gross Sales, tenant occupancy rates and other available information that Franchisor reasonably requests about the Franchised Business. Franchisee hereby consents to Franchisor using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by Franchisor or disclosed to Franchisor in accordance with this Agreement. Franchisee must obtain and use the Computer System hardware, software (including any accounting, bookkeeping or property management software that Franchisor designates) and other components that Franchisor prescribed for use in connection with the Franchised Business, and utilize and participate in any intranet/extranet that Franchisor establishes in connection with the System.—~~
 4. ~~For purposes of this Agreement, the term "Gross Sales" shall mean the total revenue generated by the Franchised Business, including all revenue generated from leasing salon suites at Franchisee's Facility and all amounts paid by customers for vending, laundry and any other products and services offered at your Facility, whether such revenues are—~~

evidenced by cash, check, credit, charge, account, barter or exchange. "Gross Sales" does not include the sale of products or services for which refunds have been made in good faith to customers, the sale of equipment used in the operation of the Franchised Business, any sales tax or other taxes collected from customers by Franchisee and paid directly to the appropriate taxing authority, or any reduction in revenue due to approved coupon or promotional sales.—

- E. ~~On or before the 5th day of each month, Franchisee must send Franchisor a signed report (a "Gross Sales Report") detailing the following information: (i) Gross Sales of the Franchised Business from the preceding calendar month; (ii) Franchisee's calculated Royalty Fee and Fund Contribution (if appropriate) based on the Gross Sales from the preceding reporting period; and (iii) any other information Franchisor may require for that reporting period. Franchisor may, as it deems necessary in its sole discretion, change the form and content of the Gross Sales Reports from time to time. The parties agree and acknowledge that Franchisor may modify the interval at which it collects Franchisee's Royalty Fee, Fund Contribution and other recurring fees under this Agreement upon written notice (i.e., Franchisor may provide Franchisee with notice that it will be collecting these fees on a weekly rather than monthly basis). In such event, Franchisee's reporting obligations may also be modified by Franchisor accordingly. By way of example, if Franchisor determines to modify the payment interval to weekly, then Franchisee's Minimum Royalty will be adjusted to \$125/week and collected on that basis.—~~
- F. ~~If any payment due under this Agreement is not received by Franchisor by the scheduled date due, Franchisee shall be in default under this Agreement. If any payment is overdue, Franchisee shall pay interest to the Franchisor, in addition to the overdue amount, at a rate of one and one-half percent (1.5%) per month, beginning from the date of non-payment or underpayment, until paid. Entitlement to collect such interest shall be in addition to any and all other remedies Franchisor may have. Franchisee agrees to pay \$100 for each check given or electronic transfer made to Franchisor that is dishonored, fails to process, or is returned.—~~
- G. ~~No payments to be made to Franchisor by Franchisee, whether for royalties, advertising, merchandise, special programs, or otherwise, may be reduced on account of the imposition by any federal, state, or local authority of any tax, charge, or assessment, or by any claim Franchisee may have against Franchisor. All taxes, charges, or assessments shall be paid by Franchisee to the taxing authorities when due, in addition to the amounts due to Franchisor.—~~
- H. ~~In the event Franchisee fails to provide to Franchisor any financial report, Gross Sales Report, or other report which Franchisee is obligated by this Agreement to provide to Franchisor when such report is due, Franchisee shall pay to Franchisor a late fee with respect to each such report in the amount of \$500 for each late report.—~~
- I. ~~Franchisee hereby grants to Franchisor a security interest in all of Franchisee's interests in the real estate where the franchise is located (if Franchisee purchases its Premises), as well as all improvements to that real estate. Franchisee further grants to Franchisor a security interest in all furniture, furnishings, equipment, fixtures, inventory, and supplies located at or used in connection with the Franchised Business, whether now or hereafter leased or acquired, together with all attachments, accessions, accessories, additions, substitutions, and replacements therefore, as well as all cash and non-cash proceeds derived from insurance, the disposition of any such collateral to secure payment and performance of all~~

~~debts, liabilities, and obligations of any kind of Franchisee to Franchisor under this Agreement, whenever and however incurred, any promissory note given by Franchisee to Franchisor, or any other agreement between them. Franchisee hereby authorizes Franchisor to file and record all financing statements, financing statement amendments, continuation financing statements, fixture filings, and other documents necessary or desirable to evidence, perfect, and continue the priority of the security interests granted herein. Franchisee agrees and understands that it must promptly execute and deliver any such documents to Franchisor upon request.—~~

- ~~1. Notwithstanding anything contained in Section 4(I) of the Franchise Agreement to the contrary, Franchisee does not grant Franchisor any security interest in any real property associated with the Franchised Business if such real property is being leased by the Franchisee.—~~
- ~~2. The parties agree that Franchisor will not execute on any security interest granted to Franchisor under Section 4(I) of the Franchise Agreement unless Franchisee fails to cure a material default under the Franchise Agreement within the applicable time period for cure after Franchisor has provided Franchisee with proper notice of such default(s).—~~

- ~~J. If Franchisee is unable to operate the Franchised Business due to damage or loss to the Premises caused or created by a casualty, act of God, condemnation, or other condition over which Franchisee has no control, then Franchisor will waive the Royalty Fee due under this Agreement for a period of time that Franchisor reasonably determines is necessary for the Franchised Business to repair the damage/loss to the Premises and resume operations (or relocate the Franchised Business to a different approved location within the Designated Territory), with said waiver period not to exceed ninety (90) days commencing from the date Franchisee gives Franchisor notice of the damage or loss.—~~

5. DUTIES OF FRANCHISOR—

- ~~A. Franchisor shall offer and make available an initial training program (the “Initial Training Program”) for up to three (3) persons designated by Franchisee tuition-free, provided these individuals attend at the same time. One of the trainees must be Franchisee (or one of Franchisee’s principals responsible for the Franchised Business if Franchisee is an entity) and, if applicable, the other attendee must be Franchisee’s designated manager that will be responsible for the day-to-day management of the Franchised Business (the “Concierge Manager”). The Initial Training Program will be conducted at Franchisor’s corporate headquarters or other facility that Franchisor designates, subject to the schedules and availability of Franchisor’s training personnel. Franchisor will provide the Initial Training Program to additional owners of Franchisee or managers of the Franchised Business (subject to the availability of Franchisor’s staff), provided Franchisee pays Franchisor its then-current initial training fee for each individual that attends in addition to the first three (3) persons (as well as any expenses incurred).—~~
- ~~B. Franchisor will also provide the Initial Training Program to any replacement personnel or those who attend but fail to complete the program as well, provided Franchisee pays Franchisor’s then-current initial training fee (as well as any expenses incurred).—~~
- ~~C. Franchisor may, as it deems appropriate in its discretion: (i) develop additional and refresher training courses, and require Franchisee and its management to attend such~~

courses; and (ii) any “Remedial Training” that Franchisor determines to be a part of the actions that Franchisee must take to cure a default hereunder, as described more fully in Section 6(N). Franchisor may require Franchisee and its designated attendees to pay its then-current training tuition fee in connection with attending any additional/refresher training and/or Remedial Training that Franchisor prescribes (in addition to Franchisee’s obligation to pay for any expenses incurred). Franchisor will not require Franchisee and its management to attend more than five (5) days of additional/refresher training each year (not including any Remedial Training that Franchisor has the right to prescribe under Section 6(N)).—

- D. Franchisor will afford Franchisee with access, via a System Site or otherwise, to a copy of its proprietary and confidential Operations Manual prior to the opening of the Franchised Business, as well as any other instructional manuals as Franchisor deems appropriate (referred to as the “Manuals” herein). Via the Manuals or otherwise in writing, Franchisor will provide Franchisee with access to the following confidential and proprietary information that, in the aggregate, comprises part of the primary System components: (i) a list of all the furniture, fixtures, equipment, inventory, supplies and other items that Franchisee is required to purchase or lease in connection with the establishment and ongoing operation of the Franchised Business (collectively, the “Required Items”); (ii) a list of all suppliers from which Franchisee must purchase or lease any Required Items, which may include Franchisor and/or its affiliates (collectively, the “Approved Suppliers”); and (iii) a list of those services and products that Franchisee is authorized to offer, sell or provide at and from the Franchised Business (collectively, the “Approved Products and Services”). The foregoing lists may be provided as part of the Manuals or otherwise in writing prior to opening, and Franchisor has the right to revise, supplement or otherwise modify these lists and the Manuals at any time upon written notice to you.—
- E. Franchisor will provide Franchisee with site selection assistance and guidance with regards to Franchisee’s selection of a Premises for the Franchised Business, including Franchisor’s then-current site selection criteria, as it deems appropriate in its sole discretion. Franchisor may require that Franchisee use an Approved Supplier for site selection assistance. Franchisor will also review and approve of any location the Franchisee proposes for the Franchised Business. Franchisor must approve of Franchisee’s proposed location, and Franchisor said approval on the lease for the Premises (the “Lease”) containing Franchisor’s requisite lease addendum/rider terms in a form that is substantially similar to that set forth in the Exhibit C to this Agreement. Franchisor must approve any site proposed by Franchisee prior to Franchisee securing said Premises.—
1. Franchisor may condition its approval of any Lease for the proposed Premises on the landlord’s execution of Franchisor’s form of Consent and Agreement of Landlord Form and Collateral Assignment of Lease attached to this Agreement at Exhibit C. Franchisor will use reasonable efforts to review and approve of any proposed Premises location and corresponding Lease within thirty (30) days of receiving all reasonably requested information from Franchisee.—
 2. Franchisor may, but is under no obligation to, conduct an on-site evaluation of any proposed Premises. In the event Franchisor conducts any such on-site evaluation in connection with the Franchised Business, Franchisor may require Franchisee to reimburse Franchisor for the actual costs and expenses that Franchisor incurs in connection with sending its representative(s) to conduct such evaluation.—

- F. ~~Franchisor may assist Franchisee, as it deems appropriate in its discretion, in developing and conducting the pre-opening marketing, advertising and promotional efforts that Franchisee must undertake in accordance with a marketing plan that Franchisor approves and/or directs for such activities and Franchisee's Initial Marketing Spend (as defined and described more fully in Section 9 of this Agreement) that Franchisee must expend to market and promote the initial launch of the Franchised Business.—~~
- G. ~~Franchisor may, as it deems appropriate and advisable in its sole discretion, provide opening assistance and continuing advisory assistance in the operation of the Franchised Business. Franchisor's determination not to provide any particular service, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.—~~

19. ~~Franchisor will review and approve/reject any advertising or marketing materials proposed by Franchisee in connection with the Franchised Business as described more fully in Section 9 of this Agreement.—~~

- H. ~~For so long as Franchisor has an active website containing content designed to promote the Franchisor's brand, System and Proprietary Marks (collectively, the "Website"), Franchisor will list the contact information of the Franchised Business on this Website, provided Franchisee is not in material default under this Agreement. Franchisor may also provide Franchisee with one or more email address(es), as it deems appropriate in its discretion, which Franchisee must use only in connection with the Franchised Business.—~~
- I. ~~Franchisor may directly, or indirectly through Franchisor's affiliates or designated vendors, develop and provide Franchisee with private label products or other merchandise bearing the Proprietary Marks to be sold at the Franchised Business. Franchisee may be required to purchase these items from Franchisor or any other Approved Supplier Franchisor designates.—~~
- J. ~~Franchisor will, as it deems appropriate in its sole discretion, conduct inspections and/or audits of the Franchised Business and Premises to ensure that Franchisee is operating its Franchised Business in compliance with the terms of this Agreement, the Manuals and the System standards and specifications. Franchisor is not responsible for ensuring that the Franchised Business is being operated in compliance with all applicable laws and regulations.—~~

20. ~~If established, Franchisor will administer the Fund as it deems advisable to the System in its sole discretion as described more fully in Section 9 of this Agreement.—~~

ARTICLE 1

DEFINITIONS

21. ~~Franchisor shall not, by virtue of any approvals or advice provided to—~~
Supplementing the terms and definitions contained in the foregoing "Recitals":

"Accounting Period" means the period of time selected and determined by Franchisor for the required measurement and reporting of financial information and payment of financial obligations by Franchisee. The applicable measurement period will be determined by Franchisor from time to time with respect to Franchisee's obligations to report financial information and data to Franchisor and Franchisee's payment of all fees and other obligations under this Agreement. The respective "Accounting Period" shall be those Franchisor designated times, whether, weekly, monthly, or otherwise, as designated by Franchisor, with all such Accounting Periods automatically commencing on the earlier of the (a) Scheduled Business Commencement Date, or (b) the Actual Business Commencement Date of the Franchised Business and, continuing, throughout the Term of this Agreement. Unless otherwise designated by Franchisor at any time, unless otherwise specified in this Agreement, the Accounting Period shall be a monthly period for each and every month throughout the Term of this Agreement.

"Actual Business Commencement Date" means the date of the grand opening of the Franchised Business and/or the date upon which the Franchised Business is open to the public.

"Additional Initial Training Fee" shall have the meaning defined and set forth in Article 4.A. of this Agreement.

“Advertising Contributions” means any and all obligations of Franchisee to contribute to or pay fees to Franchisor, Franchisor’s affiliate and/or designees as set forth in this Agreement ~~including site selection or other~~, but not limited to, the Brand Development Fund Fee (Article 9.A.).

“Advertising Cooperative” shall have the meaning defined and set forth in Article 9.F. of this Agreement.

“Alternative Channels of Distribution” means outlets that do not include Businesses but do include wholesale stores, direct marketing sales, and/or internet or web based sales and similar outlets that sell products and/or services similar to the Approved Services and Products and/or related branded products or services to the public.

“Ancillary Agreements” means, individually and collectively, each and every agreement between: (a) Franchisor and Franchisee, but not including this Agreement; (b) Franchisor and each of Franchisee’s Owners, whether individually and/or collectively; and (c) Franchisor and each Spouse of Franchisee’s Owners, whether individually and/or collectively. Without limitation to the foregoing, the term Ancillary Agreements includes the Franchise Owner and Spouse Agreement and Guaranty, Lease Agreement Rider, Collateral Assignment of Lease and the Assignment of Telephone Numbers and Digital Media Accounts, as said agreements, individually and/or collectively, may have been entered into between the foregoing parties.

“Annual Conference Attendance Fee” means an annual conference attendance fee to be paid by Franchisee to Franchisor in an amount determined by Franchisor but not to exceed \$1,000 per attendee annually.

“Annual System Conference” means a conference that may be established and organized by Franchisor for the purpose of facilitating networking among Salons by JC Business franchisees, and general education. Franchisor shall designate and determine whether or not an Annual System Conference shall occur and, if one is established in any particular year, the dates, content and location of the Annual System Conference. The Annual System Conference shall be for a duration of not more than five consecutive days per calendar year. Franchisee is responsible for all costs and expenses associated with Franchisee’s travel to and attendance at the Annual System Conference.

“Approved Products and Services” shall have the meaning defined in the “Recitals” section of this Agreement and shall further refer to and mean those products and services that Franchisor authorizes for sale by Salons by JC Businesses. Franchisor shall exclusively designate and determine the Approved Products and Services and Franchisor, in Franchisor’s Reasonable Business Judgment, may change, modify, reduce or supplement the Approved Products and Services that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Operations Manual, subject to changes that Franchisor may make from time to time and Franchisor’s right to change and modify the Approved Products and Services, shall designate the Approved Products and Services that must be offered and sold by the Franchised Business. The Franchised Business may only offer and sell the Approved Products and Services.

“Assignment of Telephone Numbers and Digital Media Accounts” means the Assignment of Telephone Numbers and Digital Media Accounts agreement attached to this Agreement as Exhibit 6.

“Brand Development Fund” shall have the meaning defined and set forth in Article 9.A. of this Agreement.

“Brand Development Fund Fee” shall have the meaning defined and set forth in Article 9.A. of this Agreement.

“Business Facility” means the fixed commercial business facilities including, the fixtures and improvements, from which Salons by JC Businesses are established, operated and managed.

“Business Location(s)” means the fixed locations from which Salons by JC Businesses are developed, operated and managed.

“Business Management System” means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually, or collectively, designated by Franchisor, in Franchisor’s Reasonable Business Judgment, as being required for use by the Franchised Business.

“Business Management System Data” means the forms, data, tools, customer information, inventory, sales, and other information that: (a) is pre-populated or entered into the Business Management System; (b) is entered by Franchisor or Franchisee into the Business Management System; and/or (c) is recorded, stored and/or maintained in connection with the Franchised Business.

“Collateral Assignment of Lease” means the Collateral Assignment of Lease agreement attached to this Agreement as Exhibit 5.

“Competitive Business” means any business that (i) is the same as or similar to a Salons by JC Business; and/or (ii) offers, sells, and/or provides management and/or lease, sublease, and/or rent of individual salon suites or other retail space to individuals or businesses that offer and provide beauty, cosmetology, personal care, and/or wellness services and/or related services.

“Confidential Information” means all of Franchisor’s and Franchisor’s affiliates trade secrets, methods, standards, techniques,

procedures, data and information, as same may exist as of the Effective Date of this Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) Approved Product and Services methods, specifications, product offerings, service offerings, supply, and distribution information; (b) standards, concepts, programs and systems relating to the Approved Products and Services and the development, establishment, marketing, promotion and operation of Salons by JC Businesses; (c) information concerning consumer preferences for services, products, materials and supplies used or sold by Salons by JC Businesses, and specifications for and knowledge of suppliers of inventory, equipment, products, supplies and procedures used or sold by Salons by JC Businesses; (d) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of Salons by JC Businesses; (e) Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How.

“Confidentiality Agreement” means the sample form of “Confidentiality Agreement” attached to this Agreement as Exhibit 2.

“Controlling Interest” shall exist for the following individuals, Owners, partners and/or entities: (a) (If Franchisee is a corporation) a controlling interest shall exist for such shareholders and Owners of the voting shares of stock of Franchisee as (i) shall permit voting control of Franchisee on any issue and/or (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (b) (If Franchisee is a general partnership) a controlling interest shall exist for such partners and Owners that possess a managing partnership interest or such percentage of the general partnership interests in Franchisee as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (c) (If Franchisee is a limited partnership) a controlling interest shall exist for such partners and Owners that possess a general partnership interest; and (d) (If Franchisee is a limited liability company) a controlling interest shall exist for such members and Owners that possess a percentage of the membership interests as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

“Copyrights” means all works and materials for which Franchisor or any affiliate of Franchisor has secured common law or registered copyright protection and Franchisor uses and/or allows Salons by JC Business franchisees to use in the operation of a Salons by JC Business, whether as of the Effective Date of this Agreement or any time in the future.

“Corporate Entity” means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

“Designated Territory” means the territory identified and described in Schedule 1 attached to and made a part of this Agreement or, if Schedule 1 is not completed at the time of signing this Agreement, as Schedule 1 is otherwise completed in accordance with this Agreement. Franchisor, in Franchisor’s Reasonable Business Judgment and discretion, shall determine the Designated Territory. If Schedule 1 is not completed and/or is not signed by Franchisor there shall be no Designated Territory.

“Digital Media” means any interactive or static digital document, application or media that is connected to and/or in a network of computers and/or other devices linked by communications software, part of the world wide web, linked by the internet or part of a web based application, software application, smart phone application or social media platform such as Facebook, LinkedIn, Twitter/X, Pinterest, Instagram, SnapChat, and YouTube, and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to Salons by JC Businesses, the Franchised Business, the Licensed Marks, the System and/or Franchisor. Digital Media further includes the System Website, and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

“Due Date” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

“E-Commerce” means the sale, distribution, and/or delivery of products and services including, but not limited to the Approved Products and Services, through channels of distribution that originate from and include, among other things, the System Website, websites, web based portals, e-commerce platforms, online marketplaces, and other platforms related to the marketing, sale, and/or distribution of Approved Products and Services and/or other products and/or services other than the direct in-person and on-site at Franchisee’s Salons by JC Business provision and sale of Approved Products and Services that are provided in-person and on-site at Franchisee’s Salons by JC Business.

“Effective Date” shall be the date set forth, defined and referred to in the first paragraph of this Agreement.

“First Renewal Term” refers to and means the 10 year period that commences on the expiration of the Term and continues for the 10 year period thereafter. The First Renewal Term shall apply only if Franchisee is entitled to invoke and does invoke Franchisee’s renewal rights in accordance with the terms and conditions of this Agreement.

“Franchise Owner and Spouse Agreement and Guaranty” means the form of “Franchise Owner and Spouse Agreement and Guaranty” attached to this Agreement as Exhibit 1.

“Franchised Business” means the Salons by JC Business that Franchisee is required to develop, maintain and operate as part of the

System and in accordance with the terms, conditions and obligations set forth in this Agreement and the Operations Manual.

“Franchisee’s Business Facility” means the Business Facility from which Franchisee develops, operates and manages the Franchised Business. Franchisee’s Business Facility must be located at a Business Location that has been approved by Franchisor.

“Franchisee’s Business Location” shall have the meaning defined and set forth in Article 2.A. of this Agreement. Franchisee’s Business Location must be designated in accordance with Schedule 1 of this Agreement and must be approved by Franchisor, in Franchisor’s Reasonable Business Judgment.

“Franchisor’s Reasonable Business Judgment” refers to, means, and relates to any and all decisions, actions and choices made by Franchisor concerning or relating to this Agreement, the System generally, Salons by JC Businesses and/or the Franchised Business where Franchisor undertakes or makes such decision with the intention of benefitting or acting in a way that could benefit the System. When making decisions and/or taking actions in Franchisor’s Reasonable Business Judgment, Franchisor may, in addition to all other rights afforded to Franchisor under this Agreement, consider factors, in whole or in part, that include: Franchisor’s profits, enhancing the value of the Licensed Marks; increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining designated territory markets, minimizing potential customer confusion as to the location of Salons by JC Businesses, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee agrees that when a decision, determination, action and/or choice is made by Franchisor in Franchisor’s Reasonable Business Judgment that such decision, determination, action or choice shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by Franchisor in Franchisor’s Reasonable Business Judgment that: (a) Franchisor possesses a legitimate interest in seeking to maximize Franchisor’s profits; (b) Franchisor shall not be required to consider Franchisee’s individual economic or business interests as compared to the overall System; and (c) should Franchisor economically benefit from such decision, determination, action and/or choice that such economic benefit to Franchisor shall not be relevant to demonstrating that Franchisor did not exercise reasonable business judgment with regard to Franchisor’s obligations under this Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee’s or such third party’s judgment for Franchisor’s Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge Franchisor’s Reasonable Business Judgment in any legal proceeding that Franchisee possesses the burden of demonstrating, by clear and convincing evidence, that Franchisor failed to exercise Franchisor’s Reasonable Business Judgment.

“GAAP” means United States Generally Accepted Accounting Principles.

“Gross Sales” means the total dollar sales from all business and customers of the Franchised Business and includes the total gross amount of revenues, receipts, and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by Franchisee in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by Franchisee or any other person or Corporate Entity from business conducted or which started in, on, from or through the Franchised Business, Franchisee’s Business Location, and/or Franchisee’s Business Facility whether such business is/was conducted in compliance with or in violation of the terms of this Agreement. Supplementing the foregoing, Gross Sales further includes the total gross amount of revenues, receipts, and sales from whatever source derived from and/or derived by Franchisee (including any person and/or Corporate Entity acting on behalf of Franchisee) from business conducted within and/or outside the Designated Territory that is related to the Franchised Business and/or a Competitive Business located and/or operated at Franchisee’s Business Location, at Franchisee’s Business Facility, within the Designated Territory, outside the Designated Territory, and/or otherwise (the foregoing does not constitute **approval** for Franchisee’s operation of a Competitive Business and/or the operation of a Salons by JC Business outside of the Designated Territory). Gross Sales does not include sales taxes that Franchisee collects and remits to the proper taxing authority or promotional discounts that are authorized by Franchisor in writing.

“Immediate Family Member” means the spouse of a person and any other member of the household of such person, including, without limitation, children, and grandchildren of such person. Immediate Family Member shall further refer to and mean the spouse, children, grandchildren, and other members of the household of each Franchisee, if Franchisee is an individual, or each Owner of Franchisee if Franchisee is a Corporate Entity.

“IP Claim” shall have the meaning defined and set forth in Article 11.E. of this Agreement.

“Know-How” means Franchisor’s trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a Salons by JC Business including, but not limited to, methods, techniques, inventory, products and services standards and specifications and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How includes information contained in the Operations Manual and the Confidential Information.

“Lease Agreement Rider” means the form “Lease Agreement Rider” attached to this Agreement as Exhibit 4.

“Licensed Marks” means the trademarks, service marks, indicia of origin, including the “Salons by JC” trademark, the Salons by JC logo, Trade Dress, and other trademarks, service marks, logos, slogans and designs authorized by Franchisor in connection with the identification of Salons by JC Businesses and the Approved Products and Services, ~~provided under this Section 5, assume any that such~~ trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by Franchisor at any time in Franchisor’s Reasonable Business Judgment.

“Management Service Fees” shall have the meaning defined and set forth in Articles 7.J. and 14.D. of this Agreement.

“Managers” means the Managing Owner plus all assistant managers of the Franchised Business and all other employees, independent contractors, consultants, directors, officers and board members who may possess access to the Confidential Information.

“Managing Owner” means, if Franchisee is a partnership or Corporate Entity, the Managing Owner shall be the Owner responsible for the day-to-day oversight, management and operation of the Franchised Business. The Managing Owner must possess, maintain and own not less than 25% of the equity and ownership interests in Franchisee. At all times, the Managing Owner must manage the operations of the Franchised Business.

“Operating Manager” means the Manager designated by Franchisee or Franchisee’s Managing Owner, that is charged with the obligation and responsibility to supervise and manage (on-site at Franchisee’s Business Facility) the day-to-day operations of the Franchised Business. At all times, the Operating Manager must: (a) meet all of Franchisor’s minimum training and brand quality control standards and criteria for managers as may be set forth in the Operations Manual; (b) successfully complete Franchisor’s initial training program; (c) sign the Confidentiality Agreement; and (d) agree, in writing, to assume responsibility for the on-site management and supervision of the Franchised Business.

“Operations Manual” means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of Salons by JC Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of Salons by JC Businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor’s Reasonable Business Judgment, whether by way of supplements, replacement pages, franchisee bulletins, or other official pronouncements or means. Subject to Franchisor’s modification from time to time and, based on Franchisor’s Reasonable Business Judgment, the Operations Manual may, among other things, designate the Approved Products and Services that must be exclusively offered and sold by the Franchised Business and, the System Supplies and designated vendors that must be exclusively used by Franchisee.

“Operations Non-Compliance Fee” shall have the meaning defined and set forth in Article 7.K. of this Agreement.

“Operations Violation” shall have the meaning defined and set forth in Article 7.K. of this Agreement.

“Owner” means collectively, individually and jointly: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if Franchisee is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s). Franchisee’s Owners are identified in Schedule 2 to this Agreement.

“Payment Non-Compliance Fee” shall have the meaning defined and set forth in Article 5.D. of this Agreement.

“Post-Term Restricted Period” means the 24 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee, in compliance with the terms of this Agreement, Transfers this Agreement to another person or Corporate Entity. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Post-Term Restricted Period” means the 18 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee, in compliance with the terms of this Agreement, Transfers this Agreement to another person or Corporate Entity.

“Prohibited Activities” shall have the meaning defined and set forth in Article 6.D. of this Agreement.

“Published Content” means any and all information, data, articles, communications, videos and other information relating to or concerning the Franchised Business, the System, or the Licensed Marks that is or was made available by Franchisee or Franchisee’s agents to the public in print or electronic media that is published, listed, made available, uploaded on, downloaded to, posted or distributed through Digital Media.

“Renewal Ancillary Agreements” shall have the meaning defined and set forth in Article 15.B. of this Agreement.

“Renewal Fee” is a fixed sum of \$5,000.

“Renewal Franchise Agreement” shall have the meaning defined and set forth in Article 15.B. of this Agreement.

“Renewal Notice” shall have the meaning defined and set forth in Article 15.B. of this Agreement.

“Renewal Term” refers to and means the First Renewal Term or the Second Renewal Term, individually.

22. **“Reporting Non-Compliance Fee”** shall have the meaning defined and set forth in Article 12.C. of this Agreement.

~~or liability to Franchisee or to any third party to which it would not otherwise be responsible or liable. Franchisee acknowledges that any assistance (including site selection and project oversight)~~**“Reporting Violation”** shall have the meaning defined and set forth in Article 12.C. of this Agreement.

“Reserved Rights” shall have the meaning defined and set forth in Article 2.D. of this Agreement.

“Restricted Territory” means the geographic area: (a) comprising Franchisee’s Designated Territory; (b) comprising a 25 mile radius surrounding Franchisee’s Designated Territory or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius surrounding Franchisee’s Business Location; (c) comprising a 10 mile radius surrounding the Business Locations for all other Salons by JC Businesses operating and/or under development as of the Effective Date of this Agreement; and (d) comprising a 10 mile radius surrounding the Business Locations for all other Salons by JC Businesses that are in operation or under development during all or any part of the Post-Term Restricted Period; **provided**, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area comprising Franchisee’s Designated Territory plus a 25 mile radius surrounding Franchisee’s Designated Territory or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius surrounding Franchisee’s Business Location.

“Royalty and Activity Report” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

“Royalty Fee” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

“Royalty Rate” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

“Salons by JC Business(s)” shall have the meaning defined in the Recitals section of this Agreement and, without limitation to the Recitals section, the definition of “Salons by JC Businesses”, shall further include, refer to and mean: every business and all businesses owned and/or operated by Franchisor, Franchisor’s affiliates and/or authorized franchisees that use and/or is/are required to use the System and/or Licensed Marks, and, including, but not limited to, the Franchised Business.

“Scheduled Business Commencement Date” means the date that occurs on the 12 month anniversary of the Effective Date of this Agreement.

“Second Renewal Term” refers to and means the 10 year period that commences on the expiration of the First Renewal Term and continues for the 10 year period thereafter. The Second Renewal Term shall apply only if Franchisee is entitled to invoke and does invoke Franchisee’s renewal rights in accordance with the terms and conditions of this Agreement.

“Site Selection Acknowledgment” means the form “Site Selection Acknowledgment” attached to this Agreement as Exhibit 3.

“Site Selection Area” shall have the meaning defined and set forth in Article 2.A.(4) of this Agreement.

“Site Selection Period” means the period of time commencing on the Site Selection Acknowledgment Date (as such date may be set forth by Franchisor, and only Franchisor, in the Site Selection Acknowledgment) and automatically expiring 60 calendar days after the Site Selection Acknowledgment Date. If the Site Selection Acknowledgment Date is not set forth and acknowledged by Franchisor in the Site Selection Acknowledgment then, the Site Selection Period shall be 0 days. If the Site Selection Acknowledgment is not signed by Franchisor, then there shall be no Site Selection Period.

“Spouse” means the legal spouse of an Owner as of the Effective Date.

23. **“Supplemental Training”** shall have the meaning defined and set forth in Article 4.A. of this Agreement.

“Supplemental Training Fee” shall have the meaning defined and set forth in Article 4.A. of this Agreement.

“Supplier Evaluation Fee” means the fee determined by Franchisor, in Franchisor’s Reasonable Business Judgment, and based upon the fees and/or expenses incurred by Franchisor in connection with the evaluation of a request by Franchisee for Franchisor’s consideration and/or review of a potential supplier. Under no circumstance is Franchisor required to approve of suppliers requested by Franchisee.

“**System**” shall have the meaning defined in the “Recitals” section of this Agreement and is further supplemented, as follows: without limitation to the Recitals section of this Agreement and supplementing the definition and meaning of the term “System”, System shall be defined to further include and mean: (a) the Approved Products and Services, System Supplies and the services, procedures and systems that are designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Salons by JC Business; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Salons by JC Business; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by Franchisor in Franchisor’s Reasonable Business Judgment.

“**System Supplies**” means all: (a) inventory, products, supplies, and/or goods constituting or comprising the Approved Products and Services, or a portion thereof, authorized for sale by the Franchised Business or designated for the preparation of Approved Products and Services; (b) products, supplies, services, and/or goods used to prepare, provide, offer, and/or sell services constituting or comprising the Approved Products and Services; (c) products, supplies, and/or goods as designated by Franchisor for the marketing, sale, provision, and/or delivery of the Approved Products and Services; (d) furniture, fixtures, and equipment designated by Franchisor; and (e) other items as designated by Franchisor in the Operations Manual, and as may be modified and supplemented by Franchisor from time to time, in Franchisor’s Reasonable Business Judgment, as being required for the development and operation of the Franchised Business.

“**System Website**” means the web page and pages located on the world wide web at the www.salonsbyjc.com URL and shall further include all webpages and subdomains, including those that are franchisee and/or geography specific, that are a part of www.salonsbyjc.com, or as designated by Franchisor being associated with the URL of www.salonsbyjc.com and/or Salons by JC Businesses.

“**Technology Fee**” shall have the meaning defined and set forth in Article 5.C. of this Agreement.

“**Term**” means the period of time set forth and defined in Article 2.B. of this Agreement and the Renewal Term if Franchisee invokes Franchisee’s renewal rights in accordance with the terms of this Agreement.

“**Trade Dress**” means the Salons by JC Business designs, images, marketing materials, packaging, branding and/or branding images which Franchisor authorizes and requires Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by Franchisor from time to time.

“**Training Program**” shall have the meaning defined and set forth in Article 4.A. of this Agreement.

“**Transfer**” means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee; and/or (e) the legal and/or equitable transfer and/or sale of an Owners interests and/or voting rights in Franchisee.

“**Transfer Fee**” is a fixed sum of \$15,000.

ARTICLE ~~by Franchisor or~~ 2 **GRANT OF FRANCHISE**

2.A. GRANT OF FRANCHISE

Franchisee has requested that Franchisor grant to Franchisee the non-exclusive license and right to develop, own and operate a Salons by JC Business from a fixed Business Location located within a specified territory. Relying on the representations made by Franchisee and/or Franchisee’s Owners in any submitted application and during the application process and subject to the terms and conditions of this Agreement, Franchisee’s request has been approved by Franchisor, subject to the following terms and conditions:

(1) During the Term of this Agreement and subject to the rights of Franchisor as set forth and/or reserved to franchisor in this Agreement including, but not limited to, the Reserved Rights, Franchisor grants to Franchisee and Franchisee accepts, the non-exclusive license, right and obligation to develop and operate one Salons by JC Business in conformity with the System and this Agreement from a single fixed business location, selected by Franchisee but requiring the approval of Franchisor (“Franchisee’s Business Location”).

(2) If, as of the Effective Date, Franchisee has selected a proposed Business Location that Franchisor approves as Franchisee's Business Location, then Franchisee's Business Location and Designated Territory, if any, shall be identified in Schedule 1 of this Agreement. To be effective, Schedule 1 must be completed and signed by Franchisor. Franchisee's execution of Schedule 1 with a specific location for Franchisee's Business Location shall constitute Franchisee's obligation to develop and operate the Franchised Business at the designated Franchisee Business Location.

(3) If, as of the Effective Date, Franchisee has not selected a proposed Business Location or has not obtained Franchisor's approval of the proposed Business Location, and/or Schedule 1 to this Agreement is left incomplete or is not signed by Franchisor, Franchisee must locate, identify and secure a Business Location for the Franchised Business in accordance with the terms of this Agreement, including the requirement that Franchisee must obtain Franchisor's approval of Franchisee's Business Location. If, after the Effective Date, Franchisee proposes and Franchisor approves of Franchisee's proposed Business Location, such approval must be in writing and must be evidenced by Franchisor's execution of Schedule 1 with a specific Business Location designated and identified in Schedule 1. At the time of executing a completed Schedule 1 and, thereby, approving Franchisee's proposed Business Location, Franchisor, in Franchisor's discretion and Reasonable Business Judgment, shall designate and determine Franchisee's Designated Territory.

(4) If, as of the Effective Date or other appropriate periods after the Effective Date, Franchisee has not selected a proposed Business Location that is approved by Franchisor but, Franchisee has identified an area in which Franchisee may look to secure a business location for the Franchised Business, Franchisor, in Franchisor's discretion and Reasonable Business Judgment, may enter into the Site Selection Acknowledgment attached to this Agreement as Exhibit 3. If executed by Franchisor, within the Exhibit 3 Site Selection Acknowledgment, Franchisor shall designate a geographic area (the "Site Selection Area") within which Franchisor, during the Site Selection Period, shall not, on behalf of any third party, approve any new Business Location. The Site Selection Acknowledgment does not constitute Franchisor's approval of a proposed Business Location, does not constitute Franchisor's designation of Franchisee's Designated Territory, does not afford Franchisee any territorial rights in or to the Site Selection Area, and does not extend and/or modify any obligation on the part of Franchisee to timely secure an approved Business Location in accordance with the terms of this Agreement.

(5) At all times, Franchisee's rights in and to the real property and the business premises of Franchisee's Business Location shall be subordinate and subject to Franchisee's and Franchisee's landlord's agreement to and execution of the Business Location Lease Agreement Rider attached to this Agreement as Exhibit 4, and Franchisee's agreement and execution of the Collateral Assignment of Lease attached to this Agreement as Exhibit 5.

(6) Franchisee may only offer and sell the Approved Products and Services from Franchisee's Business Location in accordance with the requirements set forth in the Operations Manual. Notwithstanding the foregoing, Franchisee may rent and/or lease salon suites within the Business Location to Operators residing outside of Franchisee's Designated Territory. There are no limitations on Operators providing services and products to customers outside of the Designated Territory.

(7) Franchisor, in Franchisor's Reasonable Business Judgment and for any reason or no reason at all, may prohibit Franchisee from soliciting customers located outside Franchisee's Designated Territory.

(8) Except as otherwise provided in this Agreement including, but not limited to, the Reserved Rights, provided that, at all times Franchisee is and remains in compliance with all of the terms of this Agreement, during the Term of this Agreement, neither Franchisor nor any affiliate of Franchisor will open or grant a franchise the right to open a Business using the Licensed Marks and System at a Business Location within Franchisee's Designated Territory, provided, that a Designated Territory has been designated and approved by Franchisor in accordance with the terms of this Agreement. Other franchised businesses and affiliate-owned businesses may rent and/or lease salon suites to Operators within Franchisee's Designated Territory.

(9) The foregoing rights granted in this Article 2.A, are subject to and contingent on the terms and conditions of this Agreement, the rights of any prior user, and are non-exclusive and subordinate to the Reserved Rights. Without limitation to the foregoing, Franchisee agrees that Franchisee, without any compensation to Franchisee, may face competition from other outlets and distribution channels as set forth in this Agreement including, but not limited to: (a) from other Salons by JC Businesses and System franchisees with Businesses that are located adjacent to, or within a close proximity to Franchisee's Business Location or Designated Territory; (b) from the sale of Approved Products and Services by Franchisor or Franchisor's affiliate or designee of Approved Products and Services sold through E-Commerce channels of distribution including direct to consumer sales and delivery within Franchisee's Designated Territory, and (c) from all other marketing, sales, distribution, and delivery rights, restrictions, and/or other obligations otherwise set forth in this Agreement. Although Franchisor may disapprove of any marketing medium that is distributed and/or reaches inside or outside of Franchisee's Designated Territory, Franchisor is not obligated to do so.

2.B. TERM

Unless previously terminated pursuant to the terms of this Agreement, the term of this Agreement will be for a period of 10 consecutive years, commencing from the Effective Date (the "Term").

2.C. GUARANTEES, CONFIDENTIALITY AND RESTRICTIVE COVENANTS

If Franchisee is, at any time, a Corporate Entity, Franchisee agrees that each Owner and their respective Spouse shall execute, sign and

deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1 and, in doing so, among other things, will individually, jointly, and severally, guarantee Franchisee's obligations under this Agreement and personally bind themselves to confidentiality and non-competition covenants and restrictions.

2.D. RESERVATION OF RIGHTS

Franchisor on behalf of itself, its affiliates, and its assigns, retains all rights, on any and all terms and conditions that Franchisor deems advisable and without any compensation or consideration to Franchisee to engage in the following activities (the "Reserved Rights"): (a) operate and grant to others the right to operate a Franchised Business, Salons by JC Business and/or other Businesses using the System and Licensed Marks at locations outside Franchisee's Designated Territory; (b) acquire, be acquired by, merge with, or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, and after such acquisition, merger or affiliation to own and operate and to franchise or license others to own and operate and to continue to own and operate such businesses, including Competitive Businesses but, not utilizing the Licensed Marks, within Franchisee's Designated Territory; (c) use the Licensed Marks and System to distribute the Approved Products and Services or products and services similar to the Approved Products and Services through E-Commerce channels of sale, distribution, and/or delivery within and/or outside Franchisee's Designated Territory; (d) use the Licensed Marks and System to sell, distribute, and deliver the Approved Products and Services or products and services similar to the Approved Products and Services in Alternative Channels of Distribution within and/or outside Franchisee's Designated Territory; and (e) use the Licensed Marks and System and to license others to use the Licensed Marks and System to engage in all other activities not expressly prohibited by this Agreement.

2.E. MODIFICATION OF SYSTEM

Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right at all times to supplement, modify, alter and/or amend the System. Franchisee shall promptly comply with all such modifications to the System whether such modification(s) results in the addition, subtraction, modification and/or enhancement to any and/or all components of the System. Franchisor shall provide Franchisee with a reasonable time period to comply with any change or modification to the System which shall be communicated in writing by Franchisor to Franchisee, including, but not limited to, modifications, updated, amendments, and changes made by Franchisor to the Operations Manual. Franchisor's modifications to the System shall not materially alter Franchisee's fundamental rights under this Agreement.

2.F. CORPORATE ENTITY OWNERSHIP

If Franchisee is a Corporate Entity, Franchisee represents that the information contained in Schedule 2 to this Agreement is and shall remain complete, true and accurate throughout the Term of this Agreement.

~~ARTICLE nominee in relation to the selection or development of the Premises is only for the purpose of determining compliance with System standards~~³

BUSINESS DEVELOPMENT AND OPERATIONS

3.A. BUSINESS LOCATION

Franchisee shall develop, operate and manage the Franchised Business from a Business Facility that is developed and established at a Business Location, that: (a) was identified and evaluated by Franchisee; (b) complies with the terms and conditions of this Agreement; (c) satisfies and meets Franchisor's standards and specifications; (d) is timely presented by Franchisee to Franchisor for approval as Franchisee's proposed Business Location; (e) is approved by Franchisor as Franchisee's Business Location; (f) is timely secured by Franchisee within 180 days of the Effective Date of this Agreement, as evidenced by a binding lease with a duration equal to the full Term of this Agreement; (g) is and, at all times, shall be exclusively dedicated to the operation of the Franchised Business; (h) is located within the Designated Territory, if Franchisor previously designated and approved, in writing, a Designated Territory; and (i) otherwise meets the terms and conditions of this Agreement and Franchisor's standards and specifications.

Franchisee will not lease, purchase or otherwise acquire a proposed Business Location until such information as Franchisor may require as to the proposed Business Location has been provided to Franchisor by Franchisee and, Franchisor has approved the location in accordance with the terms and conditions of this Agreement including, but not limited to, Article 2.A. of this Agreement. Franchisor shall respond to Franchisee's request for approval of a proposed Business Location within a reasonable time period but not exceeding 30 days following Franchisor's receipt, from Franchisee, of complete written information about Franchisee's proposed Business Location. If Franchisor rejects or disapproves Franchisee's proposed Business Location, Franchisee must nevertheless identify and obtain Franchisor's approval of a proposed Business Location within the time requirements set forth in this Agreement. Franchisor's disapproval of a proposed Business Location shall not serve as a basis to extend any deadline or requirement set forth in this Agreement.

Franchisor's approval of Franchisee's proposed Business Location is not and does not constitute a representation, ~~warranty, or guarantee, express, implied or collateral~~, or warranty by Franchisor of any kind other than that Franchisor does not object to or disapprove of Franchisee's proposed Business Location. No provision of this Agreement shall be construed or interpreted to impose an obligation on Franchisor to locate a Business Location for the Franchised Business, to assist Franchisee in the selection of a suitable Business Location for the Franchised Business or to provide assistance to the Franchisee in the purchase or lease of a Business Location. If Franchisee leases Franchisee's Business Location, Franchisee must use Franchisee's best efforts to ensure that the landlord signs the Lease Agreement Rider that is attached to this Agreement as Exhibit 4. If Franchisee's landlord refuses to sign the Lease Agreement Rider in substantially the same form as the attached Exhibit 4, such refusal may constitute grounds upon which Franchisor refuses to approve Franchisee's proposed

Business Location or withdraws such approval.

3.B. BUSINESS DEVELOPMENT

Franchisee shall develop and construct Franchisee's Business Facility and Business Location in accordance with Franchisor's standards and specifications and using only those types of construction materials, decorating materials, furniture, fixtures, equipment, trade dress signs, suppliers, advisors and contractors that Franchisor has approved in the Operations Manual, in supplements to the Operations Manual or as Franchisor otherwise designates and approves of in a writing specifically directed to Franchisee and signed by Franchisor.

Franchisee's Business Facility and Franchisee's Business Location must be constructed and established in accordance with Franchisor's plans and specifications. Promptly after signing a lease or closing on a purchase of the premises of Franchisee's Business Location, Franchisor shall provide Franchisee with Franchisor's generalized prototype plans and specifications. Prior to constructing, equipping and building out Franchisee's Business Facility and Franchisee's Business Location, Franchisee shall:

- (1) Prepare and submit to Franchisor for approval, which approval, specific plans and specifications prepared by the design consultants designated or approved by Franchisor and hired by Franchisee, at Franchisee's sole expense, whereby such plans and specifications are prepared specifically for Franchisee's Business Facility and Franchisee's Business Location and shall reflect and comply with Franchisor's generalized plans and specifications and otherwise satisfy the specifications and requirements set forth in the Operations Manual. If Franchisor determines, in Franchisor's Reasonable Business Judgment, that any plans are not consistent with Franchisor's prototype plans and specifications, Franchisor may prohibit implementation of the plans and disapprove the plans;
- (2) Obtain all required building, utility, sign, health, and sanitation business permits and licenses, and any other required permits and licenses;
- (3) Construct all required improvements to Franchisee's Business Location, purchase and install all required furniture, fixtures and equipment and decorate the premises in compliance with the plans and specifications approved in writing by Franchisor and all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;
24. (4) Provide Franchisor timely written reports ~~regarding the choice and location of the Premises, that the development of the Premises is free of error, nor that the Franchised Business is likely to achieve any level of volume, profit or success;~~ process of construction and remodeling in compliance with Franchisor's then current specifications; and

~~Franchisee acknowledges and agrees that any designee, employee, or agent of~~

(5) Establish filing, accounting, and inventory control systems, conforming to the requirements prescribed by Franchisor, if any.

25. At all times, in the construction and operation of the Franchised Business, Franchisee shall exclusively install, use, attach, maintain, replenish and replace only those types of construction and decorating materials, furniture, fixtures, equipment, and signs that Franchisor has approved or designated in the Operations Manual for Salons by JC Businesses as meeting Franchisor's specifications and standards for appearance, function and performance. Franchisee only ~~may perform~~ purchase approved or designated types of construction and decorating materials, fixtures, equipment, furniture and signs from ~~any duty or obligation imposed on Franchisor by the Agreement, as supplier~~ approved or designated by Franchisor ~~may direct~~, which may include Franchisor and Franchisor's affiliates.

3.C. BUSINESS OPENING

Franchisee must develop and open the Franchised Business to the public and commence the day-to-day operations of the Franchised Business, on or before the Scheduled Business Commencement Date. Notwithstanding the foregoing, Franchisee agrees that prior to opening the Franchised Business to the Public, Franchisee must, as determined by Franchisor: (a) be in compliance with the terms and conditions of this Agreement; (b) have satisfied the pre-opening obligations set forth by Franchisor in the Operations Manual; (c) have completed and satisfied the training obligations designated by Franchisor; and (d) obtained Franchisor's written consent to open.

3.D. BUSINESS OPERATIONS

26. At all times, the Franchised Business shall: (a) be exclusively operated from Franchisee's Business Location that has been approved by Franchisor; (b) be exclusively operated from a Business Facility approved by Franchisor; (c) exclusively offer and sell the Approved Products and Services as designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time; (d) ensure that the Approved Products and Services are only offered and provided by Franchisee through employees and/or Owners that have, to Franchisor's satisfaction, completed brand standard related training requirements and Training Programs as designated by Franchisor, in Franchisor's Reasonable Business Judgment and as may be modified and supplemented by Franchisor from time to time; (e) exclusively utilize, maintain and stock in inventory the System Supplies in such quantities and as designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time; (f) exclusively purchase the System Supplies from the suppliers and vendor(s) approved by Franchisor and designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as modified by Franchisor from time to time; (g) comply with all pricing and promotion requirements as designated by Franchisor in accordance with Article 3.E., below; (h) maintain openings and operating hours in conformity with Franchisor's then current standards and requirements, as designated by Franchisor in Franchisor's Reasonable Business Judgment, respecting, among other things, days, hours, and time of Business operations and service offered to the public, and days, times, and holidays for opening and closing; and, without limitation to the foregoing; and (i) be operated in conformity with the Operations Manual as such Operations Manual exists as of the Effective Date of this Agreement and as the Operations Manual may be modified and supplemented from time to time in the future by Franchisor, in Franchisor's Reasonable Business Judgment. At all times Franchisee must maintain the necessary licenses and permits and those licenses and permits recommended and/or required by Franchisor in connection with Franchisee's ownership and operation of the Franchised Business.

Franchisee agrees that control over the nature, quality, branding and source of the System Supplies is critical to the System and that irrespective of the availability of substitute products, supplies, inventory, apparel, merchandising displays, and/or accessories, Franchisee shall only utilize the System Supplies as designated by Franchisor and only from those suppliers approved by Franchisor. Franchisee agrees that in many instances Franchisor and/or Franchisor's affiliates may be or may become the exclusive supplier of System Supplies.

Notwithstanding anything contained in this Article 3.D. or otherwise in this Agreement, Franchisee agrees that Franchisor possesses the right and discretion, in Franchisor's Reasonable Business Judgment, to grant other System franchisees and Salons by JC Businesses variances from System standards, service and/or product offering requirements, inventory requirements, supply chain requirements, and operational requirements for the purpose of accommodating local or regional consumer preferences, supply chain availability, and/or operational conditions and that Franchisor may do so without affording similar variances or rights to Franchisee.

3.E. PRICING AND PROMOTIONS

Where permitted by applicable law and, to the fullest extent permitted by law, Franchisor reserves the right to designate and establish, maximum, minimum, promotional, and other pricing requirements that Franchisee must comply with respecting prices charged to customers of the Franchised Business and promotions that Franchisee may and/or must offer to customers of the Franchised Business. Franchisee agrees that Franchisor's pricing and promotion requirements may change from time to time and may vary depending on geography (towns, cities, states, regions) and other factors designated by Franchisor including, Franchisor's designation of any local, regional, or national promotional campaigns. Franchisee agrees that Franchisor's pricing and promotional requirements may directly or indirectly impact Franchisee's Business and that Franchisor may designate specific pricing to be included in advertisements and promotional materials. Franchisee agrees that nothing contained in this Article 3.E. shall be deemed a representation by Franchisor that if

Franchisee follows Franchisor's pricing or promotion requirements that Franchisee will generate a profit. Franchisee agrees that pricing and/or promotional requirements designated by Franchisor may or may not optimize the revenues or profitability of Franchisee's Business. Franchisee waives any and all claims related to Franchisor's establishment of prices charged and/or promotions offered at Franchisee's Business. At all times, Franchisee agrees to inform Franchisor of all prices charged for services and/or products offered and sold by Franchisee's Business and to inform Franchisor of any modifications of Franchisee's prices and/or promotional offerings.

3.F. BUSINESS MANAGEMENT SYSTEM

Franchisee shall exclusively use the Business Management Systems designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as may be modified, supplemented, or replaced by Franchisor from time to time. Franchisee cannot substitute or replace the Business Management System in favor of any substitutes or other systems. To the extent that the Business Management System is hosted, maintained, licensed or operated by third party suppliers, Franchisee shall purchase, license and maintain such Business Management System and/or systems from such third party suppliers designated by Franchisor and subject to Franchisor's standards and specifications. Franchisor may require that Franchisee's license, and use of the Business Management System occur through accounts registered to Franchisor, controlled by Franchisor, or licensed through Franchisor and that Franchisee provide Franchisor with internet and complete remote access to such systems.

Franchisee is responsible for initial license fees, training fees and continuing monthly license fees required for use of the Business Management System as specified by Franchisor and as may be designated and determined by Franchisor from time to time in Franchisor's Reasonable Business Judgment or by the suppliers designated by Franchisor and approved by Franchisor. Franchisee must complete training, purchase and license the Business Management Systems no later than 45 days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date. Franchisor may be and/or become the exclusive supplier and/or reseller of the Business Management System.

Supplementing the foregoing, Franchisee agrees that the Business Management System will contain proprietary and confidential information owned by Franchisor and related to the System, and that:

(1) Franchisee shall use the Business Management System and the Business Management System Data for the exclusive benefit of the Franchised Business and in accordance with the terms of this Agreement and Franchisor's standards and specifications as set forth in the Operations Manual;

(2) All rights in and to the Business Management System are non-transferable and non-assignable to Franchisee and shall be utilized by Franchisee subject to the terms and conditions of this Agreement, Business Management System licenses that Franchisor may approve of and otherwise as determined by Franchisor in Franchisor's Reasonable Business Judgment;

(3) As between Franchisee and Franchisor, Franchisor is and shall be the exclusive owner of the Business Management System Data, except that Franchisee shall store and maintain such data in accordance with all applicable local, state and federal privacy, data collection and solicitation laws. Among other things, upon expiration or termination of this Agreement for any reason, Franchisee shall preserve and maintain the Business Management System data for the purpose of transferring such data to Franchisor;

(4) At all times, Franchisee shall provide and permit Franchisor to maintain direct and independent access to the Business Management System and Franchisee shall electronically transfer and transmit to Franchisor all Business Management System Data;

(5) When instructed by Franchisor, Franchisee shall upgrade, replace and modify the Business Management System;

(6) Franchisee shall promptly disclose to Franchisor all ideas and suggestions for modifications or enhancements to the Business Management System, to the configuration and templates associated with the Business Management System and that Franchisor shall have the right to use such ideas and suggestions and that Franchisee shall not receive or obtain any ownership rights or interests in any modifications or enhancements to the Business Management System;

(7) Other than permitting access to employees of the Franchised Business for the purpose of conducting the authorized operations of the Franchised Business, Franchisee shall not permit nor allow any third party to access, use or duplicate the Business Management System or the Business Management System Data without Franchisor's prior written consent;

(8) Franchisee shall keep and maintain the Business Management System and the Business Management System Data as secret and confidential, and Franchisee shall maintain security precautions to maintain the confidentiality and secrecy of the Business Management System Data and to prevent the unauthorized access or use; and

(9) In no event shall Franchisor be liable to Franchisee for any damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to Franchisee's use or, Franchisee's inability to use, the Business Management System even if Franchisor has been advised of the possibility of such damages, or for any claim by any other party including the software manufacturer. The foregoing limitations of liability are intended to apply without regard to whether other provisions of the Agreement have been breached or proven ineffective.

3.G. DIGITAL MEDIA, SYSTEM WEBSITE AND TELEPHONE NUMBERS

As between Franchisor and Franchisee, Franchisee agrees that Franchisor is the absolute owner of the Digital Media. Franchisee shall not use, access or open accounts regarding or related to Digital Media unless expressly approved by Franchisor in writing which approval Franchisor may withhold, condition or limit as determined by Franchisor in Franchisor's Reasonable Business Judgment and which approval, if given, shall be limited to the marketing and promotion of the Franchised Business in accordance with Franchisor's standards and specifications. Upon expiration or termination of this Agreement for any reason, any prior authorization by Franchisor as to Franchisee's right to use the Digital Media and/or otherwise as to any rights of Franchisee in or to the Digital Media shall be automatically terminated and, at Franchisor's election, the right to any and all accounts and/or sites (if any) associated with Digital Media utilized by Franchisee shall be transferred to Franchisor. Under no circumstance shall Franchisee utilize the Digital Media for purposes of or with the effect of libeling or disparaging another nor shall Franchisee violate any copyrights – as to such actions as between Franchisee and any third party, Franchisee is exclusively responsible for disparagement, libel and/or copyright infringement if Franchisee published and/or caused such content to be published.

Franchisee agrees that Digital Media must be approved by Franchisor prior to publication or use in any form. Digital Media and Published Content that is approved by Franchisor or that otherwise is acceptable to Franchisor as meeting Franchisor's standards shall be owned by Franchisor. As between Franchisor and Franchisee, any and all interest and right in or to the Digital Media and/or Published Content shall, at all times, be and is the exclusive property of Franchisor both during the Term of this Agreement and upon the expiration or termination of this Agreement. Franchisee agrees that the System Website and all improvements and modifications made to the System Website, Digital Media, and Published Content is and shall be the exclusive property of Franchisor. During the Term of this Agreement and subject to Franchisee's compliance with the terms and conditions of this Agreement, the System Website, shall include information related to the Franchised Business as shall be determined and designated by Franchisor in Franchisor's Reasonable Judgment.

In the event of the termination of this Agreement, for any reason, that the accounts related to all telephone numbers associated with the Franchised Business and all rights in and to the telephone numbers associated with the Franchised Business, shall, at Franchisor's election, be transferred to Franchisor.

Without limitation to the foregoing, Franchisee shall, upon the request of Franchisor, execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 6. Upon the request of Franchisor, Franchisee shall execute, update, and/or re-execute the Assignment of Telephone Numbers and Digital Media agreement upon the request of Franchisor. As between Franchisor and all third parties, Franchisee does hereby represent and acknowledge that such third party is authorized to rely on the Assignment of Telephone Numbers and Digital Media agreement, irrespective of any dispute and/or controversy between Franchisor and Franchisee and irrespective of any contrary instructions of Franchisee.

3.H. BUSINESS RELOCATION

K. To the extent that Franchisee wishes to relocate the Franchised Business and, thereby, Franchisee's Business Location and Franchisee's Business Facility, Franchisee must obtain Franchisor's prior written consent, which Franchisor may refuse in Franchisor's Reasonable Business Judgment. Franchisee agrees that if Franchisor does consent to the relocation of the Franchised Business, that Franchisor may condition Franchisor's consent to Franchisee's relocation request on requirements imposed by Franchisor which may include, among other things: (a) that the proposed Business Location meet and satisfy Franchisor's then current standards for Business Locations; (b) that the proposed Business Facility meet and satisfy Franchisor's then current standards for Business Facilities; (c) that the proposed Business Facility be constructed and established in accordance with Franchisor's current standards and specifications; (d) that the proposed Business Location be located within Franchisee's Designated Territory; (e) that the proposed Business Location (even if it is located within the Designated Territory) not be within a close proximity to the Designated Territory and/or Business Location of another Salons by JC Business; and (f) that, as to the proposed Business Facility and proposed Business Location, Franchisee satisfy the terms and conditions set forth in this Agreement for Business Facilities, and Business Locations including, but not limited to, the requirements set forth in Articles 2.A. and 3.B. of this Agreement. ~~If Franchisee believes Franchisor has failed to provide adequate pre-opening services as provided in this Agreement, Franchisee shall notify Franchisor in writing within thirty (30) days following the opening of the Franchised Business. Absent such notice to Franchisor, Franchisee acknowledges, Franchisee agrees and grants that Franchisor complied with all of its pre-opening and opening obligations set forth in this Agreement.~~

L. ~~Franchisor may establish and conduct an annual conference for all System Facility owners and operators, and may require Franchisee to attend this conference for no more than five (5) days each year. Franchisee will be solely responsible for all expenses incurred in~~

~~attending the annual conference (including any employee wages). If Franchisee fails to attend any annual or regional conference, then Franchisee shall pay a penalty fee of five hundred dollars (\$500) to Franchisor.—~~

6. DUTIES OF FRANCHISEE—

A. ~~Franchisee must secure a Premises within the Designated Territory within ninety (90) days of executing this Agreement, unless Franchisor agrees to an extension of time in writing. If Franchisor has designated an Approved Supplier for site selection assistance, then Franchisor may require that Franchisee use this Approved Supplier. If Franchisee is entering into a Lease for the proposed Premises, the form of Lease must be approved by Franchisor and Franchisee must ensure that the Lease contains the following terms as a condition to Franchisor's approval thereof:—~~

- ~~1. The leased Premises will only be used as a SALONS BY JC Facility offering only salon suite services and the other Approved Products and Services that Franchisor designates;—~~
- ~~2. Franchisor has the right to enter the Premises to make any modifications necessary to protect Franchisor's Proprietary Marks;—~~
- ~~3. Upon Franchisor's request, the landlord shall supply Franchisor with a current copy of the Lease;—~~

~~27. The landlord will notify Franchisor in writing of and upon the failure of Franchisee to cure any default by Franchisee under the Lease, and provide Franchisor with an opportunity to cure the default on behalf of Franchisee within a reasonable period of time; possesses sole discretion as to whether or not Franchisor approves of Franchisee's relocation request.—~~

- ~~4. Franchisor will have the option, but not the obligation, to assume or renew the Lease and the occupancy of the business premises, including the right to sublease to another party operating a Facility, for all or any part of the remaining term of the Lease only if: (i) the Franchise Agreement or Lease is terminated for cause; (ii) Franchisee is in default under the Lease and, if applicable, fails to cure within the time period provided for in the Lease; (iii) Franchisee is in material default of the Franchise Agreement and fails to cure said default(s) within the applicable time period (if any) thereunder; or (iv) either the Franchise Agreement or Lease expires (and Franchisee does not renew in accordance with the respective terms of those—~~

agreements). Franchisor will not have the right to assume any Lease in the event Franchisee is relocating the Franchised Business from the Premises governed by the Lease in accordance with the terms of this Agreement. In the event Franchisor assumes the Lease under this Section, Franchisor will not be obligated to pay to the landlord past due rent, common area maintenance, and/or other charges attributable to more than one (1) month. The landlord shall give Franchisor thirty (30) days upon termination of Franchisee's rights under the Lease to exercise this option, which Franchisee must do in writing; and—

5. ~~The Lease may not be materially amended, assigned, or terminated without Franchisor's prior written approval.—~~
- B. ~~Upon the surrender of the Premises, Franchisee must conduct a physical inventory so that there is an accurate accounting of inventory, fixtures, furniture, supplies and equipment on hand, and shall provide a signed copy of this physical inventory to Franchisor as of the date of surrender of the Premises. Franchisor shall have the right to enter the Premises at its convenience and conduct said physical inventory on its own.—~~
- C. ~~Franchisee must comply with both the Lease and any additional leasehold covenants and regulations of the building in which the Premises is located. In the event the landlord of the Premises terminates the Lease due to Franchisee's default thereunder, this termination will also constitute a material breach of this Agreement by Franchisee. In the event Franchisor provides appropriate notice as described in Section 6(A) above and assumes control of the Premises and the operation of the former Franchised Business upon the termination or expiration of the Lease, the future operation of that Facility by Franchisor shall not be as an agent of Franchisee and Franchisor shall not be required to account to Franchisee as a result thereof.—~~
- D. ~~Franchisee must complete all construction and build-out of the Premises in a manner consistent with Franchisor's System standards, specifications and any agreed-upon plans and open the Franchised Business to the public no later than twelve (12) months after the date this Agreement is executed. Franchisor may recommend or require that Franchisee use an Approved Supplier for construction management, architectural services or any related pre-opening services. Franchisor must provide its prior written consent before Franchisee may open the Franchised Business, and Franchisor reserves the right to inspect the construction and/or build-out of the Franchised Business at any reasonable time prior to the opening date. Should Franchisee fail to open the Franchised Business for operation within the prescribed period (or, if applicable, within any extended period of time Franchisor approves in writing), this Agreement will be deemed terminated upon written notice from Franchisor to Franchisee without the necessity of further action or documentation by either party.—~~
 1. ~~Notwithstanding anything contained in this Section, Franchisor will provide Franchisee with a reasonable extension of time not to exceed ninety (90) days to complete the build-out/construction of the Franchised Business and open to the public, provided: (i) Franchisee has already executed a lease for, or otherwise obtained, a Premises that Franchisor approves; and (ii) Franchisee notifies Franchisor of its need for such an extension no less than thirty (30) days prior to expiration of the twelve (12) month period described herein.—~~

2. ~~The parties further agree and acknowledge that if Franchisee is opening and operating the Franchised Business pursuant to its development obligations under an ADA with Franchisor, then that ADA will control the timeline for opening and operating the Franchised Business in the event there is an inconsistency between the ADA and this Agreement. Franchisee must open and commence operations of the Franchised Business within the time period prescribed in the development schedule set forth in the ADA (even if Franchisor does not require Franchisee to execute this Agreement until Franchisee has secured an approved Premises for the Franchised Business).—~~
- E. ~~Prior to opening, Franchisee must obtain and maintain (throughout the term of this Agreement) all required licenses, permits and approvals to establish, open and operate the Franchised Business at the Premises in the Designated Territory, including all required licenses and permits related to the offer and provide salon suite leasing services and the other Approved Products and Services provided at the Franchised Business.—~~
- F. ~~Franchisee must only offer and sell only the Approved Products and Services at the Franchised Business. Franchisee may not offer or provide any other products/services and must not deviate from Franchisor's System standards and specification related to the manner in which the Approved Products and Services are offered and sold, unless Franchisor provides its prior written consent. Franchisor has the right to add additional, delete or otherwise modify certain of the Approved Products and Services from time to time in the Manuals and otherwise in writing, as it deems appropriate in its sole discretion. In the event of a dispute between Franchisee and Franchisor concerning Franchisee's right to carry any particular product or to offer any specific service, Franchisee will immediately remove the disputed products from inventory, remove the disputed service from those services offered at the Premises, or, if the same are not already in inventory or such services not yet being offered, will defer offering for sale such products and services pending resolution of the dispute.—~~
- G. ~~Franchisee is specifically prohibited from installing, displaying, or maintaining any vending machines, gaming machines, automatic teller machines, internet kiosks, public telephones (or payphones), or any other electrical or mechanical device in the Facility other than those Franchisor prescribes or approves.—~~
- H. ~~Franchisee must maintain at all times during the term of this Agreement and any renewals hereof, at Franchisee's expense, the Premises and all fixtures, furnishings, signs, and inventory therein as necessary to comply with Franchisor's standards and specifications as prescribed in the Manuals or otherwise in writing. Franchisee must also make such additions, alterations, repairs, and replacements to the foregoing as Franchisor requires. Franchisor will not require Franchisee to make material renovations or refurbishments to the Premises of the Franchised Business more than once every ten (10) years, unless such renovation/refurbishment is collect a relocation fee to offset Franchisor's costs and expenses in connection with a renewal or transfer of this Agreement. The parties agree and acknowledge, however, that the limitation set forth in the preceding sentence will not apply to any request to modify the Proprietary Marks as provided for in this Agreement.—~~
- I. ~~Franchisee must at all times conduct and operate the Franchised Business in accordance with all federal, state, and local laws, ordinances, and regulations applicable thereto, including any laws and regulations related to commercial leasing/subleasing, the operation~~

of a salon and/or the rental/leasing an individual salon suite within Franchisee's Facility to a third party.—

- J. ~~Franchisee must: (i) purchase any and all Required Items that Franchisor designates for use in connection with the Franchised Business, including without limitation, all products, supplies, inventory, fixtures, Computer System, parts, and materials required for the operation of the Franchised Business; (ii) ensure that all Required Items meet Franchisor's standards and specifications; and (iii) purchase all items Franchisor specifies from the Approved Supplier(s) that Franchise designates, which may include Franchisor or its affiliate(s). Franchisee agrees and acknowledges that Franchisor and/or its affiliates may derive revenue from the offer and sale of Required Items.—~~

28. ~~If Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, to the extent known. Franchisee must then follow Franchisor's then-current procedure for evaluating and approving such request and pay Franchisor's then-current product/supplier evaluation fee (the "Evaluation Fee"). At Franchisor's request, Franchisee must also provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. If Franchisor incurs any costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, Franchisee must reimburse Franchisor for Franchisor's reasonable testing costs, regardless of whether Franchisor subsequently approves the item or supplier. Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within thirty (30) days of: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied. Franchisor may, but is not obligated to, provide Franchisee's proposed supplier with its specifications for the item that Franchisee wishes the third party to supply, provided that third party executes Franchisor's prescribed form of non-disclosure agreement. Each supplier that Franchisor approves must comply with Franchisor's usual and customary requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract. Franchisor may re-inspect and revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate.~~a relocation request.

ARTICLE —

- K. ~~Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from computer viruses, bugs, power disruptions, communication line disruptions,—~~

~~internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders.—~~

- ~~L. Franchisee must openly and prominently display franchise promotional materials provided or designated by Franchisor and participate in any ongoing System-wide sales, specials or other promotions that Franchisor designates.—~~
- ~~M. Franchisee agrees and acknowledges that Franchisee and each of its management personnel (including its Concierge Manager) must:—~~
 - ~~1. Attend and successfully complete the Initial Training Program (Franchisee only) or other required limited training (Concierge Manager only) within sixty (60) days of executing this Agreement, and must pay Franchisor the appropriate initial training tuition fees for any person(s) that attend the program other than the first three (3) individuals. Franchisee must also cover all costs associated with personnel of Franchisee attending the Initial Training Program. Franchisee agrees and acknowledges that, in order for Franchisee and/or its management to be eligible to receive any portion of Franchisor's Initial Training Program, Franchisee must first: (i) submit, and obtain our approval of, the initial marketing plan and proposed budget for Initial Marketing Spend expenditures that Franchisee must develop; (ii) demonstrate that Franchisee has pre-paid all amounts in connection with the foregoing plan as part of your Initial Marketing Spend, or is otherwise in a position to do so; (iii) setting up Franchisee's designated bank account for EFT payments required in connection with the Franchised Business, including providing Franchisor or its designee with all authorizations and approvals necessary access to such account; and (iv) otherwise complete, update and sign all Exhibits to the Franchise Agreement to the extent they have not been previously executed, updated or completed in their entirety (collectively, the "Training Conditions").—~~
 - ~~2. Attend and successfully complete additional or refresher training the Franchisor is permitted to require Franchisee to attend each year, as well as up to five (5) days of training that Franchisor has the right to require Franchisee and its management personnel to attend in response to any default of this Agreement by Franchisee as part of Franchisee's actions to cure such default ("Remedial Training"); and—~~
 - ~~3. Attend, and actively participate in, Franchisor's annual conference or other Facility owner meeting if Franchisor determines to conduct such a conference or meeting.—~~
- ~~N. Franchisee or at least one (1) of Franchisee's personnel that has successfully completed the Initial Training Program must conduct training classes for, and properly train, all of Franchisee's employees on sales, advertising, maintenance of the Premises, the POS System and computer system, as well as any other information that is relevant to each employee's role with the Franchised Business, including Franchisor's standards and specifications for operating the Franchised Business, as Franchisor may set forth in the Manuals or otherwise in writing. Further, at least one person that has completed the Initial Training Program must manage the Franchised Business at all times.—~~
- ~~O. Franchisee shall keep the Franchised Business open and in normal operation for such minimum hours and days as Franchisor may prescribe in the Manuals or otherwise in writing, and must ensure that the Franchised Business is sufficiently staffed.—~~

- P. ~~Franchisee shall maintain the image of the Franchised Business at all times in accordance with Franchisor's standards and specifications, including: (i) ensuring that the Premises (including any retail space/racks) are maintained in a clean and orderly manner; and (ii) ensuring that all equipment, furniture and fixtures remain in good, clean condition and is properly displayed. Franchisor may require Franchisee to refurbish, renovate and/or otherwise substantively modify the interior of the Franchised Business, including the furniture, fixtures and equipment used at the Premises, no more than once every ten (10) years (unless the change is required in connection with a renewal or transfer of this Agreement) so that the Premises and Franchised Business conform with Franchisor's then-current System standards and specifications for a new SALONS BY JC Facility.—~~
- Q. ~~Franchisee must maintain a list of all of its current and former operators and customers of the Facility, as well as copies of their respective leasing contracts, at the Premises and make such lists and contracts available for Franchisor's inspection upon request.—~~
- R. ~~Franchisee shall follow Franchisor's general leasing/pricing guidelines but, as an independent contractor, Franchisee may exercise flexibility in meeting competition, offering leasing specials, and adapting to local market conditions. Franchisor may request information from Franchisee that has been used to substantiate any reduction in pricing to meet market conditions.—~~
- S. ~~Franchisee shall manage and operate the Franchised Business in an ethical and honorable manner, and must ensure that all those working at the Franchised Business provide courteous and professional services to customers and always keep its customers' interests in mind while protecting the goodwill of the Proprietary Marks, System and the Franchised Business. Franchisee must handle all customer complaints and requests for returns and adjustments in a manner consistent with Franchisor's standards and specifications, and in a manner that will not detract from the name and goodwill enjoyed by Franchisor. Franchisee must consider and act promptly with respect to handling of customer complaints, and implement complaint response procedures that Franchisor outlines in the Manuals or otherwise in writing.—~~
- T. ~~To determine whether Franchisee is complying with this Agreement, Manuals and the System, Franchisor and its designated agents or representatives may at all times and without prior written notice to Franchisee: (i) inspect the Premises; (ii) observe and monitor the operation of the Franchised Business for consecutive or intermittent periods as Franchisor deems necessary; (iii) interview personnel and customers of the Franchised Business; and (iv) inspect, audit and/or copy any books, records, and agreements relating to the operation of the Franchised Business, including all financial information. Franchisee agrees to cooperate with Franchisor fully in connection with these undertakings by Franchisor (if taken). If Franchisor exercises any of these rights, Franchisor will not interfere unreasonably with the operation of the Franchised Business.—~~
- U. ~~Franchisee must engage a Concierge Manager that Franchisor approves in writing to manage the day-to-day operations of the Franchised Business. If Franchisee designates a manager at any time, that manager must successfully complete our then-current Concierge Manager Training prior to assuming any management responsibilities in connection with the Franchised Business. Regardless, Franchisee is solely responsible for all aspects of the operation of the Franchised Business and ensuring that all the terms, conditions, and requirements contained in this Agreement and in the Manuals are met and kept.—~~

- V. ~~Franchisee will have the option, but not the obligation, to accept credit cards at the Premises to facilitate sales, including Visa, MasterCard, American Express and Discover.—~~
- W. ~~Franchisee agrees to promptly pay Franchisor all payment and contributions that are due to Franchisor, its affiliates or any Approved Supplier.—~~
- X. ~~Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. Franchisee's employees must be competent, conscientious, and properly trained.—~~

7. **PROPRIETARY MARKS AND OTHER INTELLECTUAL PROPERTY RIGHTS—**

~~Franchisee acknowledges the exclusive ownership and/or right to use the Proprietary Marks by Franchisor, and Franchisee agrees that during the term~~⁴

TRAINING AND OPERATING ASSISTANCE

4.A. INITIAL TRAINING, SUPPLEMENTAL TRAINING AND SYSTEM-WIDE TRAINING

(1) Within 45 days of the earlier of the Scheduled Business Commencement Date or the Actual Business Commencement Date, Franchisee's Managing Owner and up to two Managers must complete, to Franchisor's satisfaction, Franchisor's initial training program (the "Training Program"). Franchisor will provide Franchisee, comprised of Franchisee's Managing Owner, and up to two designated Managers, with Franchisor's Training Program. If Franchisee would like more than three individuals to attend the initial Training Program, subject to Franchisor's approval, Franchisee shall pay to Franchisor an additional fee of \$500 per additional person attending the Training Program (the "Additional Initial Training Fee"). Additional Initial Training Fees shall be pre-paid in advance of training and upon submission of invoice by Franchisor to Franchisee.

Prior to opening and commencing the operations of the Franchised Business, the Managing Owner and other personnel as designated or determined by Franchisor, must attend and successfully complete the Training Program designated by Franchisor. The training may include classroom and on-the-job instruction at a location or facility designated by Franchisor, and/or, at the election of Franchisor and as determined by Franchisor, in Franchisor's Reasonable Business Judgment, may be conducted remotely through online web based conferencing. Following completion of the Training Program, Franchisee shall be responsible for the ongoing training of Franchisee's employees, staff and all other employees of the Franchised Business. Said on-going training must conform to Franchisor's standards and specifications. The Training Program shall be structured, configured and established by Franchisor from time to time. The Training Program may be structured so that it is offered and completed by Franchisee in various phases.

(2) Franchisee or, if Franchisee is a Corporate Entity, Franchisee's Managing Owner and Manager, at Franchisee's sole cost and expense, must attend and successfully complete all refresher training courses or system-wide training courses, additional training programs and seminars as Franchisor periodically may designate or offer in Franchisor's Reasonable Business Judgment. Franchisor provides instructors and training materials for those programs and seminars, but Franchisor reserves the right to assess Franchisee reasonable charges for such training. Franchisee is responsible for all expenses Franchisee and Franchisee's employee incurs in connection with attendance and participation in these programs and seminars, including, without limitation, the cost of transportation, lodging, meals and any salaries and other wages.

(3) Franchisee shall pay all costs and expenses incurred by Franchisee, and those attending training on behalf of Franchisee, in connection with Franchisee's participation in all Training Programs and satisfaction of Franchisee's Training Program obligations as designated by Franchisor.

(4) Subject to Franchisor's approval and agreement, Franchisor may offer supplemental training to Franchisee at Franchisee's Business Location or, as elected by Franchisor, remotely through online web based conferencing (hereinafter referred to as "Supplemental Training"). Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right to reject or approve of any request by Franchisee for Supplemental Training. If Franchisor does agree to offer and provide Supplemental Training, Franchisee shall pay to Franchisor a supplemental training fee at the rate of \$500 per trainer per day plus, if applicable, reimbursement of travel and hotel accommodation expenses incurred by Franchisor (the "Supplemental Training Fee"). Franchisee agrees that in each instance where Franchisee hires a new Operating Manager, and/or Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee is not satisfying and/or meeting Franchisor's operational standards, then, Franchisor may require that Franchisee, and/or, as applicable, Franchisee's Operating Manager participate in and, successfully complete, Supplemental Training pay the Supplemental

Training Fees designated by Franchisor. Supplemental Training Fees shall be pre-paid in advance of training and upon submission of invoice by Franchisor to Franchisee.

(5) Franchisor, in Franchisor's Reasonable Business Judgment must approve of all individuals attending and participating in the Training Program and all Supplemental Training programs. All participants in the Training Program must qualify as either an Owner or Operating Manager and, prior to training, among other things, must have executed the Franchise Owner and Spouse Agreement and Guaranty or the Confidentiality Agreement, respectively.

4.B. OPERATING ASSISTANCE

From time to time and as determined by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisor shall advise Franchisee of those applicable standards, procedures and System requirements concerning the Franchised Business. Operating assistance may, as determined by Franchisor, in Franchisor's sole discretion, consist of:

- (1) Establishing and communicating systems and procedures related to the development and operation of the Franchised Business;
- (2) Establishing and communicating Approved Products and Services and, as applicable and as determined by Franchisor, modifications, if any, to the Approved Products and Services including, but not limited to, additions, deletions, and/or changes to the Approved Products and Services;
- (3) Designating and communicating System Supplies and, as applicable and as determined by Franchisor, modifications, if any, to the System Supplies including, but not limited to, additions, deletions, and/or changes to the System Supplies;
- (4) Designating and communicating approved and designated suppliers of the Franchised Business and, as applicable and as determined by Franchisor, modifications, if any, to approved and designated suppliers including, but not limited to, additions, deletions, and/or changes to the approved and designated suppliers;
- (5) Establishing and communicating marketing and brand standards related to the promotion of the Franchised Business;
- (6) Approving or disapproving of Franchisee requests related to marketing materials and Digital Media that may be used to market the Franchised Business; and
- (7) Establishing and communicating System standards and requirements in the form of the Operations Manual and, as Franchisor, in Franchisor's sole discretion.

4.C. OPERATIONS MANUAL

Franchisor shall provide Franchisee with access to the Operations Manual. The Operations Manual contains, as designated and determined by Franchisor, mandatory and, as applicable, suggested specifications, standards and operating procedures that Franchisor prescribes for Salons by JC Businesses. Franchisee shall operate the Franchised Business in strict accordance with the standards, specifications, and requirements set forth in the Operations Manual as, such standards, specifications, and requirements including, but not limited to, the Approved Products and Services, System Supplies, and, authorized and designated suppliers, as of the Effective Date of this Agreement, and, as they may be supplemented, modified, changed, and/or replaced in the future and, from time to time, by Franchisor, in Franchisor's Reasonable Business Judgment. Franchisee shall keep and maintain the confidentiality of the Operations Manual and, shall keep and maintain all files, data and information contained in the Operations Manual in a secure location and/or in a protected confidential state and, as otherwise directed by Franchisor. The master copy and official version of the Operations Manual is and shall be the copy and/or version maintained and designated by Franchisor in Franchisor's ordinary course of business.

Franchisor shall provide Franchisee with reasonable notice of modifications and changes made to the Operations Manual and, such notice may take form of electronic communications including emails and, if the Operations Manual is maintained on an online web based platform, notifications within said platform. Franchisor shall provide Franchisee with a reasonable period of time, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, to implement change and modifications to the as set forth in the Operations Manual. Without limitation to the foregoing, Franchisee may only offer and sell the Approved Products and Services and utilize the System Supplies as designated by Franchisor, in Franchisor's Reasonable Business Judgment, in the Operations Manual and, in accordance with the terms, specifications and requirements set forth in the Operations Manual and as Franchisor may supplement and modify the Operations Manual from time to time or, as Franchisor may otherwise designate in writing.

ARTICLE 5

FEES

5.A. INITIAL FRANCHISE FEE

Upon execution of this Agreement Franchisee shall pay to Franchisor a non-recurring initial franchisee fee (the "Initial Franchise Fee") of \$60,000. The Initial Franchise Fee is fully earned by Franchisor upon execution of this Agreement and is not refundable.

5.B. ROYALTY FEES

Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable royalty fee (the “Royalty Fee”) in an amount equal to the greater of: (a) 5.5% (the “Royalty Rate”) of your monthly Gross Sales; or (b) the minimum monthly Royalty Fee of \$500 per month. The minimum monthly Royalty Fee of \$500 per month will not be collected during the 90 day period following the earlier of the Scheduled Business Commencement Date or Actual Business Commencement Date. The Royalty Fee shall be calculated on a monthly basis for each respective monthly Accounting Period. The Royalty Fee during any Renewal Term shall be determined by Franchisor but shall not be less than the Royalty Fee and Royalty Rate set forth in this Agreement. If any federal, state or local tax or withholding obligation, other than an income tax, is imposed on the Royalty Fee paid by Franchisee to Franchisor that, Franchisor cannot directly and, dollar for dollar, offset against taxes required to be paid by Franchisor under any applicable federal or state laws, then Franchisee must compensate Franchisor in amounts that offset the tax and withholding obligations.

On-Going Obligation: The Royalty Fee is an on-going obligation due from Franchisee to Franchisor, is payable in United States Dollars and, as designated by Franchisor, is to be calculated and paid monthly (unless another recurring Accounting Period is designated by Franchisor) on the Gross Sales for the previous monthly Accounting Period for each and every month throughout the Term of this Agreement and any applicable renewal term.

Payment and Due Date: Royalty Fee payments will be paid monthly and sent by ACH, electronic funds transfer, or as otherwise designated by Franchisor and shall be due on the 5th of each monthly Accounting Period (for the preceding month and each month thereafter throughout the entire Term of this Agreement) or such other specific day of the month that Franchisor designates from time to time or for such other period that Franchisor may designate (the “Due Date”) (the term Due Date is further defined in Article 1 of this Agreement).

Tax Obligations: If any federal, state or local tax, other than an income tax, is imposed on the Royalty Fee paid by Franchisee to Franchisor that, Franchisor cannot directly and, dollar for dollar, offset against taxes required to be paid by Franchisor under any applicable federal or state laws, Franchisee must compensate Franchisor in the manner prescribed by Franchisor so that the net amount or net rate received by Franchisor for the Royalty Fee is not less than that which has been established by this Agreement and which was due to Franchisor on the effective date of this Agreement.

Payment Authorization: Upon the request of Franchisor and in no event not later than 30 days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date, Franchisee shall execute Franchisor’s designated ACH Authorization Form and such other authorization agreements, in the form proscribed by Franchisor and permitting Franchisor’s direct withdrawal and/or electronic transfer of sums from Franchisee’s designated business bank account, for the on-going payment of Royalty Fees, and other fees and sums due from Franchisee under this Agreement. As of the Effective Date, Franchisor’s current ACH Authorization that must be executed and complied with by Franchisee is attached to this Agreement as Exhibit 7. Franchisor may require Franchisee to pay the Royalty Fees and other amounts due under this Agreement by means other than ACH and/or automatic debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor’s payment instructions.

Royalty and Activity Reports: On the Due Date each month, Franchisee shall report, transmit, confirm, and/or otherwise make available to Franchisor, as designated by Franchisor, a Royalty and Activity Reports containing information as designated by Franchisor and relating to the Gross Sales, financial performance, and operations of the Franchised Business for the preceding monthly Accounting Period (the “Royalty and Activity Report”). Franchisor shall have the right to verify such royalty payments from time to time, as it deems necessary in any reasonable manner.

5.C. OTHER FEES

As designated by Franchisor in this Agreement, the Operations Manual, or otherwise, Franchisee shall pay to Franchisor and/or as otherwise directed by Franchisor, each of the following additional fees:

(1) Technology Fees – Throughout the Term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly non-refundable technology fee (the “Technology Fee”). Franchisor, in Franchisor’s Reasonable Business Judgment, possesses the right, at any and all times throughout the Term of this Agreement, to implement and charge Franchisee a monthly Technology Fee in an amount designated by Franchisor but provided that such monthly fee does not exceed \$500 per month. The Technology Fee is a general administrative fee and is not connected to any particular service. The Technology Fee shall be paid to Franchisor each and every month on the Due Date.

(2) Brand Development Fund Fees – Franchisee shall pay to Franchisor, Franchisor’s affiliates, or Franchisor’s designees the Brand Development Fund Fee as set forth in Article 9.A. of this Agreement.

(3) Property Management Software Fees – Franchisee shall pay to Franchisor, Franchisor’s affiliates, or Franchisor’s designees on-going weekly, monthly, and/or per use property management software fees throughout the Term of this Agreement respecting Franchisee’s license and use of the property management software as designated and specified by Franchisor, in Franchisor’s Reasonable Business Judgment. The property management software fee may increase if the designated vendor increases the monthly license fees.

(4) Quality Assurance Audit Fees – Franchisee shall pay to Franchisor, Franchisor’s affiliates, or Franchisor’s designees on-going weekly, monthly, and/or per use fees, as designated and determined by Franchisor, related to quality assurance programs designated by Franchisor related to periodic inspections of Franchisee’s Businesses and/or secret shopper evaluations.

(5) Annual Conference Fees – Franchisee shall be responsible for all expenses of its personnel attending the Annual System Conference including travel, meals and lodging. Franchisee shall be required to pay to Franchisor an Annual Conference Attendance Fee. **Franchisee agrees that if Franchisee fails to attend the Annual System Conference that Franchisor shall, nevertheless, charge and Franchisee shall pay the Annual Conference Attendance Fee – even if Franchisor waives such fee for franchisees who attend the Annual System Conference.**

(6) Supplemental Training Fees – Franchisee shall pay to Franchisor all training fees in accordance with the terms of this Agreement including, but not limited to, Additional Initial Training Fees and Supplemental Training Fees.

(7) Non-Compliance Fees – Franchisee shall pay to Franchisor all non-compliance fees in accordance with the terms of this Agreement including, but not limited to, Payment Non-Compliance Fees, Operations Non-Compliance Fees, and Reporting Non-Compliance Fees.

(8) Securities Offering Fees – If Franchisee plans to offer securities by private offering, Franchisee shall obtain Franchisor’s prior written approval. Franchisor reserves the right to require Franchisee to submit documents supporting the request, which Franchisor, in Franchisor’s Reasonable Business Judgment, finds would assist Franchisor in evaluating the request. Franchisee shall pay to Franchisor a fee of \$3,500 in connection with reviewing any documents in order to evaluate the request.

(9) All Other Fees and Obligations Set Forth in this Agreement – Franchisee shall pay to Franchisor, Franchisor’s affiliates, or Franchisor’s designees all other fees, charges, and/or expenses set forth in this Agreement and in accordance with the terms of this Agreement. If no particular due date is stated in this Agreement then such date or dates shall be determined by Franchisor in Franchisor’s Reasonable Business Judgment.

5.D. PAYMENT NON-COMPLIANCE FEES AND CHARGES

In addition to all other rights afforded to Franchisor under this Agreement, in connection with each and every fee, charge, and/or obligation payable and due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to, this Article 5, within 14 days of Franchisor’s invoice, Franchisee shall pay to Franchisor: (a) a payment non-compliance fee in the amount of \$150 (the “Payment Non-Compliance Fee”) for each and every instance where a fee, charge, and/or obligation payable to Franchisor under this Agreement is not paid in full when due; plus (b) interest on all unpaid fees, sums, and/or obligations payable and due from Franchisee to Franchisor at an interest rate equal to the lesser of either 18% per annum, or the maximum interest rate allowed by applicable law and with interest accruing on the date when such fee, sum, or obligation was due; plus (c) all costs incurred by Franchisor in the collection of such unpaid and past due obligations including, but not limited to, reasonable attorney’s fees, costs, and expenses. Additionally, if Franchisee’s bank account possesses insufficient funds and/or fails to process a payment related to any fee due to Franchisor, Franchisor may charge the greater of either (i) 5% of the amount; (ii) \$50 for each instance; or (iii) the maximum amount allowed by law. The foregoing does not constitute Franchisor’s agreement to accept payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee’s operation of the Franchised Business. Nothing contained in this Article 5.D, shall be interpreted as interfering with and/or negating Franchisor’s rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

5.E. APPLICATION OF PAYMENTS

Franchisor has sole discretion to apply any payments received from Franchisee or to offset any indebtedness of Franchisee to Franchisor to any past due indebtedness of Franchisee for Royalty Fees, Advertising Contributions, purchases from Franchisor or its affiliates, interest or any other indebtedness of Franchisee to Franchisor or its affiliates.

5.F. WITHHOLDING PAYMENTS UNLAWFUL

Franchisee agrees that under no circumstance is Franchisee entitled to withhold payments due to Franchisor under this Agreement. Among other things and without limitation to the foregoing, Franchisee expressly agrees that any claim by Franchisee as to the alleged non-performance of Franchisor’s obligations shall not permit and/or entitle Franchisee to withhold payments due Franchisor under this Agreement.

ARTICLE 6 **RESTRICTIVE COVENANTS AND OBLIGATIONS**

6.A. NECESSITY FOR RESTRICTIVE COVENANTS

Franchisee agrees that only through the course of entering into this Agreement is Franchisee being provided with access to the System, Franchisor’s training, use of the Licensed Marks and, access to the Operations Manual and Confidential Information. Franchisee agrees that competition by Franchisee, Owners, Spouses and/or Immediate Family Members could jeopardize the entire System and cause irreparable harm to Franchisor and franchisees of Salons by JC Businesses. Accordingly, Franchisee and Franchisee’s Owners and Spouses agree to comply with the restrictive covenants set forth in this Article 6 and throughout this Agreement.

6.B. RESTRICTIVE COVENANTS: KNOW-HOW

- A. ~~Franchisee agrees that, at all times, both during the Term of this Agreement and after its expiration or termination Franchisee will not directly or indirectly contest or aid in contesting the validity of the Proprietary Marks or the ownership or rights of the Proprietary Marks by Franchisor. Furthermore, Franchisee intends and hereby concedes that any commercial use Franchisee may make of the Proprietary Marks shall contribute and inure to the commercial use and benefit of Franchisor, which Franchisor may claim to strengthen and further secure ownership of the Proprietary Marks.—~~
- B. ~~It is understood and agreed that the use by Franchisee of Franchisor's Proprietary Marks applies only in connection with the operation of the Franchised Business at the Premises, and includes only such Proprietary Marks as are now designated, or which may hereafter be designated in the Manuals or otherwise in writing as part of the System (which might or might not be all of the Proprietary Marks pertaining to the System owned by the Franchisor), and does not include any other mark, name, or indicia of origin of Franchisor now existing or which may hereafter be adopted or acquired by Franchisor.—~~
- C. ~~To develop and maintain high, uniform standards of quality and service and thereby protect Franchisor's reputation and goodwill, as well as that of the System, Franchisee agrees to:—~~
 - 1. ~~Operate and advertise the Franchised Business only under the Proprietary Marks authorized by Franchisor as specified in this Agreement or the Manuals;—~~
 - 2. ~~Maintain and display signage and advertising bearing the Proprietary Marks that reflects the current commercial image of the System and, upon notice from Franchisor, to immediately discard and cease use of Proprietary Marks or other imagery that has become obsolete and no longer authorized by Franchisor.—~~
 - 3. ~~Upon Franchisor's request, Franchisee hereby covenants and agrees that it will affix in a conspicuous location in or upon the Premises, a sign containing the following notice: "This business is owned and operated independently by (name of franchisee) who is an authorized licensed user of the trademark, SALONS BY JC, which trademarks is owned by J 'N C Real Estate Development, LLC."—~~
- D. ~~Franchisee acknowledges that the Proprietary Marks, System, Manual, and all other information and items delivered to Franchisee by Franchisor pursuant to this Agreement or~~

~~in furtherance of the System, including without limitation, video and audio tapes or disks, information communicated by electronic means, and intellectual property, are the sole and exclusive property of Franchisor, and Franchisee's right to use the same are contingent upon Franchisee's continued full and timely performance under this Agreement. Franchisee acknowledges it acquires no rights, interests, or claims to any of said property, except for Franchisee's rights to use the same under this Agreement for the term hereof and strictly in the manner prescribed. Franchisee agrees that it will not, during the term of this Agreement or any time thereafter, contest or challenge the sole and exclusive proprietary rights of Franchisor (and, if appropriate, Franchisor's affiliates) to the Proprietary Marks, System, Manuals, and other information, intellectual property, and items delivered or provided or to which Franchisee obtains access under this Agreement, nor shall Franchisee claim any proprietary interest in such property. Franchisee agrees that it will not adopt, display, attempt to register or otherwise use any names, marks, insignias, or symbols, Franchisee: (a) shall not use the Know-How in any business that are or may be confusingly similar to capacity other than the Proprietary Marks licensed under this Agreement.—~~

- E. ~~Furthermore, Franchisee agrees to cooperate with and assist Franchisor in connection with any legal action brought by or against either operation of them regarding the protection and preservation of the Proprietary Marks, System, or the Manuals and other information and intellectual property delivered to Franchisee or used by Franchisee under Franchised Business pursuant to this Agreement.—~~
- F. ~~Franchisee agrees that all documents, papers, notes, and other materials, as well as work products containing or derived from the proprietary information or from the knowledge of, or in connection with, the operation of the Franchised Business, will be Proprietary Information (as defined in this Agreement) that is the exclusive property of Franchisor. Franchisee agrees that it will have no proprietary interest in any work product developed or used by it that arises out of the operation of the Franchised Business. Franchisee will, from time to time as may be requested by Franchisor, do all things that may be necessary to establish or document Franchisor's ownership of any such work product, including without limitation, the execution of assignments.—~~
- G. ~~Franchisee agrees to disclose promptly to Franchisor any and all inventions, discoveries, and improvements, whether or not patentable or copyrightable, that are conceived or made by Franchisee or its employees or agents that are in any way related to the establishment or operation of the Franchised Business (collectively, the "Improvements"), all of which shall be automatically and without further action owned by Franchisor without compensation to Franchisee (including all intellectual property rights therein). Whenever requested to do so by Franchisor, Franchisee will execute any and all applications, assignments, or other instruments that Franchisor may deem necessary to apply for and obtain intellectual property protection or to otherwise protect Franchisor's interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. If a court should determine that Franchisor cannot automatically own certain of the Improvements that may be developed, then Franchisee hereby agrees to grant Franchisor a perpetual, royalty-free worldwide license to use and sublicense others to use such Improvements.—~~
- H. ~~No representation or warranty, express or implied, is made by Franchisor to the effect that the use of the System does not constitute an infringement upon the patent, copyright, or other proprietary rights of other persons. Franchisee hereby agrees that Franchisor shall have no liability to Franchisee in the event the System is held not to be secret or confidential~~

~~or in the event that any infringement of others' proprietary rights occurs because of Franchisee's use of the System.—~~

- I. ~~If in Franchisor's reasonable determination, the use of Proprietary Marks in connection with the System will infringe or potentially infringe upon the rights of any third party, weakens or impairs Franchisor's rights in the Proprietary Marks, or it otherwise becomes advisable at any time in Franchisor's sole discretion for Franchisor to modify, discontinue, or to use one (1) or more additional or substitute trade or service Proprietary Marks then upon notice from Franchisor, Franchisee will terminate or modify, within a reasonable time, such use in the manner prescribed by Franchisor. If Franchisor changes the Proprietary Marks in any manner, Franchisor will not reimburse Franchisee for any out-of-pocket expenses that Franchisee incurs to implement such modifications or substitutions. Franchisor is not obligated to reimburse Franchisee for any loss of goodwill or revenue associated with any modified or discontinued Proprietary— and as instructed by Franchisor; (b) shall maintain the Mark, nor is Franchisor responsible for reimbursing Franchisee for any other costs or damages—~~
- J. ~~Franchisee agrees not to make any changes or amendments whatsoever in or to the use of the Proprietary Marks unless directed by Franchisor in writing.—~~
- K. ~~Upon termination or expiration and non-renewal of this Agreement, Franchisee agrees to immediately cease use, in any manner whatsoever, of any of the Proprietary Marks or any other Proprietary Marks or trade names that may be confusingly similar to the Proprietary Marks.—~~
- L. ~~Franchisee acknowledges that there will be substantial confusion among the public if, after the termination or expiration and non-renewal of this Agreement, Franchisee continues to use advertisements and/or the telephone number listed in the telephone directory under the name SALONS BY JC or any name similar to it. Thus, effective upon the termination or expiration and non-renewal of this Agreement, Franchisee agrees to direct the telephone company servicing Franchisee, per Franchisor's request, to disconnect the telephone number used in connection with the Franchised Business or transfer such number to Franchisor or to any person or location of Franchisor's choosing. If Franchisee fails to take these steps, Franchisee shall be deemed to have hereby irrevocably appointed Franchisor as Franchisee's attorney-in-fact for purposes of directing and accomplishing such transfer. Franchisee understands and agrees that, notwithstanding any billing arrangements with any telephone company or yellow pages directory company, Franchisor will be deemed for purposes hereof to be the subscriber of such telephone numbers, with full authority to instruct the applicable telephone or yellow pages directory company as to the use and disposition of telephone listings and numbers. Franchisee hereby agrees to release, indemnify, and hold such companies harmless from any damages or loss as a result of following Franchisor's instructions.—~~
- M. ~~Franchisee understands and agrees that its right to use the Proprietary Marks is non-exclusive, that Franchisor in its sole discretion has the right to grant licenses to others to use the Proprietary Marks and obtain the benefits of the System in addition to the licenses and rights granted to Franchisee under this Agreement, and that Franchisor may develop and license other trademarks or service marks in conjunction with systems other than the System on any terms and conditions as Franchisor may deem advisable where Franchisee will have no right or interest in any such other trademarks, licenses, or systems.—~~

- N. ~~With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee acknowledges and agrees that:—~~
1. ~~Franchisee shall not use the Proprietary Marks as part of Franchisee's corporate or any other business name, domain name, e-mail address or any social media or social networking profile/page;—~~
 2. ~~Franchisee shall not hold out or otherwise use the Proprietary Marks to perform any activity or incur any obligation or indebtedness in such a manner as might in any way make Franchisor liable therefor without Franchisor's prior written consent; and—~~
 3. ~~Franchisee shall execute any documents and provide such other assistance deemed necessary by Franchisor or its counsel to obtain protection for Proprietary Marks or to maintain the continued validity of such Proprietary Marks.—~~
- O. ~~Franchisee acknowledges that the use of the Proprietary Marks outside the scope of this license without Franchisor's prior written consent is an infringement of Franchisor's exclusive right to use the Proprietary Marks and, during the term of this Agreement and after the expiration or termination hereof, Franchisee covenants not to directly or indirectly commit an act of infringement, contest or aid in contesting the validity or ownership of Franchisor's Proprietary Marks, or take any other action in derogation thereof.—~~
- P. ~~Franchisee shall notify Franchisor within three (3) calendar days of any suspected infringement of, or challenge to, the validity of the ownership of, or Franchisor's right to use, the Proprietary Marks licensed hereunder. Franchisee will not communicate with any persons other than Franchisor or Franchisor's legal counsel in connection with any such infringement, challenge, or claim. Franchisee acknowledges that Franchisor has the right to control any administrative proceeding or litigation involving the Proprietary Marks. In the event Franchisor undertakes the defense or prosecution of any litigation relating to the Proprietary Marks, Franchisee agrees to execute any and all documents and to do such acts and things as may be necessary in the opinion of counsel for Franchisor to carry out such defense or prosecution.—~~
- Q. ~~Franchisor will indemnify and defend Franchisee against any third-party claim brought against Franchisee that arises solely out of Franchisee's authorized use of the Proprietary Marks licensed under this Agreement in connection with the Franchised Business; provided: (i) such use is in full compliance with Franchisor's standards and specifications; and (ii) Franchisee notifies Franchisor in writing of this third-party claim within three (3) calendar days of receiving notice or otherwise learning of the claim. Franchisor will have complete control over the defense and, if appropriate, settlement negotiations and resolution regarding the claims described in this Section, including the right to select legal counsel Franchisor deems appropriate. Franchisee must fully cooperate with Franchisor in connection with Franchisor's defense or settlement of any third-party claim that Franchisor determines to take control of under this Section 7.—~~
- R. ~~In addition to all other obligations of Franchisee with respect to the Proprietary Marks licensed herein, Franchisee agrees:—~~
1. ~~To feature and use the Proprietary Marks solely in the manner prescribed by Franchisor and not use the Proprietary Marks on the internet except as approved in writing by Franchisor; and—~~

2. ~~To observe all such requirements with respect to service mark, trademark and copyright notices, fictitious name registrations, and the display of the legal name or other identification of Franchisee as Franchisor may direct in writing from time to time.—~~

8. **OPERATIONS MANUALS AND CONFIDENTIAL/PROPRIETARY INFORMATION—**

- A. ~~In order to protect the reputation and goodwill of Franchisor and the System, and to maintain uniform standards of operation under Franchisor's Proprietary Marks, Franchisee shall conduct the Franchised Business in strict accordance with Franchisor's Manuals.—~~
- B. ~~Franchisee acknowledges the Manuals provided by Franchisor to Franchisee are intended to protect Franchisor's standards, systems, names, and marks and are not intended to control day-to-day operation of Franchisee's business. Franchisee further acknowledges and agrees that Franchisee's Business will be under the control of the Franchisee at all times. Franchisee will be responsible for the day-to-day operation of the business.—~~
- C. ~~In connection with the operation of the Franchised Business, Franchisee will from time to time become acquainted with, work with, and even generate certain information, procedures, techniques, data, and materials that are and, by this Agreement, will become proprietary to Franchisor. Franchisee and all persons signing this Agreement agree to keep confidential any of Franchisor's trade secrets or proprietary information as defined below and will not use such for its or their own purpose or supply or divulge same to any person, firm, association, or corporation except as reasonably necessary to operate the Franchised Business.—~~
- D. ~~The confidentiality requirements set forth in the preceding paragraph will remain in full force and effect during the term of this Agreement and in perpetuity after its termination or expiration and non-renewal. Franchisor's trade secrets and proprietary information include the following:—~~
 1. ~~The Manuals;—~~
 2. ~~Information that relates in any manner to Franchisor's business or the System, including without limitation, information relating to Franchisor's marketing materials and methods whether oral or reduced to writing, that is not generally known to, or readily ascertainable by, other persons who might derive economic benefit from its disclosure or use; and—~~
 3. ~~Any other information that may be imparted to Franchisee from time to time and designated by Franchisor as confidential (collectively, the "Proprietary Information").—~~
- E. ~~Franchisee acknowledges and agrees that the Proprietary Information and any business goodwill of the Franchise are Franchisor's sole and exclusive property and that Franchisee will preserve the confidentiality thereof. Upon the termination or expiration and non-renewal of this Agreement, all items, records, documentation, and recordings incorporating any Proprietary Information will be immediately turned over by Franchisee, at Franchisee's sole expense, to Franchisor or to Franchisor's authorized representative.—~~

- F. ~~Excepted from Proprietary Information for purposes of non-disclosure to any third parties by Franchisee and/or its Restricted Persons (as hereinafter defined) is information which:~~
1. ~~Becomes publicly known through no wrongful act of Franchisee or Restricted Persons; or~~
 2. ~~Is known by Franchisee or Restricted Persons without any confidential restriction at the time of the receipt of such information from Franchisor or becomes rightfully known to them without confidential restriction from a source other than Franchisor.~~
- G. ~~Franchisee shall at all times treat the Proprietary Information as confidential and shall use all reasonable efforts to keep such information secret and confidential. The Manuals must remain at the Premises and be kept in a secure location, under lock and key, except when it is being studied by Franchisee or Franchisee's employees. Franchisee shall not, at any time without Franchisor's prior written consent, copy, scan, duplicate, record, distribute, disseminate, or otherwise make the Manuals available to any unauthorized person or entity, in whole or in part.~~
- H. ~~Franchisee shall adopt and implement all reasonable procedures as Franchisor may prescribe of the Know-How at all times; (c) shall not make unauthorized copies of documents containing any Know-How; (d) shall take all reasonable steps that Franchisor requires from time to time to prevent the unauthorized use or disclosure of any of the Know-How; and (e) shall stop using the Proprietary Information Know-How immediately upon the expiration, termination or Transfer of this Agreement. Franchisee must ensure and require agrees that all of its officers, agents, directors, shareholders, trustees, beneficiaries, partners, employees, spouses of employees, the foregoing covenants and independent contractors who may obtain or who are likely obligations shall also apply to obtain knowledge concerning the Proprietary Information (collectively, "Restricted Persons"): (a) Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute Franchisor's prescribed form of confidentiality agreement that will be and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in substantially the same the form attached to this Agreement as Exhibit E (the "Confidentiality and Non-Competition Agreement"). Franchisee must obtain a signed copy of the Confidentiality and Non-Competition Agreement from any such person prior to, or at the same time of, that person undertaking its role and/or employment or association with Franchisee or the Franchised Business. Franchisee's spouse or significant other shall also be bound by the same requirement and shall sign the same Confidentiality and Non-Competition Agreement. Franchisee must provide Franchisor with a copy of each signed Confidentiality and Non-Competition Agreement within ten (10) days of Franchisor's request.~~

29. ~~Franchisor will loan one (1) copy of the Manuals to Franchisee. The Manuals shall at all times remain the sole property of Franchisor and must be returned to Franchisor upon termination or expiration and non-renewal of this Agreement.1; and (b) Franchisee's directors, officers, employees and agents where disclosure of the Know-How was necessary for the—~~

- I. ~~In order for Franchisee to benefit from new knowledge, information, methods, and technology adopted and used by Franchisor in the operation of the System, Franchisor may from time to time revise the Manuals, and Franchisee agrees to adhere to and abide by all such revisions. Franchisee agrees at all times to keep its copy of the Manuals current and up-to-date. In the event of any dispute as to the contents of Franchisee's Manual, the terms of the master copy of the Manuals maintained by Franchisor at its home office shall be controlling. Out-of-date pages must be returned to Franchisor immediately upon replacement. Franchisor may provide any supplements, updates or revisions to the Manuals via the Internet, email, the System-wide intranet/extranet or any other electronic or traditional mediums it deems appropriate.~~

9. ~~**ADVERTISING AND MARKETING**~~

- A. ~~Franchisor may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all SALONS BY JC Facilities operating under the System. Franchisee must participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor for each program. In all aspects of these programs, including without limitation, the type/quantity/timing/placement and choice of media, and market areas and advertising agencies, the System standards and specifications established by Franchisor shall be final and binding upon Franchisee. Franchisor may also request that Franchisee purchase and/or make copies of (and Franchisee's expense) and subsequently use certain other advertising or promotional materials that Franchisor designates for use in connection with the Franchised Business.~~
- B. ~~All advertising and promotion by Franchisee in any medium must be conducted in a professional manner and shall conform to Franchisor's standards and requirements as set forth in the Manuals or otherwise. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by Franchisor or previously approved by Franchisor during the twelve (12) months prior to their proposed use. Franchisee must submit unapproved plans and materials to Franchisor, and Franchisor will have thirty (30) days to notify Franchisee of its approval or disapproval of such materials. If Franchisor does not provide its specific approval of the proposed materials within this thirty (30) day period, the proposed materials will be deemed rejected. Any plans and materials that Franchisee submits to Franchisor for its review will become Franchisor's property and there will be no restriction on Franchisor's use or dissemination of such materials. Franchisor may revoke its approval of any previously approved advertising materials upon notice to Franchisee. Franchisor reserves the right to require Franchisee to include certain language on all advertising to be used locally by Franchisee or to be used by a Cooperative, including, but not limited to, the phrase "Franchises Available" and references to Franchisor's telephone number and/or website.~~
- C. ~~Franchisee must spend between \$15,000 and \$20,000 to marketing, advertise and promote the initial launch of the Franchised Business within the Designated Territory, which must be expended in accordance with a written plan that Franchisee develops subject to Franchisor's directives, requirements and approval (the "Initial Marketing Spend"). Franchisor will designate the exact Initial Marketing Spend requirement after Franchisee secures and approved Premises from which to operate the Franchised Business, as well as the specific time period wherein the Initial Marketing Spend must be expended.~~
- D. ~~If Franchisee's occupancy rate falls below 90%, Franchisor may, in its sole discretion, conduct a marketing evaluation with Franchisee to determine an appropriate monthly local marketing expenditure up to \$1,000 per month (the "Local Advertising Requirement"). Franchisor may waive Franchisee's minimum Local Advertising Requirement once the Franchised Business has reached an occupancy rate greater than 90%, and for each month thereafter that said occupancy rate remains above this 90% threshold. Franchisee's Local Advertising Requirement (if triggered) will commence upon expiration of the period wherein Franchisee is required to expend the Initial Marketing Spend.~~
1. ~~Upon Franchisor's request, Franchisee must provide Franchisor with invoices or other proof of its monthly expenditures on local advertising and marketing.~~

2. ~~Franchisee must ensure that: (i) the Franchised Business has a dedicated phone line for use in connection with the Franchised Business only (and no other business, including any other Salons by JC franchise); (ii) the Franchised Business is listed in the appropriate Internet-based directories that Franchisor designates.—~~

E. ~~Franchisor will, if and as Franchisor determines appropriate in its discretion, establish and administer the brand development Fund designed to promote the System, Proprietary Marks and brand generally. Franchisor may require Franchisee to contribute to this Fund on a monthly basis in an amount equal to one percent (1%) of the Gross Sales of the Franchised Business as described in Section 4. Any amounts Franchisee is required to contribute to the Fund will be credited towards Franchisee's Local Advertising Requirement obligations. All payments by Franchisee to the Fund are non-refundable upon payment, and Franchisor will account separately for all sums paid to the Fund. The Fund will be maintained and administered by Franchisor or Franchisor's designee as follows:—~~

1. ~~Franchisor will use Fund and all contributions to it and any earnings on it, exclusively for preparing, directing, conducting, placing, and administering advertising, marketing, public relations, and/or promotional programs and materials, and any other activities, that Franchisor believes would enhance the image of the System, Proprietary Marks, and Approved Products or Services.—~~
2. ~~Franchisor is not obligated to spend monies from the Fund in any particular Franchisee's market in proportion to the payments to the Fund made by the Franchisee in that market. Franchisor does not represent that it will spend any particular amount of advertising funds locally, regionally, or nationally.—~~
3. ~~The Fund may be used to meet any and all costs of maintaining, administering, directing, and preparing advertising. This includes, among other things, direct mail advertising, marketing surveys and other public relations activities, developing and maintaining the Franchisor's Website, certain training tools designed to assist Facility owners and personnel, mystery shopping and other inspection-related tools, employing advertising and public relations agencies, purchasing promotional items, and providing other marketing materials and services to the Facilities operating under the System. These costs may include the proportionate salary share of Franchisor's employees that devote time and render services for advertising and promotion or the administration of the Fund, including administrative costs, salaries, and overhead expenses related to administering the Fund and its programs. No part of the Fund shall be used by Franchisor to defray any of its general operating expenses, other than those reasonably allocable to the advertising described in this Section or other activities reasonably related to the administration or direction of the Fund.—~~
4. ~~Franchisor shall administratively segregate all contributions to the Fund on its books and records. All such payments to the Fund may be deposited in Franchisor's general operating account, may be commingled with Franchisor's general operating funds, and may be deemed an asset of Franchisor, subject to Franchisor's obligation to expend the monies in the Fund in accordance with the terms hereof. Franchisor may, in its sole discretion, elect to accumulate monies in the Fund for such periods of time, as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during that fiscal year.—~~

~~In the event Franchisor's expenditures for the Fund in any one (1) fiscal year shall exceed the total amount contributed to the Fund during such fiscal year, Franchisor shall have the right to be reimbursed to the extent of such excess contributions from any amounts subsequently contributed to the Fund or to use such excess as a credit against its future contributions. The parties do not intend that the Fund be deemed a trust.—~~

- ~~5. Franchisor shall, on an annual basis, account for the operation of the Fund and prepare an audited financial statement evidencing such accounting, which will be available to Franchisee upon its written request ninety (90) days after the Franchisor's fiscal year end. Franchisor may modify and/or dissolve the Fund at any time after it is established.—~~
- ~~F. Franchisor may establish, if and when it deems appropriate in its sole discretion, a council to provide advice and guidance regarding the administration of the Fund and various other advertising/marketing matters (an "Advertising Council"). If Franchisor establishes an Advertising Counsel, it may serve in only an advisory capacity and may consist of franchisees, personnel from Franchisor's affiliate-owned Facilities, or other management/employees that Franchisor designates. If an Advertising Council is established, the membership of such Advertising Council, along with the policies and procedures by which it operates, will be determined by Franchisor. The recommendations of the Advertising Council shall not be binding on Franchisor.—~~
- ~~G. Franchisor agrees that it will establish an interior page on its corporate website to display the Premises and contact information associated with the Franchised Business for so long as (i) the Franchised Business is open and actively operating, and (ii) this Agreement is not subject to termination. Franchisee may not establish any separate website or other Internet presence in connection with the Franchised Business, System or Proprietary Marks without Franchisor's prior written consent. If approved to establish a separate website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such website. Franchisee specifically acknowledges and agrees that any website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval as described in this Section 9. Franchisee may not promote or otherwise list its Franchised Business, or the Proprietary Marks or System, on any social media or networking site, including without limitation, Facebook, LinkedIn, Instagram, Pinterest, Twitter or YouTube, without Franchisor's prior written consent. Franchisor shall have the right to modify the provisions of this Section relating to Franchisee's use of separate websites and social media, as Franchisor determines necessary or appropriate.—~~
- ~~H. Franchisor may establish regional advertising cooperatives that are comprised of multiple Facility owners located within a geographical region that Franchisor designates (each, a "Cooperative"). If Franchisor establishes a Cooperative and designates Franchisee as a member thereof, Franchisee may be required to contribute to the Cooperative in an amount not to exceed Franchisee's Local Advertising Requirement each month. All amounts paid to a Cooperative will be credited towards Franchisee's Local Advertising Requirement. Franchisor shall have the right to specify the governing rules, terms and operating procedures of any Cooperative.—~~

10. ACCOUNTING AND RECORDS

- A. ~~Franchisee must, in a manner satisfactory to Franchisor and in accordance with generally accepted accounting principles, maintain original, full, and complete register tapes, computer files, back-up files, other records, accounts, books, data, licenses, contracts, and product vendor invoices which shall accurately reflect all particulars relating to the Franchised Business, as well as other statistical and financial information and records Franchisor may require. All of this information must be kept for at least three (3) years, even if this Agreement is no longer in effect. Upon Franchisor's request, Franchisee must furnish Franchisor with copies of any or all product or equipment supply invoices reflecting purchases by or on behalf of the Franchised Business. In addition, Franchisee shall compile and provide to Franchisor any statistical or financial information regarding the operation of the Franchised Business, the products and services sold by it, or data of a similar nature, including without limitation, any financial data that Franchisor believes that it needs to compile or disclose in connection with the sale of franchises or that Franchisor may elect to disclose in connection with the sale of franchises. All data provided to the Franchisor under this Section 10 shall belong to Franchisor and may be used and published by Franchisor in connection with the System (including in Franchisor's disclosure documents).~~
- B. ~~Franchisor and its designated agents shall have the right to examine and audit Franchisee's records, accounts, books, computer files, and data at all reasonable times to ensure that Franchisee is complying with the terms of this Agreement. If such audit discloses that Franchisee has underreported the Gross Sales of the Franchised Business by two percent (2%) or more in any given reporting period (weekly, monthly or otherwise), then Franchisee must: (i) reimburse Franchisor any costs/expenses incurred in connection with conducting the inspection and audit; and (ii) pay any amount due and owing Franchisor as a result of Franchisee's underreporting, along with any accrued interest on said amounts.~~
- C. ~~Franchisee shall record all transactions and Gross Sales of the Franchised Business on a Computer System that is approved by Franchisor, which must contain software that allows Franchisee to record accumulated sales without turning back, resetting or erasing such sales. Franchisor will, at all times and without notice to Franchisee, have the right to independently and remotely access and view Franchisee's Computer System as described in Section 4 of this Agreement.~~
- D. ~~Franchisee will not install or load any computer software on the hard disks of the Computer System used in connection with the Franchised Business without Franchisor's prior written consent. All computer and file passwords associated with the Computer System must be supplied as a list to Franchisor by Franchisee, along with any modifications or changes to that list. The passwords to access the Computer System located at the Premises or used by the Franchised Business, as well as all computer files and records related to the Franchised Business, are the exclusive property of Franchisor and Franchisee must provide Franchisor with these files and information upon the termination or expiration of this Agreement.~~
- E. ~~At any time and upon request of Franchisor, Franchisee shall provide Franchisor with a copy or summary listing, at Franchisor's discretion, of all current contracts, listings, agreements, and projects that Franchisee is involved in or working with.~~
- F. ~~Upon Franchisor's request, Franchisee shall furnish the Franchisor with a copy of each of its reports, returns of sales, use and gross receipt taxes, and complete copies of any state or~~

federal income tax returns covering the operation of the Franchised Business, all of which Franchisee shall certify as true and correct.—

- G. ~~Franchisee must provide Franchisor with the following reports and information, all of which must be certified as true and correct by Franchisee and in the form and manner prescribed by Franchisor: (i) a signed Gross Sales Report as described more fully in Section 4 of this Agreement on or before the 5th day of each calendar month; (ii) on or before the twentieth (20th) of each month, an unaudited profit and loss statement for the Franchised Business for the preceding calendar month; (iii) within sixty (60) days of each calendar quarter, an unaudited balance sheet reflecting the financial position of the Franchised Business as of the end of that calendar quarter; (iv) within sixty (60) days of Franchisor's request, a financial statement that details the total assets and liabilities of the Franchised Business (and, if appropriate Franchisee and personal guarantors under this Agreement);— (v) within ninety (90) days after the close of each fiscal year of Franchisee, financial statements which shall include a statement of income and retained earnings, a statement of changes in financial position, and a balance sheet of the Franchised Business, all as of the end of such fiscal year; and (vi) any other financial information or performance metrics of the Franchised Business that Franchisor may reasonably request.—~~
- H. ~~In the event a prior audit or inspection conducted by Franchisor (or its designee) has revealed that Franchisee has underreporting the Gross Sales of the Franchised Business by two percent (2%) or more for any reporting period as described in Section 10(B), then Franchisor may require Franchisee to provide, at the Franchisee's expense, audited financial statements that comply with GAAP and GAAS for Franchisee's fiscal year within 120 days of Franchisee's fiscal year end.—~~
- I. ~~In addition to the foregoing statements, Franchisee must provide Franchisor with written reports regarding any change to: (i) the listing of all owners and other holders of any type of interest (legal or beneficial) in Franchisee or the Franchised Business; and (ii) Franchisee's partners, officers, directors, as well as any of the designated managers that manage the day-to-day operations of the Franchised Business. Franchisee will notify Franchisor in writing within ten (10) days after any such change, unless Franchisor is required to first notify Franchisor and obtain its approval prior to making any such change.—~~

11. INSURANCE AND INDEMNIFICATION—

- A. ~~Franchisee shall, at its own expense and no later than the earlier of (a) the date on which Franchisee uses any of the Proprietary Marks, or (b) the date Franchisee begins building out the Premises, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance enumerated in the Manuals or otherwise in writing (whether the Franchised Business is open or not). This insurance shall be in such amounts Franchisor or the lessor of the Premises designates from time to time. The type of insurance will include, but are not necessarily limited to:—~~
- ~~1. Employer's liability and workers' compensation as prescribed by law;—~~
 - ~~2. Comprehensive general liability covering the operation of the Franchised Business with a minimum of \$2,000,000 total coverage and \$1,000,000 coverage per incident (or greater amount);—~~
 - ~~3. Comprehensive fire legal liability;—~~

4. ~~Comprehensive and liability coverage for any owned and non-owned (leased) motor vehicles used in connection with the Franchised Business;—~~
5. ~~Any professional liability associated with the facility management and other Approved Products and Services that Franchisee directly provides at the Facility; and—~~
6. ~~Any other coverage that Franchisor periodically requires to satisfy insurance-related obligations.—~~

~~Franchisee must buy insurance only from carriers rated A-VIII or better by A.M. Best and Company, Inc. (or similar criteria as Franchisor periodically specifies). Franchisor may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. All insurance policies Franchisee purchases must name Franchisor and any affiliate Franchisor designate as additional insureds, and provide for thirty (30) days' prior written notice to Franchisor of a policy's material modification or cancellation. The cost of Franchisee's premiums will depend on the insurance carrier's charges, terms of payment, and Franchisee's insurance and payment histories. Franchisee shall make timely delivery of certificates of all required insurance to Franchisor, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days' prior written notice to Franchisor. The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to Franchisor under any indemnity requirement of this Agreement.—~~

- B. ~~If Franchisee fails for any reason to procure and maintain the required insurance coverage, Franchisor has the right and authority (without having any obligation to do so) to immediately procure such insurance coverage, in which case Franchisee must: (i) reimburse Franchisor for the costs incurred to obtain the required insurance (including any premium amounts paid); and (ii) pay Franchisor its then-current administrative fee, as may be reasonably charged by Franchisor as consideration for securing the required insurance on Franchisee's behalf.—~~
- ~~B. Franchisee, as a material part of the consideration to be rendered to Franchisor, agrees to indemnify, defend and hold Franchisor, as well as Franchisor's directors, officers, principals/owners, managers, shareholders, affiliates, subsidiaries, employees, servants, agents, successors and assignees (collectively, the "Indemnitees"), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "Claims") that arise out of or are otherwise related to Franchisee's ownership, management, or operation of the Franchised Business in any manner. Notwithstanding the foregoing, at Franchisor's option, Franchisor may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Franchisee of all expenses and fees incurred in connection with such defense.—~~

12. ~~INDEPENDENT CONTRACTOR~~

- A. ~~In all dealings with third parties, including without limitation, employees, suppliers, and customers, Franchisee shall disclose in an appropriate manner acceptable to Franchisor that it is an independent entity licensed by Franchisor. Nothing in this Agreement is intended by the parties hereto either to create a fiduciary relationship between them or to constitute the Franchisee an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of Franchisor for any purpose whatsoever.~~
- B. ~~It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation or to create any obligation on behalf of Franchisor. Upon Franchisor's request, Franchisee must display a sign in its Franchised Business displaying the following phrase (or something similar): "This SALONS BY JC Facility is independently owned and operated pursuant to a license agreement."~~

13. ~~TRANSFER AND ASSIGNMENT~~

- A. ~~**No Transfer by Franchisee Without Franchisor's Approval.** Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in this Agreement or the Franchised Business (or undertake any of the actions identified in Section 13(C) of this Agreement) without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.~~
- B. ~~**Death or Disability.**~~
 - 1. ~~In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's principals/owners/guarantors), Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable, will have the right to continue the operation of the Franchised Business as "Franchisee" under this Agreement if: (i) within ninety (90) days from the date of death, disability or incapacity (the "90 Day Period"), such person has obtained Franchisor's prior written approval and has executed Franchisor's then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company Franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor.~~
 - 2. ~~Franchisor is under no obligation to operate the Franchised Business, or incur any obligation on behalf of any incapacitated franchisee, during or after the 90 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a where such individual previously approved acting interim manager to operate the Franchised Business during the 90 Day Period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor may (but is not required to) operate the Franchised Business on Franchisee's behalf and at Franchisee's—~~

~~expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines in Franchisor's sole discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorney's fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Business.—~~

3. ~~Franchisor will not collect any transfer fee if there is a transfer under this Section 13(B) to an immediate family member of the Franchisee that Franchisor approves pursuant to Section 13(E).—~~

C. **Ownership.** ~~In addition to those acts described in Section 13(A), a transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager owning having an ownership interest in the surviving entity after the proposed transfer will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 13(D).—~~

D. **Right of First Refusal.** ~~If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in Franchisee's Lease to any third party (other than a corporation or limited liability company as set forth in Section 13(C) hereof or in the event of Franchisee's death/disability as set forth in Section 13(B)), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 13(E) of this Agreement. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section. Any material change in the terms of the offer will be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal.—~~

E. ~~**Conditions for Approval.** Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchised Business or of Franchisee's interest in this Agreement upon satisfaction of the following occurrences:—~~

1. ~~All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;—~~
2. ~~Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;—~~
3. ~~Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities;—~~
4. ~~Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;—~~
5. ~~The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;—~~
6. ~~The transferee shall execute Franchisor's then-current franchise agreement (which may contain materially different terms than this Agreement) for the remaining balance of Franchisee's term under this Agreement, with transferee's term commencing on the date the transferee executes the then-current franchise agreement;—~~
7. ~~Franchisee shall pay Franchisor a transfer fee equal to Ten Thousand Dollars (\$10,000), with a \$1,000 non-refundable deposit due at the time of transfer application submittal and the remainder upon execution of the new franchise agreement by the transferee;—~~
8. ~~The transferee shall satisfactorily complete Franchisor's Initial Training Program at the transferee's expense within the time frame Franchisor sets forth, and pay Franchisor a tuition training fee of One Thousand Dollars (\$1,000) for transferee—~~

~~and one other person to attend training (the transferee will also be responsible for all costs and expenses associated with attending the initial training program);—~~

- ~~9. Franchisee (and Franchisee's principals/guarantors if Franchisee is a partnership, corporation or limited liability company) must comply with the post-termination provisions of this Agreement;—~~
- ~~10. The transferee must demonstrate that is has obtained or maintained, within the time limits set by Franchisor, all permits and licenses required for the continued operation of the Franchised Business;—~~
- ~~11. To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;—~~
- ~~12. The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;—~~
- ~~13. The purchase price and terms of the proposed transfer must not be so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement;—~~
- ~~14. Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor shall not be liable for any representations not included in the disclosure document; and—~~
- ~~15. Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchised Business as Franchisee has supplied Franchisor hereunder.—~~

~~Franchisor will not unreasonably withhold its consent to a proposed transfer or assignment requested by Franchisee, provided the foregoing conditions are met. Franchisor's approval of a transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party. Furthermore, Franchisor agrees that Franchisee will not be required to pay any transfer fee in the event: (i) Franchisee wishes to transfer its rights under the Franchise Agreement to a newly established legal business entity that is wholly owned by Franchisee and established solely for purposes of operating the Franchised Business under the Franchise Agreement; or (ii) Franchisee is required to encumber certain assets of the Franchised Business (or subordinate Franchisor's security interest thereto) in order to receive SBA or other traditional bank financing, provided Franchisor otherwise approves of the transfer.—~~

- F. ~~Transfer from an Individual Franchisee to Business Entity.~~** ~~If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer or training tuition fees set forth in Section 13(E)(7)-(8), and such assignment will not be subject to Franchisor's right of first refusal in Section 13(D): (i) the corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Business; (ii) Franchisee is, and at all times remains, the owner of 51% or more of the outstanding shares of the corporation or a controlling interest in the limited liability company; (iii) the corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and (iv) all~~

stockholders of the corporation, or members and managers of the limited liability company, as applicable, personally guarantee prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and execute the Personal Guaranty attached to this Agreement as Exhibit B.—

- G. ~~**Franchisor's Right to Transfer.**~~ Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.—

14. ~~COVENANTS~~

Franchisee acknowledges that, as a participant in Franchisor's System, Franchisee will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques that Franchisor has developed. As such, Franchisee agrees to the covenants in this Section to protect Franchisor, the System, Proprietary Marks and Franchisor's other franchisees.—

- A. ~~**During the Term of this Agreement.**~~ During the term of this Agreement, neither Franchisee, its principals, owners, guarantors or Concierge Manager(s), nor any immediate family of Franchisee, its principals, owners, guarantors or Concierge Manager(s), may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:—

1. Own, maintain, engage in, be employed or serve as an officer, director, or principal of, lend money or extend credit to or have any interest in or involvement with, any other business that offers or provides, or grants franchises or licenses a third party the right to operate any business that offers or provides, the leasing, subleasing or rental of individual salon suites and/or other retail space to third-party wellness or beauty practitioners (including, without limitation, hair stylists, nail technicians, massage therapists and providers of other personal care services) similar to the services provided by a SALONS BY JC Facility (collectively, a "Competing Business"). For purposes of this Agreement, a Competing Business does not include: (i) any business operated by Franchisee under a Franchise Agreement with Franchisor; or (ii) any business operated by a publicly-traded entity in which Franchisee owns less than two percent (2%) legal or beneficial interest;—
2. Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or—
3. Divert, or attempt to divert, any prospective customer to a Competing Business in any manner.—

executed and timely delivered to Franchisor the —

- B. ~~**After the Term of this Agreement.**~~—

1. For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any member of the immediate family of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for—

~~themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, be involved with any business competing in whole or in part with Franchisor granting franchises or licenses for Competing Businesses. The geographic scope of this non-compete will be the geographic area where Franchisor can demonstrate it has actively offered franchises as of the expiration or termination of this Agreement.—~~

2. ~~For a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, its principals, owners and guarantors, nor any member of the immediate family of Franchisee, its principals, owners or guarantors, may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:—~~

i. ~~Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in or involvement with any other Competing Business: (i) at the Premises; (ii) within the Designated Territory; or (iii) within a forty (40) mile radius of the perimeter of the Designated Territory being granted hereunder or any other designated territory licensed by Franchisor to a SALONS BY JC Facility as of the date of expiration or termination of this Agreement; or—~~

ii. ~~Solicit business from customers of Franchisee's former Franchised Business or contact any of Franchisor's suppliers or vendors for any competitive business purpose, nor solicit any of Franchisor's other employees, or the employees of Franchisor's affiliates or any other System franchisee to discontinue employment.—~~

C. **Acknowledgements.** ~~It is the parties' intent that the provisions of this Section 14 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 14 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Business, other System franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 15 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 14, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 15 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 14 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitation of this Section 15 shall be tolled during any default under this Section 14.—~~

D. **Management/Personnel Documentation.** ~~Franchisee must ensure that all management personnel of the Franchised Business, as well as any officers and directors of Franchisee, execute Franchisor's then-current form of Confidentiality and Non-Competition—~~

Agreement (which will be in substantially the same form as the document Agreement in the form attached to this Agreement as Exhibit E). Franchisee must furnish Franchisor a copy of each executed agreement².

6.C. RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION

Franchisee agrees that, at all times, both during the Term of this Agreement and, after its expiration or termination, Franchisee: (a) shall not use the Confidential Information in any business or capacity other than the Salons by JC Business operated by Franchisee; (b) shall maintain the confidentiality of the Confidential Information at all times; (c) shall not make unauthorized copies of documents containing any Confidential Information; (d) shall take such reasonable steps as Franchisor may ask of Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) shall stop using the Confidential Information immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to: (a) Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1; and (b) Franchisee's directors, officers, employees and agents where disclosure of the Confidential Information was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and timely delivered to Franchisor the Confidentiality Agreement in the form attached as Exhibit 2.

6.D. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS

Franchisee agrees that during the Term of this Agreement, Franchisee shall not engage in the following activities (the "Prohibited Activities"): (a) owning and/or having any legal or equitable interest whether, as an individual proprietor, owner, partner, member or shareholder of a Corporate Entity, or, in any similar capacity, in a Competitive Business other than, owning an interest of 3% or less in a publicly traded company that is a Competitive Business; (b) operating, managing, funding and/or performing services whether, as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or, in any similar capacity, for or benefitting a Competitive Business; (c) diverting or attempting to divert any business or customers from Franchisor or, one of Franchisor's affiliates or franchisees; (d) inducing any customer or client of Franchisor, Franchisor's affiliates, franchisees of the System, or, of Franchisee, to any other person or business that is not a Salons by JC Business; and/or (e) engaging in any actions, inactions, and/or activities in violation of Articles 6.B. and/or 6.C. of this Agreement (all, individually and, collectively, referred to as the "Prohibited Activities"). Franchisee agrees that if Franchisee were to engage in the Prohibited Activities that such actions would be unfair, would constitute unfair competition and would cause harm to Franchisor, the System and other Salons by JC Business franchisees. Franchisee agrees that the foregoing covenants and obligations shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

6.E. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS

Franchisee agrees that during the Post-Term Restricted Period, Franchisee shall not engage in any Prohibited Activities provided, however, that the Prohibited Activities relating to Franchisee's having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within a Restricted Territory. If Franchisee is engaged in any Prohibited Activities during the Post-Term Restricted Period, Franchisee agrees that Franchisee's Post-Term Restricted Period will be extended by the period of time during which Franchisee was engaging in the Prohibited Activity and, any such extension of time will not be construed as a waiver of Franchisee's breach or otherwise impair any of Franchisor's rights or remedies relating to Franchisee's breach. Franchisee agrees that the foregoing covenants and restrictions shall also apply to Franchisee's Owners and Spouses and that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Franchisee agrees that the covenants and restrictions set forth in this Article 6.E. and, otherwise in this Article 6, are fair and reasonable and, that if Franchisee engaged in any Prohibited Activity that such actions would constitute acts of unfair competition, causing irreparable harm to Franchisor and the System.

6.F. IMMEDIATE FAMILY MEMBERS

Franchisee agrees that should Franchisee circumvent the restrictive covenants and obligations of this Article 6 by disclosing Confidential Information or Know-How to an Immediate Family Member, that Franchisor and the System, will be irreparably harmed. Franchisee agrees that if Franchisee or, one of Franchisee's Owners, discloses Confidential Information or Know-How to an immediate family member and, the immediate family member of Franchisee or an Owner, uses the Confidential Information or Know-How to engage in activities that, for Franchisee, qualify as Prohibited Activities, that Franchisor and the System will be irreparably harmed. Franchisee agrees that as between Franchisee and Franchisor, that Franchisee and Franchisee's Owners are in a better position to know if Franchisee permitted and/or provided an immediate family member with access to the Confidential Information or Know-How and that, therefore, Franchisee agrees that Franchisee will be presumed to have violated the terms of this Agreement and, in particular, the restrictive covenants and obligations set forth in this Article 6 if any member of Franchisee's immediate family or the immediate family of an Owner: (a) engages in any Prohibited Activities during any period of time during which Franchisee is prohibited from engaging in the Prohibited Activities; and/or (b) uses or discloses the Confidential Information and/or Know-How. Franchisee may rebut the foregoing presumption by providing evidence conclusively demonstrating that neither Franchisee nor Franchisee's Owners disclosed the Confidential Information

and did not permit disclosure of the Confidential Information to the family member of Franchisee or Franchisee's Owner. Franchisee agrees that the foregoing covenants, obligations, representations, and burden of proof shall also apply to Franchisee's Owners and Spouses and, that Franchisee's Owners and Spouses shall each execute and deliver to Franchisor the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1.

6.G. REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee agrees that: (a) the terms of this Article 6 are reasonable both in time and in scope of geographic area; and (b) Franchisee has sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Article 6. **Franchisee hereby waives any right to challenge the terms of this Article 6 as being overly broad, unreasonable or otherwise unenforceable.** Although Franchisee and Franchisor both believe that the restrictive covenants and obligations of this Article 6 to be reasonable in terms of scope, duration and geographic area, Franchisor may at any time unilaterally modify the terms of this Article 6 (provided that such modification is in writing and signed by Franchisor) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Post-Term Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon Franchisee under this Article 6 to ensure that the terms and covenants are enforceable under applicable law.

6.H. BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee agrees that Franchisee's failure and/or Franchisee's Owner(s) failure to comply with the restrictive covenants and obligations set forth in this Article 6 will cause irreparable harm to Franchisor and/or other Salons by JC Business franchisees for which there is no adequate remedy at law. Franchisee agrees that any violation of these Article 6 covenants and obligations by either Franchisee and/or any Owner(s) will entitle Franchisor to injunctive relief. Franchisee agrees that Franchisor may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of Franchisee, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the Franchisee and Franchisor agree that the amount of the bond shall not exceed \$1,000. Franchisor's remedies under this Article 6.H. are not exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

6.I. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS, AND INFORMATION

Franchisee agrees that with regard to the Franchised Business all customer lists and their contents and information represent Confidential Information and constitute an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term of this Agreement and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods and products conceived or developed by Franchisee and Franchisee's affiliates, Owners, agents, and employees relating to the development and operation of Salons by JC Businesses. Franchisee hereby assigns to Franchisor and Franchisee agrees to procure from Franchisee's Owners, affiliates and employees assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 6.I. Franchisor shall have no obligation to make any lump sum or on-going payments to Franchisee or Franchisee's Owners, affiliates or employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee will not use or allow any other person or entity to use any such concept, method or product without obtaining Franchisor's prior written approval.

ARTICLE 7

OPERATING STANDARDS

7.A. OPERATIONS, MAINTENANCE, AND APPEARANCE

At all times, Franchisee and the Franchised Business shall: (a) exclusively offer and sell the Approved Products and Services as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and as may be modified by Franchisor from time to time; (b) exclusively operate the Business in accordance with the standards, specifications, and operational requirements as designated by Franchisor in this Agreement, the Operations Manuals, and/or as otherwise designated by Franchisor in writing and as may be modified by Franchisor from time to time; (c) exclusively purchase and use the System Supplies as designated by Franchisor in the Operations Manual and as may be modified by Franchisor from time to time; (d) maintain a complete and updated inventory and supply of System Supplies as designated by Franchisor in the Operations Manual and as may be modified by Franchisor from time to time; (e) maintain Franchisee's Business Facility in a clean, sanitary, functional and well maintained condition and in compliance with all federal, state, and local laws, rules, regulations, and ordinances; (f) maintain Franchisee's Business Facility, equipment, furniture, and fixtures as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and, as may be modified by Franchisor from time to time; (g) take all requested corrective measures and actions designated and/or requested, in writing, by Franchisor and/or Franchisor's agents following on-site inspections, reviews, and/or assessments, including secret shopper programs and other announced or unannounced; and (h) maintain and satisfy, as ongoing and continuing obligations, all operational requirements set forth in this Agreement including, but not limited to, Articles 3.D. and 3.E. of this Agreement.

7.B. UPDATING, REMODELING, AND REDECORATING

Upon written request of Franchisor, Franchisee must, as specified by Franchisor, update, remodel, redecorate, upgrade, add to, and improve Franchisee's Business, Business Facility, equipment, furniture, and fixtures in compliance with and satisfaction of Franchisor's then current standards and specifications as designated and determined by Franchisor in Franchisor's Reasonable Business Judgment.

Franchisee agrees to make such improvements, additions, and/or modifications in accordance with the instruction of Franchisor. Franchisor will not require, pursuant to this Article 7.B., such updates, remodeling and/or redecorating more frequently than every five years during the term of this Agreement, except that if the Business is transferred pursuant to Article 14, Franchisor may request that the transferee update, remodel redecorate, upgrade, add to, and improve the Business as described in this Article 7.B.

7.C. REMEDIES FOR NON-COMPLIANCE WITH UPDATES, UPGRADES, AND APPEARANCE REQUIREMENTS

If Franchisee fails or refuses to initiate within 30 days after Franchisor's request, and/or fails to continue in good faith and with due diligence, any required improvement, modification, refurbishment, renovation, and/or remodel of Franchisee's Business, then Franchisor has the right, but is not obligated, to enter upon Franchisee's Business Facility and Franchisee's Business Location and effect such improvement, modification, refurbishment, renovation, and/or remodel on Franchisee's behalf, and Franchisee must pay the entire cost to Franchisor on demand.

7.D. DAMAGE CAUSED BY CASUALTY

If Franchisee's Business is damaged or destroyed by fire or any other casualty, Franchisee must, as soon as practicable but in no event later than two months after such casualty, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue until completion of the repairs or reconstruction, to restore the premises of the Franchised Business and Franchisee's Business Facility to its original condition before casualty and otherwise in compliance with Franchisor's standards and specifications.

7.E. ALTERATIONS

Franchisee shall not make any material alterations to Franchisee's Business Facility without Franchisor's prior written consent. Franchisee shall not replace or make any unapproved replacements of or material alterations to the fixtures, equipment, furniture, designs or signs, comprising or being a part of Franchisee's Business Facility. Franchisor has the right, in its sole discretion and at the sole expense of Franchisee, to rectify any material alterations to Franchisee's Business Facility not previously approved by Franchisor or contrary to the specifications and standards of Franchisor as contained in the Operations Manual or otherwise set forth by Franchisor. Franchisor will provide written notice to Franchisee before Franchisor makes the correction, if Franchisor elects to do so.

7.F. BRAND STANDARDS AND FRANCHISOR DESIGNATED REQUIREMENTS

Franchisee shall develop and operate the Franchised Business in strict conformity with the methods, standards, specifications, procedures, and operational requirements as designated and determined by Franchisor, in Franchisor's Reasonable Business Judgment, and as set forth in the Operations Manual, as prescribed by Franchisor in writing, and, as Franchisor, in Franchisor's Reasonable Business Judgment, may supplement, modify, and amend from time to time. Franchisee shall ensure that at all times throughout the Term, Operators leasing a salon suite from the Franchised Business shall operate their business in accordance with Franchisor's standards and specifications, as designated and determined by Franchisor and as set forth in the Operations Manual. Supplementing, and without limitation to the foregoing, Franchisee, agrees that the foregoing standards, specifications, procedures, and operational requirements shall relate to and include, among other things, the Approved Products and Services, the System Supplies, System standards and service requirements as designated by Franchisor, authorized and mandatory inventory levels and inventory items, authorized and mandatory supplies and inventory supply levels, designated suppliers, standards related to brand uniformity including, brand standards regarding uniforms, marketing materials, marketing media, the appearance and operations of the Franchised Business, customer service and satisfaction standards including, refund policies, special promotions and other customer incentive and goodwill programs, brand standards and brand standard requirements as to employee knowledge and implementation of System brand standards but, not related to employment or joint employment policies, secret shopper programs, Franchisor designated secret quality control inspections, payment processing systems, Franchisor access to Business Management Systems, and, the overall operations of the Franchised Business.

7.G. APPROVED SERVICES, PRODUCTS, EQUIPMENT AND SUPPLIERS

Franchisee agrees that, among other things, the products and services to be offered and sold by the Franchised Business, the products, inventory, supplies, suppliers and equipment used by the Franchised Business, the methods for monitoring customer satisfaction and, the methods for marketing and promoting the Franchised Business must conform to Franchisor's System standards and specifications as determined by Franchisor, in Franchisor's Reasonable Business Judgment, and, as designated by Franchisor in the Operations Manual and, as modified by Franchisor from time to time. Without limitation to the foregoing, Franchisee agrees that:

(1) The Franchised Business shall exclusively offer and provide the Approved Products and Services, as designated and determined by Franchisor in Franchisor's Reasonable Business Judgment and as may be modified by Franchisor from time to time, on-site at Franchisee's Business Location.

(2) The Franchised Business will exclusively: (a) offer and sell the Approved Products and Services; (b) provide the Approved Products and Services in accordance with the System's standards and specifications; (c) exclusively purchase all System Supplies, including, but not limited to, inventory, and supplies, from Franchisor or Franchisor's designated suppliers; (d) exclusively purchase and use equipment, supplies, promotional materials, Business Management Systems designated by Franchisor and subject to Franchisor's specifications; (e) purchase interior displays, supplies, marketing materials and promotional materials including, but not limited to, System Supplies, as designated by Franchisor and only from Franchisor or Franchisor's approved supplier(s); and (f) purchase from distributors and other suppliers approved by Franchisor all other materials, inventory, goods, and supplies including, but not limited to, System Supplies, used in offering, selling, preparing, providing, marketing, and/or selling the Approved Products and Services. Franchisee further agrees that the Operators leasing a salon suite from the Franchised Business shall only offer services and products approved by Franchisor and shall operate their business in accordance with Franchisor's standards and specifications, as

set forth in the Operations Manual.

(3) Franchisor has and will periodically approve suppliers and distributors of the equipment, materials, supplies and products including, but not limited to, System Supplies, that meet Franchisor's standards, specifications, and requirements including, without limitation, standards, specifications, and requirements relating to the equipment and supplies to be used by the Franchised Business.

(4) Franchisor, in Franchisor's Reasonable Business Judgment, may from time to time modify the list of approved brands, suppliers and distributors of System Supplies and approved equipment, supplies and services to be utilized by the Franchised Business and Franchisee shall, after receipt in writing of such modification, not reorder any brand and/or purchase from any supplier or distributor that is no longer designated or approved by Franchisor.

(5) Franchisor reserves the right to designate from time to time a single supplier and/or distributor for any services, products, equipment, supplies, or materials including, but not limited to, the System Supplies and to require Franchisee to use such a designated supplier exclusively, which exclusive designated supplier and/or distributor may be Franchisor and/or Franchisor's affiliates. Franchisor and its affiliates may receive payments from suppliers and/or distributors on account of such supplier's or distributor's dealings with Franchisee and other franchisees and Franchisor may use all amounts received without restriction and, for any purpose, including Franchisor's profit.

(6) If Franchisee proposes or requests that Franchisor consider the approval of products, services, equipment, supplies, suppliers and/or distributors for use in the Franchised Business where such products, services, equipment, supplies, suppliers and/or distributors are not presently, at the time of Franchisee's request, approved for use in the System: (a) Franchisee must provide Franchisor with a written request where Franchisee specifies the product, service, equipment, supply, supplier and/or distributor, the reason for Franchisee's request; (b) shall timely submit to Franchisor such information, reports, specifications, and samples as Franchisor, in Franchisor's Reasonable Business Judgment requests; and (c) shall pay to Franchisor a Supplier Evaluation Fee per requested product, service, equipment, supply, supplier and/or distributor to be considered including, but not limited to, the Supplier Evaluation Fees that Franchisor, in Franchisor's Reasonable Business Judgment, establishes and assesses based on, among other things, the administrative costs and time associated with evaluating, assessing and testing the proposed product, service, equipment, supply, supplier and/or distributor including, but not limited to Franchisor's internal employees and independent third parties engaged and/or retained by Franchisor for evaluation and testing. The foregoing fees and payments shall be paid by Franchisee to Franchisor within 14 days of the date of Franchisor's invoice. Upon Franchisee's compliance with the foregoing, within 60 days of the completion of all inspections and evaluations, Franchisor shall notify Franchisee of Franchisor's approval or disapproval which shall be determined by Franchisor in Franchisor's Reasonable Business Judgment. Under no circumstance shall the foregoing be construed as implying that Franchisor is required to approve alternative suppliers.

7.H. MARKET RESEARCH AND TESTING

Franchisor may conduct market research and testing to evaluate, modify, test and/or sample the services, products, equipment and supplies authorized by Franchisor and to determine consumer trends and the viability of certain services and products. Franchisee agrees to participate in Franchisor's market research programs that may be conducted by Franchisor in its discretion, by test marketing services and/or products from the Franchised Business. Franchisee agrees to provide Franchisor with timely reports and other relevant information regarding such market research. Franchisee agrees to purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell the products and/or services.

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7.I. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

(1) Franchisee shall secure and maintain in full force all required licenses, permits and certificates relating to the operation of the Franchised Business, and Franchisee must operate the Franchised Business in full compliance with all applicable laws, ordinances, codes and regulations.

(2) Franchisee shall, at all times, investigate, review, and comply with all laws applicable to the operation of the Franchised Business, including, without limitation, all labor laws and obligations, wage and hour laws and obligations, employer practices laws and obligations, labor department rules and regulations, workers compensation and unemployment laws and rules, insurance obligations, and health and safety laws, rules and obligations.

(3) Franchisee shall, at all times, investigate, review, and comply with all laws, rules, and regulations related to all laws, rules, and regulations related to customer and employee privacy obligations and protections and, all laws, rules, and regulations, related to the privacy and protection of customer and employee information and data and, all laws, rules, and regulations related to customer and employee solicitations.

(4) Franchisee must immediately notify Franchisor in writing of any of the following concerning Franchisee, the Franchised Business, Franchisee's Business Location and/or Franchisee's Business Facility: (a) any cause of action, claim, lawsuit, proceeding, and investigation; (b) issuance of any order, writ, injunction, award, and/or decree by any court, agency, or other governmental entity; and (c) any notice of violation of any law, ordinance, code, permit, or regulation.

(5) Franchisee shall, at all times, ensure that all advertising and promotion of the Franchised Business by Franchisee is completely factual and conforms to the highest standards of ethical advertising, and is in conformity with Franchisor's standards and specifications. Franchisee shall refrain from any business practice, advertising practice, or personal conduct that may be injurious to Franchisor, the System, Salons by JC Businesses, and the Licensed Marks. Franchisor, in Franchisor's sole discretion, shall possess, among other things, the unilateral right to reject any and all advertising relating to the Franchised Business, Franchisor, the System, Salons by JC Businesses and/or using the Licensed Marks.

(6) Franchisee and Owners agree to comply with, and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and each Owner certify, represent, and warrant that Franchisee's or any Owner's property or interests is not subject to being "blocked" under any of the Anti-Terrorism Laws, and Franchisee and each Owner are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee further certifies that Franchisee and each Owner are not listed on the Annex to Executive Order 13244 (the Annex is available at <http://www.treasury.gov>) and will not become so listed, hire any person so listed, or have dealings with any person so listed. Franchisee agrees to immediately notify Franchisor if Franchisee or any Owner become so listed. "Anti-Terrorism Laws" refers to and means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing, or in any way relating to, terrorist acts and acts of war. If Franchisee, an Owner, or Franchisee's employees violate any of the Anti-Terrorism Laws and/or become listed on the Annex to Executive Order 13244, then Franchisor may terminate this Agreement immediately without prior notice to Franchisee.

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In connection with Franchisee's compliance with the terms of this Article 7.I., if Franchisee discovers, learns of, and/or becomes aware of any conflict and/or discrepancy between Franchisee's obligations under this Article 7.I. with Franchisor's standards and/or specifications as contained in this Agreement, in the Operations Manual, and/or as otherwise designated by Franchisor from time to time, Franchisee shall immediately notify Franchisor in writing of such discrepancy. In the event of any conflict or ambiguity, Franchisor's determination and/or resolution made by Franchisor, in writing, and, specifically with regard to the presented conflict or ambiguity, shall be determinative as between Franchisor and Franchisee and the operations of the Franchised Business.

7.J. MANAGEMENT OF BUSINESS

(1) Franchisee agrees that critical to the success of the Franchised Business is the active, continuing and substantial personal involvement and hands-on supervision of Franchisee's Managing Owner. At all times, Franchisee's Salons by JC Business must be under the active, continuing and substantial personal involvement and hands-on supervision of Franchisee's Managing Owner. The Managing Owner must at all times be actively involved in the operation of the Franchised Business unless Franchisee delegates management functions to an authorized Operating Manager who, among other things, satisfactorily completed Franchisor's Training Program and has otherwise meet the criteria and conditions for qualification as an Operating Manager. If the Operating Manager is a family member of Franchisee and/or an Owner then the Operating Manager must also sign and agree to be bound by the terms of the Franchise Owner and Spouse Agreement and Guaranty.

(2) Franchisee must, at all times, faithfully, honestly and diligently perform its obligations hereunder, and continuously exert its best efforts to promote and enhance the business of the Franchised Business and the goodwill of the Licensed Marks.

(3) If, at any time, the Franchised Business is not being managed by a Managing Owner or Operating Manager who satisfactorily completed the Training Program, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Franchised Business for and on behalf of Franchisee. Franchisor's appointment of a manager of the Franchised Business does not relieve Franchisee of its obligations or constitute a waiver of Franchisor's right to terminate the Franchise pursuant to Article 16. Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Franchised Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchised Business while it is managed by Franchisor's appointed manager. Franchisor has the right to charge fees and expenses, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, for management services (the "Management Service Fees"). Any determination as to whether or not Franchisor may elect to provide management services, if any, and the extent of such services, and/or the discontinuation thereof, shall be exclusively determined by Franchisor in Franchisor's Reasonable Business Judgment. The Management Service Fee shall be immediately payable upon invoice by us.

(4) Franchisee will at all times maintain sufficient working capital to fulfill its obligations under this Agreement.

7.K. REMEDIES FOR NONCOMPLIANCE WITH OPERATIONAL STANDARDS

In addition to all other rights afforded to Franchisor under this Agreement, in connection with any, each, and every violation of any term, provision, and/or operational requirement as set forth in this Article 7 (an "Operations Violation"), within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor an operations non-compliance fee (the "Operations Non-Compliance Fee") in the amount of: (a) \$1,000 for each and every instance/event related to an Operations Violation involving the sale of services and/or products that are not Approved Products and Services; (b) \$1,000 for each and every instance/event related to an Operations Violation involving the failure to exclusively use System Supplies, and/or Franchisor designated suppliers; and (c) \$450 for all other Operations Violation. Additionally, in each of the foregoing instances, within 14 days of Franchisor's invoice, Franchisee shall pay to Franchisor all costs and expenses incurred by

Franchisor in connection with any inspections, audits, and/or re-inspections directed and/or undertaken by Franchisor for the purpose, as determined by Franchisor in Franchisor's Reasonable Business Judgment, of determining whether or not Franchisee's Operations Violation has been cured in accordance with Franchisor's standards and specifications. The foregoing does not constitute Franchisor's consent to and/or acquiescence to Operations Violations. Nothing contained in this Article 7.K, shall be interpreted as interfering with and/or negating Franchisor's rights and remedies as set forth in Article 16, and as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

ARTICLE 8

INSURANCE

Franchisee must procure and maintain in full force at all times during the Term of this Agreement, at Franchisee's sole expense, on a primary rather than a participatory basis with Franchisor, an insurance policy or policies protecting Franchisee as named insured and naming, as additional insureds, Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisor against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business. The policy or policies must be written by a responsible carrier or carriers with an AM Best Rating of at least A-, VII and reasonably acceptable to Franchisor.

The currently required insurance policies, insurance coverage requirements, and insurance coverage amounts are designated and set forth in the Operations Manual. Franchisor may, in Franchisor's Reasonable Business Judgment, periodically change the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Notwithstanding the immediately foregoing sentence, Franchisor shall not increase such minimum coverage more than once every two years. All public liability and property damages policies must contain a provision that Franchisor is entitled to recover under these policies on any loss occasioned to Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees of Franchisor by reason of the negligence of Franchisee and/or Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees.

By the earlier of 90 days after the Effective Date or prior to the commencement of the Training Program, Franchisee must deliver, or cause to be delivered, to Franchisor a copy of the certificates of insurance demonstrating Franchisee's compliance with this Article 8. All insurance policies required must expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of a material alteration to, or cancellation of, any insurance policy Franchisee is required to maintain in accordance with this Agreement.

In the event Franchisee fails, for any reason, to procure or maintain the insurance required by this Agreement, then Franchisor has the right and authority (but not the obligation) to immediately procure insurance and charge all costs, fees, and expenses associated with same to Franchisee, which such charges, together with a reasonable administrative fee for Franchisor's expenses in so acting, shall be immediately payable by Franchisee to Franchisor upon demand. The foregoing remedies are in addition to any other remedies Franchisor may have under this Agreement, at law, or in equity.

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ARTICLE 9

BRAND DEVELOPMENT AND MARKETING

Franchisor is not required to conduct any marketing on behalf of Franchisee or the System.

9.A. BRAND DEVELOPMENT FUND

At all times during the Term of this Agreement, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisor may institute, implement, maintain, delegate and administer a brand development fund (the "Brand Development Fund"). The following shall apply to the Brand Development Fund at all times throughout the Term:

(1) If Franchisor institutes the Brand Development Fund, Franchisee shall pay, on the Due Date, a mandatory and continuing fee to the Brand Development Fund in an amount equal to a percentage of Gross Sales (as determined and designated by Franchisor in Franchisor's Reasonable Business Judgment) for each monthly Accounting Period (the "Brand Development Fund Fee"), provided, however, Franchisee will not be required to contribute more than 3% of the Gross Sales of the Franchised Business for each monthly Accounting Period;

(2) Franchisor will provide Franchisee with written notice of the percentage of Gross Sales that Franchisee is required to contribute to the Brand Development Fund. Upon such written notice to Franchisee, the percentage of Gross Sales to be paid by Franchisee to the Brand Development Fund will be applicable for each and every monthly Accounting Period thereafter during the Term until otherwise designated by Franchisor in writing. The Brand Development Fund Fee shall be paid to Franchisor on the Due Date and in accordance

with the payment terms and method set forth in Article 5.B. for the payment of Royalty Fees;

(3) Franchisor, in Franchisor's Reasonable Business Judgment, shall direct all advertising, media placement, marketing and public relations programs and activities financed by the Brand Development Fund, with sole discretion over the strategic direction, creative concepts, materials, and endorsements used by the Brand Development Fund, and the geographic, market, and media placement and allocation thereof. Without limiting the foregoing, the Brand Development Fund may also be utilized for evaluation and monitoring of the Business Management Systems, maintenance and upgrades to the System Website, and development of Digital Media;

(4) Franchisee agrees that the purpose of the advertising, media, marketing and activities financed by the Brand Development Fund is and shall be for the general enhancement of the System brand as associated with the Licensed Marks and general public brand recognition and awareness of the Licensed Marks. The Brand Development Fund will not be utilized to directly or indirectly market or promote the Franchised Business or, unless otherwise directed by Franchisor, in Franchisor's Reasonable Business Judgment, pay for media placements that may benefit or include any media market that includes Franchisee's Business Location or Designated Territory;

(5) Franchisee agrees that the Brand Development Fund may be used to pay various costs and expenses of Franchisor for such reasonable salaries, wages, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration, activities and/or the brand awareness goals of the Brand Development Fund including expenses incurred by Franchisor for advertising, marketing, product and service testing, product and service development, maintenance, evaluation and monitoring of the Business Management Systems, upgrades to the System Website, development of Digital Media and creative development that is internally administered or prepared by Franchisor and other marketing activities made by Franchisor, provided, however, that salary expenses for Franchisor's personnel paid by the Brand Development Fund shall be commensurate with the amount of that time spent by such personnel on Brand Development Fund matters. Franchisor shall not use contributions to the Brand Development Fund to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration and activities of the Brand Development Fund and creation or conduct of its marketing programs including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Brand Development Fund. Franchisor may spend in a fiscal year an amount greater or less than the aggregate contributions of all Salons by JC Businesses to the Brand Development Fund in that year;

(6) Franchisee agrees to participate in all advertising, marketing, promotions, research and public relations programs instituted by the Brand Development Fund;

(7) Salons by JC Businesses owned by Franchisor or Franchisor's affiliates are not required to pay any Brand Development Fund Fee or contribute to or make any contribution to the Brand Development Fund;

(8) Franchisee and Franchisor acknowledge and agree that (a) the Brand Development Fund is not a trust, (b) Franchisor is not a trustee or fiduciary of the Brand Development Fund, and (c) Franchisor may deposit and maintain any and all funds of the Brand Development Fund Fee in Franchisor's general accounts. Brand Development Fund Fees are not required to be segregated from other assets or accounts of Franchisor. The Brand Development Fund is not required to expend Brand Development Fund Fees in the year they are collected, and the Brand Development Fund may borrow from Franchisor or other lenders at standard commercial interest rates to cover deficits of the Brand Development Fund, and Franchisor may cause the Brand Development Fund to invest any surplus for future use by the Brand Development Fund. All interest earned on monies contributed to the Brand Development Fund will be used to pay costs of the Brand Development Fund before other assets of the Brand Development Fund are expended. A summary statement of monies collected, and costs incurred by the Brand Development Fund for Franchisor's immediately preceding fiscal year shall be made available to Franchisee upon Franchisee's written request. Franchisor will have the right to cause the Brand Development Fund to be incorporated or operated through an entity separate from Franchisor at such time as Franchisor deems appropriate, and such successor entity shall have all rights and duties of Franchisor pursuant to this Article 9.A.(8);

(9) Although Franchisor will endeavor to utilize the Brand Development Fund to develop advertising and marketing materials and programs, Franchisor undertakes no obligation to ensure that expenditures by the Brand Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Development Fund by Salons by JC Businesses operating in that geographic area or that any Salons by JC Businesses will benefit directly or in proportion to its contribution to the Brand Development Fund from the development of advertising and marketing materials. Franchisor may use the Brand Development Fund to promote or benefit any type of Salons by JC Businesses in the System. Franchisor may use the Brand Development Fund to promote or benefit Salons by JC Businesses located within a particular region of the United States. Franchisee agrees that Franchisee's failure to derive any such benefit will not serve as a basis for a reduction or elimination of its obligation to contribute to the Brand Development Fund. Franchisee agrees that the failure (whether with or without Franchisor's permission) of any other franchisee to make the appropriate amount of contributions to the Brand Development Fund shall not in any way release Franchisee from or reduce Franchisee's obligations under this Article 9, such obligations being separate and independent obligations of Franchisee under this Agreement. Except as expressly provided in this Article 9, Franchisor assumes no direct or indirect liability, responsibility, or obligation to Franchisee with respect to the maintenance, direction, and/or administration of the Brand Development Fund; and

(10) Franchisor, in Franchisor's Reasonable Business Judgment, may establish a council to provide guidance respecting the administration of the Brand Development Fund and marketing matters concerning the Brand Development Fund. The council shall

only serve in an advisory capacity and Franchisor shall select members of the council which may be comprised of employees of Franchisor, Franchisor, franchisees of the System and third parties.

9.B. LOCAL MARKETING

On-going, and on a monthly basis, Franchisee must spend not less than \$1,000 per month on the local marketing of the Franchised Business within and/or targeted to Franchisee's Designated Territory. On or before the 5th day of each month, or such other dates as specified by Franchisor, Franchisee shall provide Franchisor with an accounting of Franchisee's local marketing expenditures, placements, activities, and metrics for the immediately preceding month. At the request of Franchisor, Franchisee shall provide Franchisor with on-going access to any and all data and systems that record and/or report information related to Franchisee's local marketing activities and expenditures and to provide Franchisor such other periodic reports and records as may be requested by Franchisor.

If Franchisee's expenditures in any month and/or monthly periods designated and selected by Franchisor, do not, in aggregate, equal or exceed \$1,000 per month of Franchisee's Gross Sales for the respective monthly period then Franchisor, in Franchisor's discretion and Reasonable Business Judgment, may require that the deficiency be added as additional local marketing expenditures, over and above \$1,000 per month of Franchisee's Gross Sales, that Franchisee must spend within the immediately succeeding monthly period or periods, as directed by Franchisor, or, at Franchisor's discretion, be contributed to a Brand Development Fund. All marketing of the Franchised Business by Franchisee must be pre-approved, in writing by Franchisor.

Franchisor reserves the right to reject any and all marketing efforts requested by Franchisee and to prescribe all marketing, marketing media, marketing channels, promotions, copy, creative, and messaging that Franchisee may or may not use in Franchisee's marketing of the Franchised Business. Franchisee further agrees that:

(1) In addition to monthly reports, Franchisee shall provide Franchisor with such other reports documenting Franchisee's marketing initiatives, expenses incurred, placements secured, and other metrics and financial information as designated by Franchisor;

(2) Prior to opening the Franchised Business, Franchisee shall submit to Franchisor, Franchisee's grand opening marketing plan for review and approval by Franchisor. Franchisee shall use only those portions of its grand opening marketing that are pre-approved by Franchisor and consistent with Franchisor's standards and specifications. Not less than 30 days prior to the opening of the Franchised Business, Franchisee shall spend not less than \$15,000 to \$20,000 to market and promote the grand opening of the Franchised Business in accordance with Franchisor's standards and specifications;

(3) At all times, Franchisee's marketing efforts and the distribution of each marketing channel and media engaged by Franchisee must be directly targeted to Franchisee's Designated Territory. Franchisee shall not direct or target Franchisee's marketing efforts with the purpose or effect of soliciting or attracting customers outside of Franchisee's Designated Territory. To the extent that Franchisee's marketing efforts involve a marketing medium or distribution channel that is targeted to Franchisee's Designated Territory but reaches outside of and beyond Franchisee's Designated Territory Franchisor, in Franchisor's Reasonable Business Judgment, shall have the right to direct and require Franchisee to discontinue such marketing; and

(4) At all times, Franchisee hereby grants to Franchisor the right, without compensation to Franchisee, to use Franchisee's name, address, photograph, biographical information, and financial information related to the performance of the Franchised Business in any publication related to the System, Franchisee's operation of the Franchised Business, or Franchisor's sale of Salons by JC Business franchises.

9.C. REQUIRED FRANCHISOR APPROVAL OF ALL MARKETING

All marketing and promotion of the Franchised Business and all marketing media, campaigns, marketing channels, and efforts used by Franchisee must conform to Franchisor's standards and specifications as set forth in the Operations Manual or, as may be otherwise directed by Franchisor in writing from time to time.

If Franchisee wishes to propose to Franchisor for approval or disapproval marketing or promotional efforts, campaigns, and/or media that are not presently and expressly approved and authorized by Franchisor, Franchisee shall submit a written request, including samples of all proposed marketing materials and a description of the marketing channels and distribution to Franchisor for Franchisor's approval or disapproval, that shall be at the sole discretion of Franchisor, in Franchisor's Reasonable Business Judgment. Provided that Franchisee has satisfied the written notice requirements set forth in this Article 9.C. and provided that Franchisee otherwise timely responds in writing to any and all requests by Franchisor for additional information, if Franchisor does not notify Franchisee that Franchisor disapproves the materials within 15 days from the date Franchisor receives the materials, then Franchisee may commence using the materials. However, Franchisor may still disapprove such materials by notice to Franchisee, and Franchisee must then cease using such materials upon receipt of such notice. Franchisee must not use any advertising or promotional materials that Franchisor has disapproved.

9.D. WAIVERS OR DEFERRALS

On written request from Franchisee with reasons supporting such request, Franchisor may, at Franchisor's sole discretion and on conditions Franchisor deems appropriate, temporarily waive or defer the obligations of Franchisee under the Brand Development Fund and/or, if applicable, Advertising Cooperative. In no event shall such waiver or deferral extend beyond six months. However, at the end of any waiver or deferral period, Franchisee may resubmit a request for waiver or deferral of its obligations under the Brand Development

Fund and/or, if applicable, Advertising Cooperative. Under no circumstance shall Franchisor be under any obligation to grant any waiver or deferral. Franchisor may reject Franchisees request for a waiver or deferral based on any reason or no reason at all and nevertheless grant the request of another system franchisee.

9.E. DIGITAL MEDIA AND WEBSITE PROHIBITIONS

Franchisee's use of Digital Media shall be subject to and require Franchisor's express written consent which shall and may be withheld by Franchisor for any or no reason at all. Without limitation to the foregoing, Franchisee possesses no right or authority to utilize Digital Media and Franchisee agrees that Franchisor reserves all rights respecting the marketing, sale and distribution of Approved Products and Services through Digital Media. Franchisee agrees that all Digital Media and Digital Media accounts associated with and/or relating to the Franchised Business and/or the System shall, upon demand of Franchisor, be transferred to Franchisor. Upon execution of this Agreement and any and all future dates demanded by Franchisor, Franchisee shall execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts Agreement attached to this Agreement as Exhibit 6. Franchisee agree that the foregoing shall not be interpreted or construed as permitting Franchisee to establish, designate, utilize and/or otherwise establish accounts as to Digital Media respecting and/or concerning the Franchised Business and/or the System.

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9.F. ADVERTISING COOPERATIVE

At all times Franchisor, in Franchisor's Reasonable Business Judgment, possesses the right to authorize, establish, designate and de-authorize a local or regional advertising cooperative within those markets that Franchisor designates (the "Advertising Cooperative"). Franchisee agrees that Franchisor possesses the sole and exclusive right to designate any geographic area in which two or more Business franchises are located as a region for the purpose of establishing an Advertising Cooperative. If Franchisee's Business or Designated Territory is located within the geographic area of an Advertising Cooperative, franchisee must participate in and contribute to the Advertising Cooperative. Franchisee agrees to the following:

(1) If Franchisor previously instituted or, in the future, institutes an Advertising Cooperative that includes, in whole or in part, Franchisee's Designated Territory or Franchisee's Business Location, Franchisee shall participate in and make such on-going financial contributions to the Advertising Cooperative, as determined by the Advertising Cooperative;

(2) Franchisor may establish foundational and organizational requirements of the Advertising Cooperative including voting provisions that allows the Advertising Cooperative to make decisions based on the simple majority vote (one vote per franchisee Business located within the designated area of the Advertising Cooperative) with a quorum constituting 25% of those franchisees within the Advertising Cooperative;

(3) Unless otherwise authorized and approved by Franchisor in writing, each Advertising Cooperative shall be organized for the exclusive purpose of administering marketing programs and the development of media (all subject to the review and approval of Franchisor) for use by members of the Advertising Cooperative in local or regional marketing;

(4) If at the time of execution of this Agreement an Advertising Cooperative has been established for a geographic area that includes, in whole or in part, Franchisee's Business location or Designated Territory, or if such Advertising Cooperative is established during the Term of this Agreement, Franchisee shall fully participate in the Advertising Cooperative and Franchisee shall execute, at the request of Franchisor, all documents required by Franchisor and Franchisee shall become a member of the Advertising Cooperative subject to the terms of those documents;

(5) Franchisee shall contribute to the Advertising Cooperative in the amounts as determined and required by the Advertising Cooperative or, otherwise in accordance with those documents governing the operation of the Advertising Cooperative; provided, however, Franchisee's contributions to the Advertising Cooperative shall not exceed Franchisee's local minimum marketing obligations set forth in Article 9.B. of this Agreement and Franchisee's contributions to the Advertising Cooperative shall count toward satisfaction of Franchisee's minimum local marketing obligations set forth in Article 9.B.;

(6) Franchisee shall submit to the Advertising Cooperative and to Franchisor such statements and reports as may be required by the Advertising Cooperative and approved by Franchisor. All contributions to the Advertising Cooperative shall be maintained and administered in accordance with the documents governing the Advertising Cooperative. The Advertising Cooperative shall be operated solely for the purpose of collection and expenditure of the Advertising Cooperative's fees for the purpose set forth in this Article 9.F.;

(7) No marketing materials, plans, or media may be used by the Advertising Cooperative or its members without the prior written approval of Franchisor;

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(8) Businesses owned by Franchisor and/or Franchisor's affiliates that are located within the geographic area of the designated Advertising Cooperative are not required to make contributions to the Advertising Cooperative; and

(9) The Advertising Cooperative must comply with the rules and regulations established by Franchisor in the Operations Manual which may be modified by Franchisor from time to time.

ARTICLE 10

RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

10.A. INDEPENDENT CONTRACTORS AND NO JOINT EMPLOYER RELATIONSHIP

This Agreement does not create a fiduciary relationship between Franchisor and Franchisee. Franchisor and Franchisee are independent contractors and nothing in this Agreement is intended to, nor shall it make either party an agent, legal representative, subsidiary, joint venturer, partner, or employee of the other for any purpose. The parties' relationship is strictly a Franchisor and Franchisee relationship. At all times Franchisee, in accordance with Franchisor's brand standards, must conspicuously identify itself at the premises of the Franchised Business and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of a Business under a franchise from Franchisor, and Franchisee must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as Franchisor requires. Franchisee shall not employ any Licensed Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation. Franchisee shall not employ any Licensed Mark in a manner that is likely to result in liability of Franchisor for any indebtedness, action, inaction, or obligation of Franchisee. Franchisor and Franchisee shall not make any express or implied agreements, guaranties or representations, or incur any debt, in the name, or on behalf, of the other. Franchisor and Franchisee shall not represent that their relationship is anything other than franchisor and franchisee. Franchisor and Franchisee shall not be obligated by, or have any liability under, any agreements or representations made by the other that are not expressly authorized. Franchisor shall not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Business, whether or not caused by Franchisee's negligent, willful act or failure to act. Franchisor shall have no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Franchised Business or its assets, or upon Franchisor in connection with sales made, services performed, or business conducted by Franchisee.

At all times, Franchisee will be, is, and shall remain the sole and exclusive employer of all employees of the Franchised Business. Franchisor is not a joint employer and nothing contained in this Agreement shall be interpreted as creating a joint employer relationship. Franchisee possesses the sole right to select, hire and discharge Franchisee's employees. Franchisee is responsible for all decisions regarding hiring, firing, training, supervising, disciplining, scheduling, paying wages to, and withholding and paying taxes for all employees. Franchisee, each Owner, each Spouse, and Franchisee's officers, directors, manager, agents, representatives, independent contractors and employees are not employees, representatives, or agents of Franchisor and shall never represent themselves as employees, representatives, or agents of Franchisor.

There is no joint employer relationship between Franchisor and Franchisee or Franchisee's employees. Franchisee's compliance with all federal, state and local labor laws rules and regulations shall be exclusively determined and managed by Franchisee. To the extent that the Operations Manual and/or any other communications from Franchisor includes information, specifications, procedures, criteria and/or requirements as to employees of the Franchised Business, such requirements shall be interpreted, exclusively, for the purpose of maintaining brand standards associated with the System, to protect the good will associated with the System, and to ensure System uniformity requirements and standards concerning the Approved Products and Services, and under no circumstance shall same relate to the employer-employee relationship. As to the foregoing issue of joint employer and the non-existence thereof, in the event of any inconsistency or conflict between this Agreement and the Operations Manual, the terms of this Agreement shall take precedence and govern.

10.B. INDEMNIFICATION BY FRANCHISEE

Franchisee and each Owner shall indemnify, defend through counsel acceptable to Franchisor, and hold Franchisor, Franchisor's affiliates, and their respective officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisor Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigations, hearings, and/or damages arising out of, or relating to, Franchisee's Business Facility, Franchisee's Business Location, and/or the Franchised Business (including, without limitation, the ownership and operation of the Franchised Business), unless such loss, expense, claim, cause of action, lawsuit, liability, tax, cost, demand, proceeding, or damage is solely due to Franchisor's gross negligence, and Franchisee shall pay all of the Franchisor Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisor Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisor Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses. At the expense and risk of Franchisee and each Owner, Franchisor may elect to assume (but is not obligated to undertake) the defense and/or settlement of any action, lawsuit, proceeding, claim, or demand. Such an election by Franchisor to assume its defense shall not diminish the obligation of Franchisee and each Owner to indemnify, defend and hold harmless Franchisor. Franchisee and each Owner acknowledge and agree that the terms of this Article 10.B. shall survive the termination, expiration or Transfer of this Agreement. Under no circumstances are the Franchisor Indemnified Parties required or obligated to seek recovery from third parties or otherwise mitigate their respective losses in order to maintain a claim against Franchisee or any Owner. Franchisee and each of the Owners agree that Franchisor's failure to pursue recovery or mitigate loss in no way reduces the amounts recoverable from Franchisee or any Owner.

10.C. INDEMNIFICATION BY FRANCHISOR

Franchisor shall indemnify, defend, and hold Franchisee and Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisee Indemnified Parties") harmless from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigations, hearings, and/or damages solely arising out of, or solely relating to, Franchisor's gross negligence in the operation of Franchisee's Salons by JC Business that was the direct cause of any such loss, expense, liability or damage provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing, and Franchisor shall pay all of the Franchisee Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisee Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisee Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing. Franchisor agrees that the terms of this Article 10.C. shall survive the termination, expiration or Transfer of this Agreement.

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ARTICLE 11

LICENSED MARKS AND SYSTEM; INNOVATIONS TO SYSTEM

11.A. OWNERSHIP AND GOODWILL

Franchisee agrees that Franchisor is the owner of all right, title and interest in and to the Licensed Marks, the System, web-based media, Published Content and the goodwill associated with the Licensed Marks and the System. Except as otherwise specifically provided in this Agreement, Franchisee further agrees that Franchisee possesses no interest or right, whatsoever, in or to the Licensed Marks, the System, web-based media, Published Content and the goodwill associated with the Licensed Marks and the System, and Franchisee's right to use the Licensed Marks and the System is derived solely from this Agreement. Any unauthorized use of the Licensed Marks and/or the System by Franchisee or any of Franchisee's affiliates shall constitute an infringement of the rights of Franchisor in and to the Licensed Marks and/or the System. Franchisee agrees that all usage of the Licensed Marks and/or the System by Franchisee, and all goodwill associated with the Licensed Marks and System, shall exclusively benefit Franchisor without granting any goodwill interests or rights to Franchisee except for Franchisee's non-exclusive interest and limited right to use the Licensed Marks and the System in the operation of the Franchised Business, subject to the terms and conditions of this Agreement. Franchisee shall not, at any time during the Term or after the expiration, termination or Transfer of this Agreement, contest the validity or ownership of the Licensed Marks, the System, web-based media, Published Content, and/or the goodwill associated with the Licensed Marks and the System, and at no time shall Franchisee assist any other person in contesting the validity or ownership of the Licensed Marks, the System, web-based media, Published Content, and/or the goodwill associated with the Licensed Marks and the System. Franchisee and each Owner shall not take any action that prejudices or interferes with the validity of Franchisor's rights with respect to Licensed Marks, the System, web-based media, Published Content, and/or the goodwill associated with the Licensed Marks and the System.

11.B. USE OF THE LICENSED MARKS

Franchisee agrees that the Licensed Marks shall be the sole identification of the Franchised Business. Franchisee must operate, advertise and market the Franchised Business only under the Licensed Marks as designated and specified by Franchisor in Franchisor's Reasonable Business Judgment. Franchisee shall not use the Licensed Marks as part of its corporate or other legal name, and Franchisee shall not use the Licensed Marks with modifying words, terms, designs, or symbols, or in any modified form. Franchisee shall comply with Franchisor's instructions in filing and maintaining their requisite trade name or fictitious name registrations as may be required by applicable law.

11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS

Franchisee must notify Franchisor immediately in writing of any apparent infringement of, or challenge to, Franchisee's use of any Licensed Mark and/or the System or of any claim by any person claiming any rights in any manner with respect to the Licensed Mark, the System, or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person other than Franchisor and its counsel in connection with any infringement, challenge, or claim by any third party to the Licensed Marks and/or the System. Franchisor and/or Franchisor's licensor shall possess sole and complete discretion, in Franchisor's Reasonable Business Judgment, to take any action and/or to refrain from taking action, Franchisor and/or Franchisor's licensor deems appropriate, including, without limitation, the right to exclusively control any litigation or administrative proceeding arising out of, or relating to, any infringement, challenge, claim or otherwise relating to any Licensed Mark and/or the System. Franchisee agrees to execute all documents, render assistance, and take all actions as may be necessary or advisable to protect and maintain the interests of Franchisor and/or Franchisor's licensor in any litigation or administrative proceeding or to otherwise protect and maintain, as directed by Franchisor, the interests of Franchisor and/or Franchisor's licensor in the Licensed Marks. Franchisor will reimburse Franchisee for reasonable direct expenses incurred by Franchisee in assisting Franchisor in any such litigation or administrative proceeding provided Franchisee timely notifies Franchisor of such litigation or administrative proceeding, and Franchisee complies with the written instructions of Franchisor respecting any such litigation or administrative proceeding.

11.D. DISCONTINUANCE OF USE OF LICENSED MARKS

Franchisee agrees that at any time should Franchisor determine, in Franchisor's sole discretion and based on Franchisor's Reasonable Business Judgment, that it is advisable for Franchisor, the System, and/or Franchisee to replace, modify, substitute, and/or discontinue use of any Licensed Marks, then Franchisee shall comply with Franchisor's determination and instructions as to the replacement, modification, substitution, and/or discontinuance of such Licensed Mark(s). Franchisee shall comply within the foregoing requirements within a reasonable time period after notice by Franchisor. If Franchisee is required to take action pursuant to instruction by Franchisor pursuant to this Article 11.D. or, if Franchisee is otherwise required to replace, modify, substitute, and/or discontinue use of any Licensed Marks, the sole liability and obligation of Franchisor to Franchisee shall be to reimburse Franchisee for the reasonable and direct costs incurred by Franchisee in complying with this obligation, which Franchisee shall document to the satisfaction of Franchisor. Franchisor maintains the exclusive right, in Franchisor's Reasonable Business Judgment, to, in whole or in part, replace, modify, substitute and/or discontinue any and all features and/or components of the Licensed Marks and/or the System at any time.

11.E. INDEMNIFICATION OF FRANCHISEE

If Franchisee is sued in a legal proceeding or is threatened with legal action and/or a notice of infringement by a third party where the claims and/or causes of action directly relate to a third party claiming trademark infringement, unfair competition, and/or trademark dilution as a result of Franchisee's use of the Licensed Marks in accordance with the terms of this Agreement and the System (the "IP Claim"), then Franchisor shall indemnify Franchisee for the reasonable and direct costs incurred by Franchisee and/or a judgment entered against Franchisee, provided: (i) Franchisee immediately notified Franchisor of the IP Claim by a written notice sent to Franchisor via priority overnight courier; (ii) Franchisee provided and afforded Franchisor the absolute opportunity and right to defend against the IP Claim and to select and appoint legal counsel of Franchisor's choosing; and (iii) Franchisee utilized the Licensed Marks in accordance with the terms of this Agreement and the System. Franchisee agrees that time is of the essence with respect to notifying Franchisor of the IP Claim in accordance with this Agreement, including this Article 11.E.

11.F. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND INFORMATION

Franchisee agrees that with regard to the Franchised Business, all customer lists, including the contents and information contained in all customer lists, constitute Confidential Information and an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term, and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods, and products conceived or developed by Franchisee, any Owner, and/or Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees relating to the development and operation of Salons by JC Businesses and the System. Franchisee hereby assigns to Franchisor, and Franchisee agrees to procure an assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 11.F. from each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees. Franchisor shall have no obligation to tender any lump sum payment, on-going payments, or any other consideration to Franchisee, any Owner, each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee shall not use, or allow any other person or entity to use, any such concept, method, technique, or product without obtaining Franchisor's prior written approval.

ARTICLE 12

31. RECORDS AND REPORTS

12.A. MAINTENANCE AND PRESERVATION OF RECORDS

Franchisee shall maintain, preserve, and make available to Franchisor, at the request of Franchisor and on an on-going basis throughout the Term of this Agreement and for a period of three years following the expiration or termination of this Agreement, true and accurate books, accounting, receipts, financial statements, tax returns, and records relating to the operations and business of the Franchised Business. Such records shall be maintained and preserved in the form and manner requested by Franchisor and/or as prescribed by Franchisor in the Operations Manual or otherwise prescribed in writing.

12.B. REPORTING OBLIGATIONS

In addition to the reporting obligations otherwise set forth in this Agreement, Franchisee agrees to the following additional reporting obligations that shall be compiled, organized, and contain all of the data and information requested by Franchisor, in Franchisor's Reasonable Business Judgment, and as may be modified by Franchisor from time to time:

(1) Royalty and Activity Reports – on the Due Date each month, Franchisee shall report, transmit, confirm, and/or otherwise make available to Franchisor, the Royalty and Activity Report as designated by Franchisor and in accordance with the terms of this Agreement.

(2) Monthly Financial Statements and Reports – within 30 days of the end of each calendar month Franchisee shall submit to Franchisor monthly financial statements and other reports related to the operations of the Franchised business including, but not limited to, income statement, statement of cash flows, balance sheet, and other operational reports designated by Franchisor. At all times Franchisee represents that the financial statements, information, and reports submitted to and/or made available to Franchisor

shall be and remain true and accurate. The financial statements must be prepared in accordance with GAAP and, additionally, shall reconcile Gross Sales per GAAP to Gross Sales per this Agreement;

(3) Annual Financial Statements and Reports – within 60 days of the end of each calendar year, Franchisee shall submit to Franchisor Franchisee’s annual financial statements and other reports related to the operations of the Franchised business including, but not limited to, income statement, statement of cash flows, balance sheet, and other operational reports designated by Franchisor. The financial statements must be prepared by a licensed CPA and in accordance with GAAP and, additionally, shall reconcile Gross Sales per GAAP to Gross Sales per this Agreement;

(4) Tax Returns – Franchisee shall provide to Franchisor, Franchisee’s annual federal, state and local tax returns as same are prepared and submitted to the applicable federal, state and local entities. Said tax returns shall be submitted to Franchisor within 45 days of Franchisee or Franchisee’s agent filing such returns with the applicable federal, state and local entities; and

(5) Other Reports – Franchisee shall timely submit to Franchisor, all other forms, reports, records, information, and data as Franchisor may reasonably request in writing or as otherwise set forth in the Operations Manuals.

12.C. REMEDIES FOR NON-COMPLIANCE WITH RECORDS AND REPORTING

In addition to all other rights afforded to Franchisor under this Agreement, in connection with any, each, and every violation of any term, provision, and/or operational requirement as set forth in this Article 12 (a “Reporting Violation”), within 14 days of Franchisor’s invoice, Franchisee shall pay to Franchisor a reporting non-compliance fee (the “Reporting Non-Compliance Fee”) in the amount of \$150 for each and every failure to timely submit a report and/or record as set forth in this Article 12. The foregoing does not constitute Franchisor’s consent to and/or acquiescence to Reporting Violations. Nothing contained in this Article 12.C. shall be interpreted as interfering with and/or negating Franchisor’s rights and remedies as set forth in Article 16 and, as otherwise set forth in this Agreement. All rights and remedies of Franchisor are cumulative and shall be interpreted as cumulative to one another.

ARTICLE 13

INSPECTION AND AUDITS

13.A. FRANCHISOR’S RIGHT TO INSPECT

Franchisor has the right at any and all times during business hours, throughout the terms of this Agree and without prior notice to Franchisee, to inspect Franchisee’s Business. Franchisee shall fully cooperate with representatives of Franchisor making any inspection and permit such representatives of Franchisor to take photographs, videos, and/or recordings of the Franchised Business, interview employees, Operators, and customers of the Franchised Business, conduct secret-shopper inspections, and other inspections either with or without notice to Franchisee. Franchisor shall undertake reasonable efforts to minimize the impact of any inspection on the operations of the Franchised Business.

13.B. FRANCHISOR’S RIGHT TO EXAMINE BOOKS AND RECORDS

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited by a third party, the business records, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns, and other books, statements, and records of the Franchised Business and Franchisee. Franchisee shall maintain complete and accurate copies of all such books, statements, records and supporting documents at Franchisee’s Business Facility. Franchisee must fully cooperate with Franchisor, representatives of Franchisor, and third parties hired by Franchisor to conduct any such examination or audit. In the event Franchisor’s examination of Franchisee’s records reveals that Franchisee underreported any figure to Franchisor by more than 2%, then Franchisee shall reimburse to Franchisor, all of Franchisor’s costs in connection with Franchisor’s audit/examination.

ARTICLE 14

TRANSFER OF INTEREST

14.A. TRANSFER BY THE FRANCHISOR

At all times, Franchisor possesses and maintains the sole, absolute and unilateral right to Transfer and/or assign Franchisor’s rights and obligations under this Agreement and the Ancillary Agreements, in whole and/or in part, for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor’s sole discretion, to any person, entity, Corporate Entity and/or third party without the consent of Franchisee and without the approval of Franchisee or any other party. Nothing contained in this Agreement shall prevent, prohibit, restrict, hinder, enjoin or otherwise restrain Franchisor from selling, transferring, conveying, or assigning this Agreement and the Ancillary Agreements, and/or Franchisor’s rights and obligations under this Agreement and the Ancillary Agreements, to any person, entity, Corporate Entity or other third party. Franchisor has an unrestricted and unequivocal right to Transfer and/or assign any or all of its rights or obligations under this Agreement and the Ancillary Agreements, in whole or in part, in Franchisor’s sole discretion. In the event Franchisor Transfers and/or assigns this Agreement and/or the Ancillary Agreements, and/or any or all of Franchisor’s rights and obligations set forth in this Agreement and/or the Ancillary Agreements, to a person, an entity, Corporate Entity, or other third party, this Agreement and the Ancillary Agreements, shall survive, remain in full force and effect, and inure to the benefit of the purchaser, transferee, conveyee, and/or assignee of this Agreement and/or the Ancillary Agreements.

14.B. FRANCHISEE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL

Franchisee agrees, and Franchisee represents and warrants that Franchisee's Owners understand and agree, that the rights and duties set forth in this Agreement are personal to Franchisee and each Owner. Therefore, Franchisee agrees that:

- (1) No ownership interest of any Owner in Franchisee may be Transferred without the prior written consent of Franchisor;
- (2) No obligations, rights or interest of Franchisee in (a) this Agreement, (b) the lease or ownership interests in Franchisee's Business Location and Franchisee's Business Facility, (c) the Franchised Business, or (d) all or substantially all of the assets of the Franchised Business may be Transferred without the prior written consent of Franchisor. This restriction shall not prohibit Franchisee from granting a mortgage, charge, lien, or security interest in the assets of the Franchised Business or this Agreement for the exclusive purpose of securing financing for the initial development (occurring prior to the Actual Business Commencement Date) of the Franchised Business;
- (3) Without limitation to the foregoing, any Transfer by Franchisee respecting and/or relating to this Agreement and/or the Franchised Business and/or assets associated with the Franchised Business will require the prior written consent of Franchisor where such Transfer occurs by virtue of: (a) divorce or legal dissolution of marriage; (b) insolvency; (c) dissolution of a Corporate Entity; (d) last will and testament; (e) intestate succession; or (f) declaration of, or transfer in trust;
- (4) Any purported Transfer without the written consent of Franchisor, or otherwise in violation of this Agreement including, but not limited to this Article 14.B. shall constitute a breach of this Agreement and shall convey to the transferee no rights or interests in this Agreement; and
- (5) In the event of a Transfer of this Agreement that is approved by Franchisor, Franchisee shall not be relieved of Franchisee's obligations under this Agreement whether said obligations accrued and/or arose prior to and/or after the date of Transfer.

14.C. CONDITIONS FOR APPROVAL OF TRANSFER

Provided Franchisee and each Owner and Spouse, respectively, are in substantial compliance with this Agreement and the Ancillary Agreements, and Franchisor does not elect to exercise Franchisor's right of first refusal as set forth in Article 14.F. below, Franchisor shall not unreasonably withhold its approval of a Transfer by Franchisee or an Owner. The proposed transferee (including such assignee's owner(s) and spouse(s) if the proposed transferee is a Corporate Entity) must be of good moral character, have sufficient business experience, aptitude and financial resources to own and operate a Salons by JC Business, and otherwise meet Franchisor's then applicable standards for franchisees as determined by Franchisor in its sole, but reasonable discretion. Furthermore, the proposed transferee and the proposed transferee's owners and spouses may not own or operate, or intend to own or operate, a Competitive Business. Franchisee agrees that Franchisor may condition approval of a Transfer upon Franchisee's satisfaction (either before, or contemporaneously with, the effective date of the Transfer) of the following:

- (1) Franchisee must provide written notice to Franchisor of the proposed Transfer of this Agreement at least 30 days prior to the Transfer, and Franchisee must have also satisfied the obligations set forth in Article 14.F. below;
- (2) All accrued monetary obligations of Franchisee and all other outstanding obligations to Franchisor and/or Franchisor's affiliates under this Agreement and the Ancillary Agreements must be satisfied in a timely manner, and Franchisee must satisfy all trade, supplier, and vendor accounts and other debts, of whatever nature or kind, in a timely manner;
- (3) Franchisee, each Owner, and each Spouse must not be in default or material breach of this Agreement or the Ancillary Agreements;
- (4) The transferee shall be bound by all terms and conditions of this Agreement, and each owner of the transferee and their respective spouses shall personally execute the Franchise Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Each owner of the transferee shall also be required to execute such further agreements designated by Franchisor whereby the proposed transferee assumes each and every obligation and responsibility of Franchisee as set forth in this Agreement;
- (5) All obligations of Franchisee under this Agreement and the Ancillary Agreements shall be assumed by the transferee, each individual owner of transferee, and their respective spouses in a manner satisfactory to Franchisor;
- (6) Franchisee, each Owner, and each Spouse must execute the General Release attached to this Agreement as Exhibit 8 releasing Franchisor, Franchisor's affiliates and Franchisor's past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on, or before, the effective date of the Transfer;
- (7) If the proposed Transfer includes or entails the Transfer of this Agreement, substantially all of the assets of the Franchised Business, a controlling interest in Franchisee, or is one of a series of Transfers which in the aggregate Transfers substantially all of

the assets of the Franchised Business or a controlling interest in Franchisee, then, at the election of Franchisor and upon notice from Franchisor to Franchisee, the transferee may be required to execute (and/or, upon Franchisee's request, shall cause all interested parties to execute) for a term ending on the expiration date of the original Term of this Agreement, the then current standard form Franchise Agreement offered to new franchisees of Salons by JC Businesses and any other agreements as Franchisor requires. Such agreements shall supersede this Agreement and its associated agreement in all respects, and the terms of Franchisor's then current agreements may differ from the terms in this Agreement, provided that such agreements shall provide for the same Royalty Fee, Advertising Contributions, and all other financial or monetary obligations established in this Agreement;

(8) Unless Franchisee has met the requirements of Article 7.B. within the five year period immediately preceding the Transfer, the transferee, at its expense, must improve, modify, refurbish, renovate, remodel, and/or otherwise upgrade Franchisee's Salons by JC Business Facility to conform to the then current standards and specifications of Franchisor, and the transferee must complete such improvements, modifications, refurbishments, renovations, remodeling, and/or upgrading within the time period Franchisor reasonably specifies;

(9) Franchisee, each Owner, and each Spouse shall remain liable for all obligations to Franchisor set forth in this Agreement;

(10) At the transferee's expense, the transferee, and the transferee's Managing Owner, Managers and/or any other applicable employees of transferee's Salons by JC Business must complete any training programs then in effect for franchisees of Salons by JC Businesses upon terms and conditions set forth in this Agreement or as Franchisor otherwise reasonably requires;

(11) Franchisee must pay a fixed sum of \$15,000 to Franchisor (the "Transfer Fee");

(12) Franchisor's approval of the material terms and conditions of the Transfer, and Franchisor determines in Franchisor's Reasonable Business Judgment that the price and terms of payment are not so burdensome as to be detrimental to the future operations of the Franchised Business by the transferee;

(13) Transferee's employees, directors, officers, independent contractors, and agents who will have access to Confidential Information shall execute the Confidentiality Agreement attached hereto as Exhibit 2;

(14) Franchisee entering into an agreement with Franchisor agreeing to subordinate any obligations of transferee to make installment payments of the purchase price to Franchisee to the transferee's obligations to Franchisor, including, without limitation, transferee's obligations with respect to Royalty Fees and Advertising Contributions;

(15) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer indicates only that the transferee meets, or Franchisor waived, the criteria established by Franchisor for franchisees as of the time of such transfer, and Franchisor's approval thereof does not constitute a warranty or guaranty by Franchisor, express or implied, of the suitability of the terms of sale, successful operation, or profitability of the Franchised Business;

(16) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer at issue does not constitute Franchisor's approval of future or other Transfers or the waiver of the requirement that Franchisor must approve such future or other Transfers in accordance with this Agreement;

(17) The Transfer must be made in compliance with all applicable laws;

(18) The Transfer of the Franchised Business, the lease for Franchisee's Salons by JC Business Facility, Business Location and the assets of the Franchised Business shall be made only in conjunction with a Transfer of this Agreement, approved by Franchisor in accordance with and subject to this Article 14 and the terms and conditions of this Agreement; and

(19) Franchisor's consent to a Transfer of any interest that is subject to the restrictions of this Agreement shall not constitute a waiver of any claims it may have against Franchisee or deemed a waiver of Franchisor's right to demand strict and exact compliance with this Agreement by the transferee.

14.D. DEATH OR DISABILITY OF FRANCHISEE OR AN OWNER

(1) If Franchisee is an individual and not a Corporate Entity, upon the death or permanent disability of Franchisee, the executor, administrator, conservator or other personal representative of Franchisee, must appoint a manager that meets the equivalent of an Operating Manager within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability. The appointed manager (as applicable) must serve and qualify as an Operating Manager and attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's Business is not being managed by a Franchisor approved Operating Manager (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's Business for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Operating Manager is able to assume the management and operation of Franchisee's Business. Franchisor's appointment of a manager for Franchisee's Business does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At

all times, including while Franchisee's Business may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's Business. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time.

(2) If Franchisee is a Corporate Entity, upon the death or permanent disability of Franchisee's Managing Owner, the remaining Owners within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability must appoint a new Managing Owner that is approved by Franchisor. The appointed Managing Owner must attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's Business is not being managed by a Franchisor approved Managing Owner (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's Business for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Managing Owner is able to assume the management and operation of Franchisee's Business. Franchisor's appointment of a manager for Franchisee's Business does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's Business may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by Franchisee's Business. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time.

- E. Notwithstanding ~~No Defense~~, Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 14. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 14.—

15. ~~DEFAULT AND TERMINATION~~

~~Franchisor may terminate this Agreement as described in this Section, and Franchisee agrees and acknowledges that the defaults, or failure to cure such defaults within the appropriate time period prescribed below (if any), shall constitute "good cause" and "reasonable cause" for termination under any state franchise laws or regulations that might apply to the operation of the Franchised Business.—~~

- A. ~~This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:—~~

~~The foregoing, if Franchisee is a Corporate Entity and the Managing Owner is the only Owner of Franchisee, then Article 14.D.(1) shall apply as if the Managing Owner were the sole individual Franchisee.~~

(3) Upon the death of Franchisee or any Owner, the executor, administrator, conservator or other personal representative of that deceased person must transfer his interest to a person Franchisor approves within a reasonable time, not to exceed 12 months from the date of death.

(4) If Franchisee is an individual, then in the event of the death or permanent disability of Franchisee, this Agreement may be Transferred to any designated person, heir or beneficiary without the payment of the Transfer Fee. Notwithstanding the immediately foregoing sentence, the Transfer of this Agreement to such transferee of Franchisee shall be subject to the applicable terms and conditions of this Article 14, and the Transfer shall not be valid or effective until Franchisor has received the properly executed legal documents, which Franchisor's attorneys deem necessary to properly and legally document such Transfer of this Agreement. Furthermore, said transferee must agree to be unconditionally bound by the terms and conditions of this Agreement, personally guarantee the performance of Franchisee's obligations under this Agreement, and execute the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1.

14.E. TRANSFER TO WHOLLY OWNED CORPORATE ENTITY

In the event Franchisee is an individual/are individuals, this Agreement may be Transferred by Franchisee to a Corporate Entity (the "Assignee Corporate Entity"), provided that: (a) Franchisee has provided Franchisor with 30 days prior written notice of the proposed Assignment of this Agreement; (b) Franchisee (individually, jointly and severally as to each individual Franchisee) sign and be bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (c) the Spouse of each Franchisee (individually, jointly and severally as to each individual Spouse) sign and be bound by the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (d) Franchisee has provided Franchisor with true and accurate copies of corporate formation documents related to the Assignee Corporate Entity and the ownership of the Assignee Corporate Entity and has further

provided Franchisor with all additional documentation as Franchise may request concerning the proposed assignment and/or Assignee Corporate Entity; and (e) Franchisee is otherwise in compliance with the terms and conditions of this Agreement and any Ancillary Agreements. Franchisee agrees that an assignment to an Assignee Corporate Entity shall not relieve Franchisee of Franchisee's individual obligations under this Agreement as such obligations existed between Franchisee and Franchisor prior to the date of any assignment to the Assignee Corporate Entity.

14.F. FRANCHISOR'S RIGHT OF FIRST REFUSAL

If Franchisee or an Owner desire to engage, in whole or in part, in a Transfer of Franchisee, this Agreement, Franchisee's Business, Franchisee's Business Facility, and/or Franchisee's Business Location, then Franchisee or such Owner (as applicable) must obtain a bona fide, signed written offer from the fully disclosed purchaser (the "Offer") and submit an exact copy of the Offer to Franchisor. Franchisor shall have 30 days after receipt of the Offer to decide whether Franchisor will purchase the interest in Franchisee, Franchisee's Business, Franchisee's Business Facility, and/or Franchisee's Business Location for the same price and upon the same terms contained in the Offer (however, Franchisor may substitute cash for any form of payment proposed in the Offer). If Franchisor notifies Franchisee that Franchisor intends to purchase the interest within said 30 day period, Franchisee or Owner (as applicable) must sell the interest to Franchisor. Franchisor will have at least an additional 60 days to prepare for closing. Franchisor shall be entitled to receive from Franchisee or Owner (as applicable) all customary representations and warranties given by Franchisee or Owner (as applicable) as the seller of the assets and/or the ownership interest or, at Franchisor's election, the representations and warranties contained in the offer. If Franchisor does not exercise its right of first refusal, Franchisee or Owner (as applicable) may complete the Transfer to the purchaser pursuant to and in accordance with the terms of the Offer, provided that separate and apart from this Article 14.F. right of first refusal, Franchisee complies with the terms of this Article 14. However, if the sale to the purchaser is not completed within 120 days after delivery of the Offer to Franchisor, or there is a material change in the terms of the sale, Franchisor will again have the right of first refusal specified in this Article 14.F. Franchisor's right of first refusal in this Article 14.F. shall not apply to any Transfer pursuant to Article 14.E. of this Agreement.

ARTICLE 15

RENEWAL OF FRANCHISE

15.A. FRANCHISEE'S RIGHT TO RENEW

Subject to Franchisee's satisfaction of the terms of this Agreement, including this Article 15, Franchisee shall possess the option to renew the franchise for Franchisee's continued license and franchised operation of the Franchised Business for up to two additional 10 year renewal terms (each, a "Renewal Term") comprised of the First Renewal Term and the Second Renewal Term provided that as to each Renewal Term Franchisee is in compliance with the terms of this Agreement (including any Renewal Franchise Agreement) and timely and independently complies with the renewal conditions set forth in this Article 15 as to both the First Renewal Term and the Second Renewal Term, respectively.

15.B. CONDITIONS FOR RENEWAL

Franchisee's renewal rights under this Article 15 are subject to and contingent upon Franchisee's satisfaction of the following conditions and criteria:

- (1) Not less than 180 days prior to the expiration of the initial Term Franchisee must provide Franchisor written notice (the "Renewal Notice") of Franchisee's election to renew;
- (2) At the time of delivering the Renewal Notice and at all times thereafter, Franchisee and Franchisee's Owners must be in compliance with the terms of this Agreement and all Ancillary Agreements, and without any default of this Agreement or the Ancillary Agreements;
- (3) Franchisee must possess, present, and demonstrate to Franchisor and, subject to Franchisor's reasonable satisfaction, that: (a) Franchisee maintains and has secured the legal right to remain in possession of Franchisee's Business Facility and Business Location through the entire Renewal Term or; (b) Franchisee has selected a proposed new Business Location within the Designated Territory that Franchisor, at Franchisor's sole discretion, has approved in writing and that may be timely developed by Franchisee, in accordance with Franchisor's standards and specifications, for the development and operation of the Franchisee's Business throughout the duration of the Renewal Term;
- (4) Franchisee must update and/or agree to update the condition, appearance and functionality of Franchisee's Business Facility and Franchisee's Business Location and to otherwise modify Franchisee's Business Facility and Franchisee's Business Location in compliance with Franchisor's specifications and standards then applicable for new Salons by JC Businesses;
- (5) Franchisee pays the Renewal Fee of \$5,000 and Franchisee agrees to, signs, and delivers to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current form Business Franchise Agreement for the Renewal Term (the "Renewal Franchise Agreement");
- (6) Franchisee's Owners and their Spouses, respectively, must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor's then current individual guaranty agreements, and, thereby, among other things,

individually and jointly guarantee the full and complete performance of the Renewal Franchise Agreement including, but not limited to, payment obligations, non-compete obligations, and restrictive covenants (the “Renewal Ancillary Agreements”);

(7) Franchisee and the Owners must, prior to the Renewal Term, undertake and complete, to Franchisor’s satisfaction, such additional training, if any, as designated and determined by Franchisor in Franchisor’s Reasonable Business Judgment; and

(8) Franchisee and the Owners must agree to, sign, and deliver to Franchisor, within 30 days of the date of delivery by Franchisor to Franchisee, Franchisor’s then current form of general release whereby Franchisee and Franchisee’s Owners shall each fully release and discharge Franchisor, Franchisor’s affiliates and its officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, causes of action, and suits arising from and/or related to this Agreement. If local law precludes Franchisee’s issuance of a general release, Franchisor at Franchisor’s election, may condition renewal on Franchisee’s and each Owner’s delivery to Franchisor of an estoppel letter advising and informing Franchisor that the undersigned possesses no legal claim or cause of action against Franchisor and is not aware of any facts of circumstances involving any breach of this Agreement by Franchisor or Franchisor’s agents or employees.

Failure by Franchisee, and, as applicable, each Owner and Spouse to timely comply with the foregoing conditions shall be deemed an election by Franchisee not to renew the franchise.

15.C. RENEWAL FRANCHISE AGREEMENT

Franchisee expressly acknowledges and agrees that the Renewal Franchise Agreement and Renewal Ancillary Agreements, as determined by Franchisor in Franchisor’s sole discretion, may contain terms, conditions, requirements, and rights that are materially and substantively different from those granted and contained in this Agreement.

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ARTICLE 16

DEFAULTS, TERMINATION AND REMEDIES

16.A. DEFAULTS BY FRANCHISEE AND TERMINATION BY FRANCHISOR

(1) **Defaults and Automatic Termination** – Franchisee shall be in default of this Agreement, and, this Agreement shall be automatically and immediately terminated, without notice to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances:

32. (a) ~~Franchisee becomes insolvent or, and/or Franchisee makes a general assignment for the benefit of creditors, unless otherwise prohibited by law or takes any other similar action for the protection or benefit of creditors;~~

1. ~~A petition in bankruptcy is filed by Franchisee or such a petition is filed against and consented to by Franchisee and not dismissed within thirty (30) days;—~~

(b) Franchisee admits in writing Franchisee’s inability to pay its debts as they mature, and/or Franchisee gives notice to any governmental body or agency of insolvency, pending insolvency, suspension of operations and/or pending suspension of operations;

(c) Franchisee files a voluntary petition in bankruptcy, Franchisee is adjudicated bankrupt or insolvent, and/or Franchisee files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any applicable federal and/or state law relative to bankruptcy, insolvency or similar relief for debtors;

(d) An involuntary petition in bankruptcy is filed against Franchisee and Franchisee fails to have the involuntary petition discharged within 35 days of the petition filing, and/or Franchisee seeks, consents to, or acquiesces in, the appointment of any trustee, receiver, conservator, custodian or liquidator for Franchisee’s business or any assets of Franchisee;

33. (e) ~~A bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian in connection with the Franchisee or Franchised Business (or assets of the Franchised Business) is filed and consented to by Franchisee; any trustee, receiver, conservator, custodian or liquidator of Franchisee for Franchisee’s business or any assets of Franchisee is filed and Franchisee consents to same;~~

(f) A court of competent jurisdiction appoints or orders any trustee, receiver, conservator, custodian or liquidator for Franchisee’s business or any assets of Franchisee and such appointment or order remains for an aggregate of 60 days, whether or not consecutive, from the date of entry thereof;

(g) Franchisee initiates proceedings for a composition with creditors under any state or federal law or such a proceeding is initiated against Franchisee;

(h) This Agreement, or any of Franchisee's rights under this Agreement, is levied upon under any attachment or execution, and/or Execution is levied upon or against the Franchised Business or any assets of Franchisee, and/or a final judgment against Franchisee remains of record or unsatisfied for 30 days or more, unless an appeal and/or bond is filed;

(i) Franchisee is dissolved, and/or Franchisee's leasehold interests and/or rights in or to Franchisee's Business Location are terminated;

(j) A cause of action or lawsuit to foreclose any lien or mortgage against Franchisee's Business Location if Franchisee is the fee simple owner of Franchisee's Business Location;

(k) A cause of action or lawsuit to foreclose any lien against equipment used in the operation of Franchisee's Business or located at Franchisee's Business Location is instituted against Franchisee and not dismissed within 60 days after the summons is served on Franchisee;

(l) Real or personal property of Franchisee used in the operation of Franchisee's Business is sold after levy thereupon by any sheriff, marshal or other law enforcement officer; and/or

(m) Upon termination by Franchisor pursuant to Article 16.A.(2), Article 16.A.(3), or Article 16.A.(4) of this Agreement.

(2) Defaults and Automatic Termination upon Written Notice without Cure Period – Franchisee shall be in default of this Agreement, and, this Agreement may be terminated by Franchisor, at Franchisor's sole discretion, upon written notice from Franchisor to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, with such termination effective on the date of Franchisor's notice:

(a) Franchisee, on three or more instances and/or occasions, engages, commits, and/or suffers an action, inaction, omission, event, and/or circumstance that constitutes or qualifies as a default under Articles 16.A.(3) and/or 16.A.(4) of this Agreement, irrespective of whether or not such action, inaction, omission, event, and/or circumstance is the subject of a notice of default from Franchisor to Franchisee pursuant to Articles 16.A.(3) and/or 16.A.(4) of this Agreement and irrespective of whether or not such default was timely cured and irrespective of whether or not Franchisee paid any penalties or additional fees to Franchisor;

(b) Franchisee, intentionally and knowingly, refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement with the intent of causing harm to Franchisor, the System, other System franchisees, Operators, and/or customers of the Franchised Business;

(c) Franchisee intentionally, knowingly, with prior notice, and/or through negligence, at any time, develops, manages, maintains, and/or operates the Franchised Business in violation of federal, state, and/or local laws, rules, regulations, ordinances, permits, codes and/or conduct resulting in a foreseeable, immediate and/or imminent threat to the health and/or safety of any third party including Operators, customers, employees, and/or the public at large;

(d) Franchisee abandons, surrenders and/or fails to continuously and actively operate the Franchised Business, unless prevented from doing so by casualty that is the subject of Article 7.D. of this Agreement and that is cured/remedied in accordance with Article 7.D.;

(e) Franchisee loses and/or fails to maintain possession of the leasehold and/or other legal interests providing Franchisee with the uninterrupted legal right and ability to occupy and to continue to occupy Franchisee's Business Facility throughout the Term and to maintain and operate Franchised Business in accordance with the terms of this Agreement and the standards, specifications, and requirements set forth in the Operations Manual and/or as otherwise communicated by Franchisor from time to time;

(f) As to information, records, statements, and/or data that Franchisee must maintain and/or report to Franchisor pursuant to the terms of this Agreement, the Operations Manual, or as otherwise requested by Franchisor from time to time, the information, records, statements, and/or data maintained by Franchisee and/or reported by Franchisee contains intentional inaccuracies and/or material inaccuracies that are either misleading or false;

(g) Franchisee attempts to Transfer, or purportedly attempts to Transfer, this Agreement or any of Franchisee's rights under this Agreement, without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

(h) If Franchisee is a Corporate Entity, an Owner of Franchisee attempts to Transfer or, purportedly Transfers, the Owners equity interests, ownership interests, and/or rights in Franchisee without Franchisor's prior approval, written consent, and/or otherwise not in accordance with this Agreement;

2. (i) A receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed;—
 3. ~~A final judgment in excess of Ten Thousand Dollars (\$10,000.00) against Franchisee remains unsatisfied or of record for sixty (60) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment in the relevant jurisdiction), except that Franchisor may provide Franchisee with additional time to satisfy the judgment if Franchisee demonstrates that it is using commercially reasonable efforts to resolve the issues related to the judgment; or—~~
 4. ~~Franchisee attempts to sell, transfer, encumber or otherwise dispose of any interest in Franchisee, this Agreement or the Franchised Business in violation of Section 13 hereof.—~~
- B. Franchisor has the right to terminate this Agreement upon notice to Franchisee without providing Franchisee any opportunity to cure with respect to any of the following breaches or defaults:—

1. ~~If Franchisee or Franchisee's owners/principals commit any fraud or misrepresentation in the establishment or operation of the Franchised Business, including without limitation, any misrepresentation made in Franchisee's franchise application;—~~
2. ~~If Franchisee and any other required attendees fail to attend and complete the Initial Training Program within the time period prescribed in this Agreement;—~~
3. ~~If Franchisee receives from Franchisor three (3) or more notices to cure the same or similar defaults or violations set forth in Section 15(C) of this Agreement during any twelve (12) month period, whether or not these breaches were timely cured;—~~
4. ~~If Franchisee or Franchisee's owners/principals violate any of the in-term covenant not to compete or any of the other restrictive covenants set forth in Section 14 of this Agreement;—~~
5. ~~If Franchisee misuses the Proprietary Marks or Proprietary Information in any manner, or otherwise violates any provision of this Agreement related to the use of the Proprietary Marks, Proprietary Information and any other confidential materials provided by Franchisor (including those provisions related to non-disclosure of the Manuals and other confidential materials that Franchisor loans to Franchisee);—~~
6. ~~If Franchisee misuses any proprietary software that Franchisor designates for use in connection with the Franchised Business, including any property management software;—~~
7. ~~If Franchisee or any of Franchisee's principals default on any other agreement with Franchisor or any affiliate or Approved Supplier of Franchisor, and such default is not cured within the prescribed time period set forth in that other agreement;—~~
8. ~~If Franchisee defaults under the lease for the Premises and does not cure within the prescribed period of time thereunder, or if Franchisee otherwise loses its right to possess and control the Premises to operate the Franchised Business at any time during the term of this Agreement (except in cases of *force majeure* and cases where Franchisor has previously approved Franchisee's relocation request and Franchisee timely relocates);—~~
9. ~~If Franchisee fails to open and commence operations of the Franchised Business within the time period prescribed in Section 6 of this Agreement;—~~
10. ~~If Franchisee fails to cure any of the following violations under this Agreement within ten (10) days of being notified by Franchisor: (i) failure to offer only those Approved Products and Services that Franchisor authorizes at the Franchised Business; (ii) any purchase of any non-approved item or service for use in connection with the Franchised Business; or (iii) failure to purchase any Required Item that Franchisor designates as necessary for the establishment or operation of the Franchised Business from the appropriate Approved Supplier(s) that Franchisor designates;—~~

11. ~~If Franchisee voluntarily or otherwise abandons the Franchised Business. For purposes of this Agreement, the term “abandon” means: (i) failure to actively operate the Franchised Business for more than two (2) business days without Franchisor’s prior written consent; or (ii) any other conduct on the part of Franchisee or its principals that Franchisor determines indicates a desire or intent to discontinue operating the Franchised Business in accordance with this Agreement or the Manuals;—~~
12. ~~If Franchisee fails to provide Franchisor with access to Franchisee’s POS system, Computer System or registers located at the Franchised Business as required under this Agreement, and fails to remedy this default within twenty four (24) hours of being notified by Franchisor;—~~
13. ~~If Franchisee fails to pay Franchisor, its affiliates or any of its Approved Suppliers any amount that is due and owing Franchisor within ten (10) days of the date that Franchisor (or other party owed the money) notifies Franchisee of the outstanding amount that is due and owed;—~~
14. ~~If Franchisee fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business;—~~
15. ~~If Franchisee fails, for a period of ten (10) days after notification of non-compliance, to obtain any other licenses, certificates, permits or approvals necessary to operate the Franchised Business at the Premises;—~~
16. ~~If Franchisee, any person controlling, controlled by, or under common control with the Franchisee, any principal officer or employee of Franchisee, or any person owning an interest in Franchise is convicted of a felony or any other crime or offense (even if not a crime) that is reasonably likely in the sole opinion of Franchisor to adversely affect the System, any System unit, the Proprietary Marks, or the goodwill associated therewith;—~~
17. ~~If Franchisee takes for Franchisee’s own personal use any assets or property of the Franchised Business, including inventory, employee taxes, FICA, insurance or benefits;—~~
18. ~~If there are insufficient funds in Franchisee’s EFT Account to cover a check or EFT payment due to Franchisor or its affiliates under this Agreement three (3) or more times within any twelve (12) month period; or—~~
19. ~~If Franchisee commits repeated violations of any health, zoning, sanitation, or other regulatory law, standard, or practice; operates the business in a manner that presents a health or safety hazard to its employees or customers; or if Franchisee loses its approval from any city, state, or other regulatory agency to operate a business that provides salon suite leasing services.—~~

C. ~~Except for those defaults set forth in Sections 15(A)-(B) of this Agreement, Franchisor may terminate this Agreement upon notice to Franchisee in the event Franchisee: (i) breaches or violates any other covenant, obligation, term, condition, warranty, or certification under this Agreement, including Franchisee’s failure to comply with any of—~~

Franchisor's other System standards and specifications in the operation of the Franchised Business as set forth in the Manuals; and (ii) fails to cure such breach or violation within thirty (30) days of the date Franchisee is provided with notice thereof by Franchisor.—

- D. ~~In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights hereunder, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligations, to enter the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time that Franchisor determines, in its reasonable discretion, that the default(s) at issue have been cured and that Franchisee is otherwise in compliance with the terms of this Agreement. In the event Franchisor exercises these "step-in rights," Franchisee must reimburse Franchisor for all reasonable costs and overhead that Franchisor incurs in connection with its operation of the Franchised Business, including without limitation, costs of personnel supervising and staffing the Franchised Business and any travel, lodging and meal expenses. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee must indemnify, defend and hold Franchisor (and its representatives and employees) harmless from and against any Claims that may arise out of Franchisor's operation of the Franchised Business.—~~

16. **POST-TERM OBLIGATIONS**—

Upon the expiration or termination of this Agreement, Franchisee shall immediately:—

- A. ~~Cease to be a franchise owner of Franchised Business under this Agreement and cease to operate the former Franchised Business under the System. Franchisee shall not thereafter directly or indirectly represent to the public that the former Franchised Business is or was operated or in any way connected with the System or hold itself out as a present or former franchise owner of Franchise at or with respect to the Premises;—~~
- B. ~~Return to Franchisor the Manuals and all trade secrets, Proprietary Materials and other confidential materials, equipment, software and property owned by Franchisor and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing; provided, however, that Franchisee may retain its copy of this Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law;—~~
- C. ~~Take such action as may that Franchisor designates to: (i) provide the then-current and up-to-date customer list and contracts to Franchisor; and (ii) transfer, disconnect, forward, or assign all telephone/facsimile numbers and domain names used in connection with the Franchised Business, as well as any white and yellow page telephone references, advertisements, and all trade and similar name registrations and business licenses to Franchisor or its designee and cancel any interest which Franchisee may have in the same (as Franchisor directs in its sole discretion). Franchisee agrees to execute all documents necessary to comply with the obligations of this Section, including the form Conditional Assignment of Telephone/Facsimile Numbers and Domain Names attached to this Agreement as Exhibit F.—~~
- D. ~~Cease to use in advertising or in any manner whatsoever any methods, procedures, or techniques associated with the System in which Franchisor has a proprietary right, title, or interest; cease to use the Proprietary Marks and any other marks and indicia of operation associated with the System; and remove all trade dress, physical characteristics, color~~

~~combinations, and other indications of operation under the System from the Premises. Without limiting the generality of the foregoing, Franchisee agrees that, in the event of any termination or expiration and non-renewal of this Agreement, it will remove all signage bearing the Proprietary Marks, deliver the fascia for such signs to Franchisor upon Franchisor's request, and remove any items that are characteristic of the System "trade dress" from the Premises. Franchisee agrees that Franchisor or a designated agent may enter upon the Premises at any time to make such changes at Franchisee's sole risk and expense and without liability for trespass;—~~

- ~~E. Comply with the post-term covenants not to compete and other restrictive covenants set forth in Section 14 of this Agreement;—~~
- ~~F. Provide Franchisor with written evidence that (a) Franchisee has complied with the post-term obligations, and (b) Franchisee has paid all past due amounts owed under this Agreement or otherwise in connection with the Franchised Business to Franchisor and its approved suppliers, within thirty (30) days' notice of termination or scheduled expiration of the franchise; and—~~
- ~~G. Franchisor shall have the option, but not the obligation, within thirty (30) days after the date of termination, expiration, and non-renewal of this Agreement to purchase any and all of Franchisee's assets from the Franchised Business at a purchase price equal to book value. If Franchisor elects this option, Franchisor will deliver written notice to Franchisee. Franchisor will have the right to inspect equipment at any time during this thirty (30) day period. If Franchisor elects to purchase equipment as part of the asset purchase, Franchisor will be entitled to, and Franchisee must provide, all customary warranties and representations as to the maintenance, function, and condition of the equipment and Franchisee's good title to the equipment (including, but not limited to, that Franchisee owns the equipment free and clear of any liens and encumbrances).—~~

17. TAXES AND INDEBTEDNESS—

- ~~A. Franchisee must promptly pay when due any and all federal, state, and local taxes, including without limitation, unemployment, workers' compensation, and sales taxes which are levied or assessed with respect to any services or products furnished, used, or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business.—~~
- ~~B. Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Business.—~~

18. WRITTEN APPROVALS; WAIVERS; FORMS OF AGREEMENT; AMENDMENT—

- ~~A. Whenever this Agreement requires or Franchisee desires to obtain Franchisor's approval, Franchisee shall make a timely written request. Unless a different period is specified in this Agreement, Franchisor shall respond with its approval or disapproval within fifteen (15) days of receipt of such request. If Franchisor has not specifically approved a request within such fifteen (15) day period, such failure to respond shall be deemed as a disapproval of any such request.—~~
- ~~B. No failure of Franchisor to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver—~~

~~of Franchisor's right to demand exact compliance with any of the terms herein. No waiver or approval by Franchisor of any particular breach or default by Franchisee; no delay, forbearance, or omission by Franchisor to act or give notice of default or to exercise any power or right arising by reason of such default hereunder; and no acceptance by Franchisor of any payments due hereunder shall be considered a waiver or approval by Franchisor of any preceding or subsequent breach or default by Franchisee of any term, covenant, or condition of this Agreement.—~~

- C. ~~No warranty or representation is made by the Franchisor that all SALONS BY JC franchise agreements heretofore or hereafter issued by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Franchisor may, in its reasonable business judgment due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other System franchise owners in a non-uniform manner.—~~
- D. ~~Except as provided in Section 22 and Franchisor's right to unilaterally modify the System and Manuals, no amendment, change, or variance from this Agreement shall be binding upon either Franchisor or Franchisee unless set forth in writing and signed by both parties.—~~
- E. ~~Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.—~~

Franchisee discloses, divulges, provides access to, communicates, and/or permits the communication of the contents, data and/or information contained in the Operations Manual to any third party not otherwise authorized by Franchisor;

(j) Franchisee discloses, divulges, provides access to, communicates, and/or permits the communication of Confidential Information to any third party not otherwise authorized by Franchisor;

(k) Franchisee engages in any activity that injures, harms, damages, or otherwise has a material adverse effect on Franchisor, the System, the Licensed Marks, Salons by JC Businesses, Franchisee's Business, and/or the reputation of the Salons by JC brand;

(l) Franchisee, an Owner, and/or a Spouse, as applicable and whether individually or jointly, breaches or is in default of an Ancillary Agreement, and, if the applicable agreement provides for the opportunity to cure, fails to timely cure the breach or default of the Ancillary Agreement, including, without limitation, the Franchise Owner and Spouse Agreement and Guaranty;

(m) Franchisee and/or an Owner of Franchisee is convicted of a felony crime, and/or pleads guilty or nolo contendere to a felony crime;

(n) Franchisee and/or an Owner of Franchisee engages in intentionally dishonest and/or unethical conduct that, in Franchisor's Reasonable Business Judgment, results in embarrassment to Franchisor, the System, the Licensed Marks, Salons by JC Businesses, Franchisee's Business, and/or the reputation of the Salons by JC brand;

(o) Franchisee fails to complete, to Franchisor's reasonable satisfaction, the Training Program and/or supplemental training programs designated by Franchisor;

(p) Franchisee fails, upon receiving actual or constructive notice, shall: (1) immediately notify Franchisor of any known breach of the Confidentiality Agreement by any person or entity; (2) immediately notify Franchisor of facts and information that would cause a reasonable person to believe that a person or entity violated the Confidentiality Agreement and/or is in the process of violating the Confidentiality Agreement; and (3) take reasonable steps including notice to Franchisor and Franchisee's consultation with Franchisee's legal counsel, to prevent any person or entity from violating the terms of the Confidentiality Agreement and/or otherwise publicly disseminating Confidential Information;

(q) Franchisee misappropriates, misuses, or makes any unauthorized use of the Licensed Marks, the Confidential Information, and/or the System and/or Franchisee materially impairs the goodwill associated with the Licensed Marks, and/or Franchisee applies for registration of the Licensed Marks anywhere in the world; and/or

(r) Franchisee and/or an Owner fails to comply with Anti-Terrorism Laws or becomes listed on the Annex to Executive Order 13244.

(3) **Defaults and Automatic Termination After 10 Day Cure Period** – Franchisee shall be in default of this Agreement and, this

Agreement shall be terminated, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, unless, Franchisee timely cures, to the satisfaction of Franchisor, such default/action, inaction, omission, event, and/or circumstance within 10 calendar days of Franchisor's written notice:

(a) Franchisee fails, refuses, and/or is unable to timely pay the Royalty Fee, Advertising Contribution, and/or any other payment, fee, financial obligation, charge, and/or monetary obligation payable and/or due to Franchisor pursuant to the terms of this Agreement, under this Agreement, and/or any other agreement between Franchisor and Franchisee;

(b) Franchisee and/or Franchisee's affiliate fails, refuses, and/or is unable to pay any payment, fee, financial obligation, charge, and/or monetary obligation payable to Franchisor and/or Franchisor's affiliates pursuant to this Agreement and/or any other agreement between or among Franchisor, Franchisor's affiliate, Franchisee and/or Franchisee's affiliate; and/or

(c) Franchisee fails or refuses, at any time, and, without legal justification as may be determined by Franchisor in Franchisor's Reasonable Business Judgment, to pay any third party supplier or vendor for any goods, products, supplies, equipment, materials and/or any other items used by, benefitting, and/or intended to benefit the Franchised Business.

The foregoing events of default set forth in this Article 16.A.(3) shall exclude events of default that are otherwise governed by and/or constitute events of default under Article 16.A.(1) or Article 16.A.(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(1), Article 16.A.(1) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Article 16.A.(3) with Article 16.A.(2), Article 16.A.(2) shall take precedence and govern.

(4) Defaults and Automatic Termination After 30 Day Cure Period – Franchisee shall be in default of this Agreement and, this Agreement shall be terminated, upon the occurrence of any one or more of the following actions, inactions, omissions, events, and/or circumstances, unless, Franchisee timely cures, to the satisfaction of Franchisor, such default/action, inaction, omission, event, and/or circumstance within 30 calendar days of Franchisor's written notice:

(a) Franchisee fails or refuses to comply with and/or breaches any term, condition, provision, and/or requirement of this Agreement that is not otherwise a default under Articles 16.A.(1), 16.A.(2), or 16.A.(3) of this Agreement;

(b) Franchisee fails or refuses to comply with and/or breaches any term, condition, provision, and/or requirement of any agreement, other than this Agreement, between Franchisor and Franchisee, and/or an affiliate of Franchisor and Franchisee;

(c) Franchisee fails or refuses, in accordance with the terms of this Agreement, to obtain and secure a signed lease agreement or fee simple ownership interest in a business location that is approved by Franchisor, in Franchisor's Reasonable Business Judgment, as Franchisee's Business Location;

(d) Franchisee fails or refuses to develop and open the Franchised Business on or before the Scheduled Business Commencement Date, in compliance with the terms of this Agreement, as designated or specified in the Operations Manual, and/or in accordance with Franchisor's standards and specifications as communicated to Franchisee from time to time;

(e) Franchisee fails or refuses, at any time, to manage, maintain, and/or operate the Franchised Business in compliance with the terms of this Agreement, as designated or specified in the Operations Manual, and/or in accordance with Franchisor's standards, specifications, and requirements as communicated to Franchisee from time to time;

(f) Franchisee fails or refuses, at any time, to develop, manage, maintain, and/or operate the Franchised Business in compliance with all applicable federal, state, and local laws, rules, regulations, ordinances, permits, and codes;

(g) At any time, an inspection and/or evaluation of the operations of the Franchised Business – whether by mystery shopper programs, third party inspection services, or as otherwise designated by Franchisor, and, whether or not such inspections are on notice or secret – Franchisor, in Franchisor's Reasonable Business Judgment, determines that the operations of the Franchised Business do not meet or are in violation of the operational standards and requirements set forth in this Agreement, the Operations Manual, and/or as communicated to Franchisee from time to time;

(h) Franchisee fails or refuses to timely submit to Franchisor records, reports, stored media, recordings, financial statements, books, accounts, statements, data, documentation and/or other information as required by this Agreement, as set forth in the Operations Manual, and/or as requested by Franchisor

(i) If any inspection or review of Franchisee's records, reports, books, accounts, statements, data, documentation and/or other information discloses, within any week, month, or Accounting Period selected by Franchisor, the underreporting of Franchisee's Gross Sales, and/or any other metrics or data, resulting in the underpayment, by 5% or more, of the obligations, payments, and/or fees due by Franchisee to Franchisor under the terms of this Agreement;

(j) Franchisee fails or refuses, at any time, to maintain the required insurance policies and insurance coverage required for the Franchised Business as set forth in this Agreement, and/or in the Operations Manual; and/or

(k) Franchisee fails to timely satisfy and pay all vendors, suppliers and/or contractors in connection with the development, construction, and/or establishment of the Franchised Business.

The foregoing events of default set forth in this Article 16.A.(4) shall exclude events of default that are otherwise governed by and/or constitute events of default under Article 16.A.(1) or Article 16.A.(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A.(4) with Article 16.A.(1), Article 16.A.(1) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Article 16.A.(4) with Article 16.A.(2), Article 16.A.(2) shall take precedence and govern.

16.B. TERMINATION BY FRANCHISEE

If Franchisee, each Owner and Spouse (as applicable) are in full compliance with each and every term and provision of this Agreement, any amendment or successor agreement, and any of the Ancillary Agreements, and Franchisor materially breaches Franchisor's substantive and material obligations set forth in this Agreement, Franchisee may terminate this Agreement in the event of the following:

(1) Franchisor does not correct the material breach within 30 days after Franchisor's receipt of Franchisee's written notice of such material breach to Franchisor; or

(2) In a case where Franchisor's material breach cannot reasonably be cured within 30 days, within 30 days of Franchisor's receipt of Franchisee's written notice of Franchisor's material breach, Franchisor shall be provided a reasonable time period to cure such material breach provided that Franchisor provides reasonable evidence to Franchisee of Franchisor's current, continuing and/or planned efforts to correct the material breach within a reasonable time.

In either case, Franchisee's termination of this Agreement shall not take effect until expiration of the 30 day period set forth above and on such reasonable time period as necessary to cure the material breach, and Franchisee delivers to Franchisor a separate written notice of termination. The termination date must be at least 10 days after Franchisor's receipt of Franchisee's notice of termination. Franchisee's termination of this Agreement for any reason other than as set forth in and in compliance with this Article 16.B. shall not constitute the termination of this Agreement and shall constitute a material breach of this Agreement by Franchisee.

16.C. FRANCHISOR'S ADDITIONAL RIGHTS, REMEDIES, AND DAMAGES

Franchisee agrees that Article 16.A. sets forth actions, inactions, omissions, events, and/or circumstances that, among other things, constitute, in each and every instance and subject to any applicable cure period, if any, a default of this Agreement permitting Franchisor to, among other things, terminate this Agreement and/or resulting in the automatic termination of this Agreement. The grounds constituting a default under Article 16.A. are in addition to any and all other grounds for default as may be otherwise set forth in the Franchise Agreement. In the event of an event of default of this Agreement by Franchisee under Article 16.A. or, as otherwise set forth in this Agreement, Franchisee agrees that termination of this Agreement is not the sole or exclusive remedy of Franchisor and that Franchisor's right or remedy of termination shall be in addition to any and all other rights set forth in this Agreement, and as otherwise available to Franchisor in law or equity.

Without limitation to the foregoing, additionally, in the event of the termination of this Agreement as a result of a default or breach by Franchisee and/or, by Franchisee's Owners and/or affiliates of any Ancillary Agreements, Franchisor, in addition to any and all other rights and remedies available to Franchisor as set forth in this Agreement, and, at law and in equity, shall possess the following rights and remedies, each of which are not exclusive of the other and may be/are in conjunction with one another:

(1) To void and terminate this Agreement, and thereafter to market, sell, transfer, convey and assign the rights granted to Franchisee under this Agreement to any other person or entity in Franchisor's sole discretion and without compensation to Franchisee.

(2) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee pursuant to this Agreement, the Ancillary Agreements, and/or any other agreements between Franchisee and Franchisor, including, without limitation, Royalty Fees and Advertising Contributions with each and every payment and obligation to be accelerated and due immediately.

(3) To hold Franchisee and Franchisee's Owners liable for, and recover from each of them, jointly and severally, lost revenues, profits, and fees including, but not limited to Royalty Fees, Brand Development Fund Fee, Advertising Contributions, and all other fees, revenues and/or expenses that would have been paid to Franchisor, under the terms of this Agreement and throughout the Term of this Agreement, had a breach not occurred and had Franchisor not terminated this Agreement. In calculating and determining the foregoing Franchisee agrees that in calculating and in determining such damages that it is fair and reasonable to use Franchisee's most recent calendar year Gross Sales in calculating and determining Franchisor lost revenues and fees and by assuming that such Gross Sales would have been earned in each and every year throughout the remainder of the Term had this Agreement not been terminated. If, however, the Franchised Business has been open and in operation for less than one calendar year, Franchisee agrees that it is fair and reasonable to use an average of Business Gross Sales across the System during the year in which this Agreement was terminated and

to use such average Gross Sales for the purpose of calculating and determining Franchisor lost revenues and fees and, in doing so, by assuming that such Gross Sales would have been earned in each and every year throughout the remainder of the Term had this Agreement not been terminated. Franchisee agrees that the foregoing is a form of liquidated damages, and that it is fair and reasonable.

(4) To hold Franchisee and Franchisee's Owners liable for all costs, fees, expenses, and/or damages incurred by Franchisor and/or suffered by Franchisor as a result of a breach or termination including, but not limited to, the recovery of reasonable attorney fees and expenses including court costs, arbitration fees, mediation fees, arbitrator fees, mediator fees, depositions and other related expenses.

(5) To enjoin, restrain, and otherwise prohibit Franchisee from operating Franchisee's Business or exercising any rights granted to Franchisee under this Agreement pursuant to a court order restraining order, injunction or other means.

(6) Declaratory judgment that this Agreement and all rights granted to Franchisee under this Agreement are terminated, null and void.

(7) All other remedies and/or rights available to Franchisor as otherwise set forth in the Agreement and/or as may be otherwise available by law or equity.

In the event of a breach or default of this Agreement, should Franchisor elect, at Franchisor's sole discretion, to not terminate this Agreement, such action shall be without prejudice and without waiver of Franchisor's rights in the future. Further, at all times, and without prejudice to Franchisor's right to declare a default and, among other things, terminate this Agreement, Franchisor may: (i) temporarily or permanently suspend any existing credit arrangements or accommodations previously extended to Franchisee and/or refrain from offering or making available to Franchisee any credit arrangements or accommodations that may be offered or made available to other System franchisees; (ii) modify payment terms for approved products, supplies, or other merchandise purchased by Franchisee which may include, without limitation, requiring cash on delivery; (iii) disqualify Franchisee from being eligible for, or from participating in, special promotion programs, rebates, and/or rebate sharing that may be offered or made available to other System franchisees; and/or (iv) refrain from providing or making available to Franchisee promotional materials or other materials developed by the Brand Development Fund and/or Advertising Cooperative.

If Franchisor does not pursue termination of this Agreement in the event of a default or breach by Franchisee, and/or Franchisor accepts any royalties, payments, contributions, funds, or other monetary sums from Franchisee, such actions do not constitute a waiver or acceptance of Franchisee's default or breach, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor's rights and remedies are cumulative, and no exercise or enforcement by Franchisor of any such right or remedy precludes the exercise or enforcement by Franchisor of any other right or remedy which Franchisor is entitled by law to enforce.

ARTICLE 17

OBLIGATIONS UPON TERMINATION, EXPIRATION AND CONTINUING OBLIGATIONS

17.A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR

Without limitation as to any other Article or provision of this Agreement, upon expiration or termination of this Agreement for any reason, Franchisee shall immediately pay to Franchisor all sums and fees due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to Royalty Fees and Advertising Contributions and all other sums and fees due from Franchisee to Franchisor and/or Franchisor affiliates and/or suppliers for products and services including, but not limited to, System Supplies.

17.B. CEASE OPERATIONS AND PROTECTION OF THE SYSTEM

Upon expiration, termination, or Transfer of this Agreement for any reason, Franchisee shall immediately:

(1) Permanently cease to be a franchise owner of the Business that was the subject of this Agreement and cease to operate such Business under the System;

(2) Refrain from directly or indirectly, holding oneself/itself out to any person or entity, or represent themselves/itself as a present or former Salons by JC franchisee;

(3) Permanently cease to use, in any manner: (a) the System including, without limitation, the Confidential Information, the Licensed Marks, the Business Management System Data, and the Operations Manual; (b) any methods, procedures, or techniques associated with the System in which Franchisor possesses proprietary rights or that constitute Franchisor's trade secrets; (c) System Supplies, including communicating with or ordering products from Franchisor's designated suppliers and vendors of System Supplies; (d) the Approved Products and Services; and (e) any other advertising, marketing, media, and any other information, documents or things associated with Franchisor, the System, the Licensed Marks, Salons by JC Businesses, the Franchised Business, and Franchisee's former Salons by JC Business, including, without limitation, any confidential, proprietary methods, procedures, descriptions of products, techniques, trade secrets, proprietary marks, distinctive forms, slogans, symbols, signs, stationary, advertising material, articles, logos, devices, items and all other things, tangible or intangible, associated with Franchisor, the System, the Licensed Marks, and Salons by JC Businesses;

(4) Return to Franchisor the Operations Manual (including any and all parts, supplements, and copies of the Operations Manual), the Confidential Information (including without limitation the Business Management System Data and all customer lists and information), and all other confidential materials, equipment, software, information, and property owned by Franchisor and all copies thereof provided, however, that Franchisee may retain Franchisee's copies of this Agreement, correspondence between Franchisor and Franchisee, but not including Confidential Information that may be contained in or attached thereto, and other documents that Franchisee needs to retain pursuant to applicable law;

(5) Permanently cease accessing, immediately disconnect from, and discontinue using any and all digital media, intra-nets, cloud based systems, and/or servers that store, maintain, and/or provide access to the Operations Manual, Confidential Information, and all other standards, specifications of Franchisor;

(6) Immediately notify Franchisor, in writing, of any and all locations where Franchisee may have maintained and/or stored digital files and/or media containing all or parts of the Operations Manual, any Confidential Information, and all other standards and specifications of Franchisor, immediately turn over such digital files and media to Franchisor, and follow Franchisor's instructions as to the destruction of such digital files and media;

(7) Except in the event an authorized transferee continues to operate Franchisee's former Business at Franchisee's Business Location subsequent to a Transfer, at Franchisee's sole cost and expense: (a) modify and alter Franchisee's former Business, Franchisee's former Business Facility, and Franchisee's Business Location, as reasonably necessary or otherwise required by Franchisor, to ensure that Franchisee's Business Facility and Franchisee's Business Location have been completely de-identified and differentiated from its former appearance to prevent any confusion by the public as to the continued existence of a Business at the Business Location; (b) remove from Franchisee's Business Facility and Franchisee's Business Location all distinctive physical and structural features identifying a Business and all distinctive signs, trade dress and emblems associated with the System including, without limitation, signs, trade dress, and emblems bearing the Licensed Marks; and (c) make specific additional changes to Franchisee's Business Facility and Franchisee's Business Location as Franchisor reasonably requests for the purpose of completely de-identifying Franchisee's former Business. Franchisee shall immediately initiate the foregoing actions and complete such actions within the period of time designated by Franchisor, and Franchisee agrees that Franchisor and/or Franchisor's designated agents may enter the premises of Franchisee's Business Facility and Franchisee's Business Location at any time to make foregoing alterations at Franchisee's sole risk and expense. Franchisee further agrees that Franchisee's failure to timely make modifications and alterations to Franchisee's Business Facility and Franchisee's Business Location will cause irreparable injury to Franchisor, and Franchisee consents to the entry, at Franchisee's expense, of any ex-parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take action, if Franchisor seeks such an order;

(8) Take all actions necessary and/or reasonably required to cancel all fictitious or assumed names or equivalent registrations relating to the Licensed Marks;

(9) At no cost to Franchisor, take such action as may be determined by Franchisor to: (a) provide and assign to Franchisor the Business Management System, the Business Management System Data, and all customer lists, customer information, and customer data; and (b) transfer, disconnect, and/or otherwise assign, as directed by Franchisor, all telephone numbers, email addresses, yellow pages telephone directories, telephone directory type listings, web-based media listings, accounts and log-in information used in connection with Franchisee's former Business and/or otherwise associated with the System and/or the Licensed Marks, cancel Franchisee's interests in same as such cancellation may be directed by Franchisor, and effectuate, perform, honor, and comply with Franchisee's obligations under the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 6;

(10) Abide by, and comply with, the restrictive covenants and obligations set forth in this Agreement, including, without limitation, the restrictive covenants and obligations set forth in Article 6.B. through Article 6.E. of this Agreement; and

(11) Provide Franchisor, within 30 days of the expiration, termination, or Transfer of this Agreement, with written proof demonstrating that Franchisee has complied with the terms of this Article 17 and all other obligations under this Agreement that Franchisee must perform, abide by, and comply with, subsequent to the termination, expiration, or Transfer of this Agreement.

17.C. CONTINUING OBLIGATIONS

All obligations under this Agreement that expressly, or by their nature, survive, or are intended to survive, the expiration, termination, or Transfer of this Agreement shall continue in full force and effect subsequent to, and notwithstanding, this Agreement's termination, expiration, or Transfer until such obligations are satisfied in full or, by the nature and/or terms, such obligation(s) expire.

Franchisee further agrees that in the event of a Transfer of this Agreement by Franchisee, whether or not such Transfer is authorized by Franchisor or made in violation of this Agreement, under no circumstance shall Franchisee be relieved of Franchisee's Obligations under this Agreement and under no circumstance shall each Owner and Spouse be relieved of their respective guarantees, agreements, and obligations related to, or associated with, this Agreement, including, without limitation, the guarantees, agreements, and obligations set forth in the Franchise Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1. The immediately foregoing

shall not be interpreted or otherwise construed as constituting consent to any Transfer of this Agreement without the express written consent by Franchisor and Franchisee's compliance with this Agreement respecting any such Transfer.

ARTICLE 18

19. ENFORCEMENT—

- A. ~~In order to ensure compliance with this Agreement and enable Franchisor to carry out its obligation under this Agreement, Franchisee agrees that Franchisor and its designated agents shall be permitted, with or without notice, full and complete access during business hours to inspect the Premises and all records thereof, including but not limited to, records relating to Franchisee's customers, suppliers, employees, and agents. Franchisee shall cooperate fully with the Franchisor and its designated agents requesting such access.—~~
- B. ~~The Franchisor or its designee shall be entitled to obtain without bond, declarations, temporary and permanent injunctions, and orders of specific performance in order to enforce the provisions of this Agreement relating to Franchisee's use of the Proprietary Marks, the obligations of Franchisee upon termination or expiration of this Agreement, and assignment of the franchise and ownership interests in Franchisee or in order to prohibit any act or omission by Franchisee or its employees which constitutes a violation of any applicable law or regulation, which is dishonest or misleading to prospective or current customers of businesses operated under the System, which constitutes a danger to other franchise owners, employees, customers, or the public or which may impair the goodwill associated with the Proprietary Marks.—~~
- C. ~~Franchisee agrees and acknowledges that it may not withhold payments or amounts of any kind due to Franchisor on the premise of alleged nonperformance by Franchisor of any of its obligations hereunder.—~~
- D. ~~If Franchisee is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must reimburse~~

~~Franchisor for all costs/expenses incurred in connection with enforcing its rights under this Agreement including all reasonable attorneys' fees, court costs and litigation expenses. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.—~~

20. NOTICES

~~Any notice required to be given hereunder shall be in writing and shall be either mailed by certified mail, return receipt requested, or delivered by a recognized courier service, receipt acknowledged. Notices must be provided to each party at the respective addresses set forth below:—~~

~~To Franchisor: _____ J 'N C Real Estate Development, LLC
Attn: Steve Griffey—
18402 US Hwy 281 N., Ste. 267—
San Antonio, Texas 78259—~~

~~With a copy to: _____ William R. Graefe, Esq.
2003B Cambridge Street
Philadelphia, PA 19103—
Email (required): williamgraefe@pHranchiselaw.com—~~

~~To Franchisee: _____ [Franchisee Name(s)]
Attn: [Contact]—
[Franchisee Notice Address]
[Franchisee Notice Address]—~~

~~Any notice complying with the provisions hereof will be deemed delivered at the earlier of: (i) three— (3) days after mailing; or (ii) the actual date of delivery or receipt (as evidenced by the courier). Each party shall have the right to designate any other address for such notices by providing the other party(ies) with written notice thereof at the addresses above, and in such event, all notices to be mailed after receipt of such notice shall be sent to such other address.—~~

21. GOVERNING LAW AND DISPUTE RESOLUTION

- ~~A. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without reference to this state's conflict of laws principles.—~~
- ~~B. Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, after providing notice as set forth in Section 21(G) of this Agreement, and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.—~~
- ~~C. At Franchisor's option, all claims or disputes between Franchisee and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved—~~

through the internal dispute resolution procedure set forth in Section 21(B) above, will be submitted first to mediation to take place in San Antonio, Texas under the auspices of the American Arbitration Association (“AAA”), in accordance with AAA’s Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor’s rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 21(C) if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Proprietary Information or other confidential information; (ii) any of the restrictive covenants contained in this Agreement; and (iii) any of Franchisee’s payment obligations under this Agreement.—

- D. Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee’s violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee’s use of the Proprietary Marks and Proprietary Information (including any proprietary software used in connection with the Franchised Business); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee’s obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor’s rights with respect to confidentiality under this Agreement; and (vi) to prohibit any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor’s franchise system or threatens other franchisees of Franchisor. Franchisee’s only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.—
- E. Subject to Sections 21(B) through 21(D) of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated in the state court of general jurisdiction closest to San Antonio, Texas or, if appropriate, the United States District Court for the Western District of Texas. Franchisee acknowledges that this Agreement has been entered into in the State of Texas, and that Franchisee is to receive valuable and continuing services emanating from Franchisor’s headquarters in Texas, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably—

~~consents to the personal jurisdiction of the state and federal courts of Texas as set forth in this Section.—~~

- ~~F. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Section 21, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.—~~
- ~~G. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.—~~
- ~~H. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.—~~
- ~~I. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.—~~
- ~~J. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.—~~
- ~~K. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE—~~

~~FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.—~~

- L. ~~THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.—~~

SEVERABILITY AND CONSTRUCTION

- M. ~~Should any provision of this Agreement for any reason be held invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision shall be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this paragraph shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents which may be reasonably required to make fully the provisions hereof. Franchisee understands and acknowledges that Franchisor shall have the right in its sole discretion on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable.—~~
- N. ~~This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute the same instrument.—~~
- O. ~~The table of contents, headings, and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each Section of this Agreement shall be construed independently of any other Section or provision of this Agreement.—~~

22. ACKNOWLEDGMENTS—

- A. ~~Franchisee recognizes and acknowledges that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of the Franchisee as an independent businessperson. Franchisee further acknowledges that it has not received, any warranty or guarantee, express or implied, that Franchisee will be successful in this venture or that the business will attain any level of sales volume, profits, or success. This Agreement terminates and supersedes any prior agreement between the parties concerning the same subject matter, subject to the disclosures made by the Franchisor in the form of Franchise Disclosure Document—~~

~~disclosed to Franchisee and/or its principals prior to entering into this Agreement (the “FDD”) and applicable franchise laws.—~~

- B. ~~Franchisee agrees and acknowledges that fulfillment of any and all of Franchisor’s obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor’s sole responsibility and none of Franchisor’s agents, representatives, nor any individuals associated with Franchisor’s franchise company shall be personally liable to Franchisee for any reason. This is an important part of this Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor’s representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.—~~

~~**THE REST OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK
SIGNATURES ON THE FOLLOWING PAGE—**~~

~~IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement under seal on the date first written above.~~

~~FRANCHISOR~~

~~J N C REAL ESTATE DEVELOPMENT, LLC~~

By: _____
Steve Griffey, President

~~FRANCHISEE~~

~~{FRANCHISEE NAME(S)}~~

By: _____
[Name], [Title]

~~GUARANTOR(S)~~

~~{GUARANTOR}~~

~~{Guarantor}, Individually~~

~~{GUARANTOR}~~

~~{Guarantor}, Individually~~

EXHIBIT A TO THE FRANCHISE AGREEMENT DATA
SHEET AND STATEMENT OF OWNERSHIP

1. **SITE SELECTION AREA**

Pursuant to Section 2(B) of the Franchise Agreement, Franchisee must locate and secure a Premises for the Franchised Business within the following Site Selection Area:—

2. **PREMISES**

Pursuant to Section 2(C) of the Franchise Agreement, the Franchised Business shall be located at the following approved Premises: _____

3. **DESIGNATED TERRITORY**

Pursuant to Section 2(D) of the Franchise Agreement, Franchisee's Designated Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):—

4. **Franchisee Contact Person.** The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the Franchised Business:—

Name: _____ Mr. David Long _____

Daytime Telephone No.: _____

Evening Telephone No.: _____

Cellular Telephone No.: _____

Faeximile No.: _____

E-mail Address: _____

5. **Statement of Ownership.** If Franchisee is a corporation, limited liability company, partnership or other business entity, the undersigned agree and acknowledge that the following is a complete list of all of the shareholders, members, or partners of Franchisee and the percentage interest of each individual:—

<u>Name</u>	<u>Position/Title</u>	<u>Interest (%)</u>
-------------	-----------------------	---------------------

_____%

_____%

~~IN WITNESS WHEREOF, the undersigned has duly executed this Exhibit to the Franchise Agreement on this ____ day of _____, 20____.~~

~~FRANCHISOR—~~

~~J N C REAL ESTATE DEVELOPMENT, LLC—~~

By: _____
Steve Griffey, President—

~~FRANCHISEE—~~

~~{FRANCHISEE NAME}~~

By: _____
[Name, Title with Franchisee]—

~~FRANCHISEE OWNER(S)~~

~~{NAME}—~~

~~[Name], Individually—~~

~~{NAME}—~~

~~[Name], Individually—~~

~~EXHIBIT B TO THE FRANCHISE AGREEMENT~~

~~PERSONAL GUARANTY~~

~~NOTE: IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER BUSINESS ENTITY, THEN EACH INDIVIDUAL/ENTITY WITH AN OWNERSHIP INTEREST IN FRANCHISEE (PRINCIPALS/MEMBERS/SHAREHOLDERS/MANAGERS/ PARTNERS/ETC.) AND THEIR RESPECTIVE SPOUSES MUST EXECUTE THIS FORM OF PERSONAL GUARANTY. IF FRANCHISEE IS AN INDIVIDUAL AND FRANCHISEE'S SPOUSE HAS NOT SIGNED THE FRANCHISE AGREEMENT DIRECTLY, THEN FRANCHISEE'S SPOUSE MUST EXECUTE THIS FORM OF PERSONAL GUARANTY.—~~

~~ARTICLE I PERSONAL GUARANTY~~

~~The undersigned persons (individually and collectively “you”) hereby represent to J ‘N C REAL ESTATE DEVELOPMENT, LLC (the “Franchisor”) that you are all the owners/principals/members/shareholders/managers/partners, as applicable, of the business entity named—

(the “Franchisee”), as well as their respective spouses, as of the date this Personal Guaranty (the “Personal Guaranty” or “Guaranty”) is executed.—~~

~~In consideration of the grant by Franchisor to the Franchisee as herein provided, each you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing J ‘N C Real Estate Development, LLC Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation: (i) any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement; (ii) the prohibition of any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer as set forth in the Franchise Agreement; (iii) those obligations related to confidentiality, non-disclosure and indemnification; and (iv) the in-term and post-term covenants against competition, as well as all other restrictive covenants set forth in the Franchise Agreement.—~~

~~ARTICLE II CONFIDENTIALITY~~

~~During the initial and any renewal terms of the Franchise Agreement and this Guaranty, you will receive information, which Franchisor considers to be Proprietary Information, trade secrets and/or confidential information, including without limitation: methods, techniques and trade secrets for use in connection with the proprietary business operating system that Franchisor as its affiliates have developed (the “System”) for the establishment and operation of a SALONS BY JC franchised business (hereafter, a “Franchised Business” or “Facility”); Franchisor’s System standards and specification for the furniture, fixtures, equipment, supplies and inventory to be used in connection with the establishment and operation of a Franchised Business; the design, build-out and any construction/remodeling plans for the interior and exterior of the Franchised Business, as well as the individual salon suites located within the Franchised Business; any proprietary software that is necessary for the operation of the Franchised Business; System standards and specifications for the marketing and sale of all products and services offered at the Franchised Business, including without limitation any proprietary products or services Franchisor has developed; Franchisor’s proprietary Operations Manual and other instructional manuals, as well as any training—~~

materials and information Franchisor has developed for use in connection with the System; information regarding the development of Franchisor's proprietary marks (the "Proprietary Marks"); as well as any other proprietary information or confidential information that is provided to Franchisee by Franchisor during the term of the Franchise Agreement (collectively, "Confidential Information"). You shall not, during the term of this Agreement or anytime thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information and trade secrets, including, without limitation: Franchisor's copyrighted materials; price marketing mixes related to the offer of leasing services and other Approved Services and Products (as defined in the Franchise Agreement); standards and specifications for providing the Approved Services and Products and other merchandise or services offered or authorized for sale by System franchisees; methods and other techniques and know-how concerning the operation of the Franchised Business, which may be communicated to you or of which you may become apprised by virtue of your role as a guarantor of the Franchisee's obligations under the Franchise Agreement. You also acknowledge and agree that the following also constitutes "Confidential Information" under this Section: (i) former, current and prospective customer and operator information, including customer names and addresses, customer leasing histories and contracts/operator names and their respective contact information, contract history and operator agreements/contracts (collectively "Customer Lists"), and (ii) sources and pricing matrices of any approved or designated suppliers; and (iii) any and all information, knowledge, know-how, techniques, and other data, which Franchisor designates as confidential.—

ARTICLE III NON-COMPETITION

You acknowledge that as a participant in the Franchisor's System, you will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, to protect Franchisor and all Franchisor's franchisees, you agree as follows:—

1. **~~During the Term of the Franchise Agreement and this Guaranty.~~** During the term of the Franchise Agreement and this Personal Guaranty, each of the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:—

1.1. ~~Own, maintain, engage in, lend money to, extend credit to, have any interest in, or be employed as an officer, director, executive, or principal of any other business that: (i) offers, sells or provides salon suite leasing services similar to those provided by the Franchised Business and/or any other SALONS BY JC business; or (ii) grants or has granted franchises or licenses, or establishes or has established joint ventures, for one or more businesses that offer or engage in the leasing/subleasing/rental of individual salon suites or other retail space to third-party wellness or beauty practitioners (including, without limitation, hair stylists, nail technicians, massage therapists and providers of other personal care services) similar to the services provided by a SALONS BY JC Facility (each, a "Competing Business"); provided, however, that this Section does not apply to your operation of a SALONS BY JC franchise pursuant to a valid franchise agreement with Franchisor, or your ownership of less than two percent (2%) of the interests in a publicly-traded company.—~~

1.2. ~~Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or—~~

1.3. ~~Divert or attempt to divert business or customers of any Franchisee-owned Franchised Businesses to any competitor, by direct or indirect inducement or otherwise, or do or perform,—~~

~~directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.—~~

2. ~~After the Term of This Agreement.—~~

~~2.1. For a period of two years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation enter into any business competing in whole or in part with Franchisor in granting franchises or licenses, or establishing joint ventures, for Competing Businesses. The geographic scope of this non-compete shall be the area where Franchisor can demonstrate it has offered SALONS BY JC franchises as of the termination or expiration of the Franchise Agreement.—~~

~~2.2. For a period of two years after the expiration, transfer or termination of the Franchise Agreement, regardless of the cause, the undersigned may not, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:—~~

~~2.2.1. Own, maintain, engage in, be employed by, lend money to, have any interest in, or be employed as an officer, director, executive, or principal of any other Competing Business at or within the following areas: (i) at the Premises of the Franchised Business; (ii) within the Designated Territory granted under the Franchise Agreement; or (iii) within a radius 40 miles of (a) the perimeter of the Designated Territory granted under the Franchise Agreement, or (b) the perimeter of any other designated territory granted by Franchisor to any SALONS BY JC business as of the date of expiration, transfer or termination of this Agreement through the date of your involvement in the Competing Business;—~~

~~2.2.2. Contact any of Franchisor's suppliers or vendors for any competitive business purpose; or—~~

~~2.2.3. Solicit any of Franchisor's employees, or the employees of Franchisor's affiliates, or any other System franchisee to discontinue employment.—~~

3. ~~Intent and Enforcement.~~ ~~It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevents you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under this Guaranty.—~~

**~~ARTICLE IV
DISPUTE RESOLUTION~~**

1. ~~Acknowledgment.~~ ~~You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's proprietary marks or its system.—~~

2. ~~Governing Law.~~ ~~This Guaranty shall be deemed to have been made in and governed by the laws of the State of Texas.—~~

3. **Internal Dispute Resolution.** ~~You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's Chief Executive Officer and/or President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Agreement.—~~

4. **Mediation.** ~~At Franchisor's option, all claims or disputes between you and Franchisor or its affiliates arising out of, or in any way relating to, the Franchise Agreement, this Guaranty or any other agreement by and between the parties or their respective affiliates, or any of the parties' respective rights and obligations arising from such agreements, which are not first resolved through the internal dispute resolution procedure set forth above, must be submitted first to mediation, in San Antonio, Texas under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor that specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elect to exercise our option to submit such claim or dispute to mediation. You may not commence any arbitration proceeding or other action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor may specifically enforce our mediation rights under this Section. Each party shall bear its own cost of mediation, except that you and Franchisor shall share the mediator's fees and costs equally. This agreement to mediate at Franchisor's option shall survive any termination or expiration of the Franchise Agreement and this Guaranty.—~~

4.1. **Excepted Claims.** ~~The parties agree that mediation shall not be required with respect to any claim or dispute involving: (i) any of your payment obligations that are past due; (ii) the actual or threatened disclosure or misuse of Franchisor's Confidential Information; (iii) the actual or threatened violation of Franchisor's rights in, or misuse of, the Proprietary Marks, System or other trade secrets; (iv) any of the restrictive covenants contained in the Franchise Agreement or this Guaranty; or (v) any claims arising out of or related to fraud or misrepresentation by you, or your insolvency (collectively, the "Excepted Claims").—~~

5. **Jurisdiction and Venue.** ~~With respect to any proceeding not subject to mediation, the parties agree that any action at law or in equity instituted against either party to this Agreement must be commenced and litigated to conclusion (unless settled) only in any court of competent jurisdiction located closest to San Antonio, Texas or, if appropriate, the United States District Court for the Western District of Texas. The undersigned hereby irrevocably consent to the jurisdiction of these courts.—~~

6. **Third Party Beneficiaries.** ~~Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of this Agreement and the mediation and other dispute resolution provisions contained herein, each having authority to specifically enforce the right to mediate and litigate claims asserted against such person(s) by you.—~~

7. **Right to Injunctive Relief.** ~~Nothing contained in this Guaranty shall prevent Franchisor from applying to or obtaining from any court having jurisdiction a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation or arbitration proceeding, or pending the trial or handing down of a decision or award pursuant to any mediation or arbitration proceeding conducted hereunder. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waive all claims for damages you incurred as a result of the wrongful issuance.—~~

8. ~~**JURY TRIAL AND CLASS ACTION WAIVER.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.~~

9. ~~**Limitation of Action.** You further agree that no cause of action arising out of or under this Guaranty may be maintained by you unless brought before the expiration of one year after the act, transaction or occurrence upon which such action is based or the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim against us, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off.~~

10. ~~**Punitive Damages.** You hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against us, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that your recovery shall be limited to actual damages. If any other term of this Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.~~

11. ~~**Costs and Attorneys' Fees.** Whether or not formal legal proceedings are initiated, in the event Franchisor incurs any legal fees or other costs associated with enforcing the terms of this Guaranty or the Franchise Agreement against you, then Franchisor will be entitled to recover from you all costs and expenses, including reasonable attorneys' fees, incurred in enforcing the terms of this Guaranty or the Franchise Agreement.~~

12. ~~**Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Guaranty shall not be a waiver of our right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by us respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Your election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.~~

13. ~~**No Personal Liability.** You agree that fulfillment of any and all of Franchisor's obligations written in the Franchise Agreement or this Guaranty, or based on any oral communications which may be ruled to be binding in a court of law, shall be Franchisor's sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with Franchisor shall be personally liable to you for any reason. This is an important part of this Guaranty. You agree that nothing that you believe you have been told by us or our representatives shall be binding unless it is written in the Franchise Agreement or this Guaranty. Do not sign this Agreement if there is any question concerning its contents or any representations made.~~

14. ~~**Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the~~

~~other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.—~~

~~15. **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.—~~

~~35. **Successors.** References to “Franchisor” or “the undersigned,” or “you” include the respective parties’ heirs, successors, assigns or transferees.—~~

~~IN WITNESS WHEREOF, the parties hereto have executed and delivered this Guaranty on the date stated on the first page hereof.—~~

~~PERSONAL GUARANTORS~~

~~{GUARANTOR NAME}—~~

~~{Name}, Individually—~~

~~{GUARANTOR OR GUARANTOR SPOUSE NAME (IF INDIVIDUAL SIGNING FA AND SPOUSE NOT SIGNING)}—~~

~~{Name}, Individually—~~

~~EXHIBIT C TO THE FRANCHISE AGREEMENT—~~
~~CONSENT AND AGREEMENT OF LANDLORD FORM AND~~
~~COLLATERAL ASSIGNMENT OF LEASE FORM—~~

LEASE RIDER—
CONSENT AND AGREEMENT OF LANDLORD—

~~The undersigned Landlord hereby:~~

- A. ~~Agrees that the leased Premises located at _____ (the "Premises") will only be used in connection with the operation of Franchisee's SALONS BY JC franchised business;—~~
- B. ~~Agrees that Franchisor has the right to enter the Premises to make any modifications necessary to protect Franchisor's Proprietary Marks;—~~
- C. ~~Agrees to allow Franchisee, upon written request from Franchisor, to provide Franchisor with a current copy of the lease;—~~
- D. ~~Agrees to notify Franchisor in writing of and upon the failure of Franchisee to cure any default by Franchisee under the Lease, and also provide Franchisor with the right to cure said default under the Lease within thirty (30) days of being notified (but Franchisor is under no obligation to do so);—~~
- E. ~~Agrees that Franchisor will have the option, but not the obligation, to assume or renew the lease and the occupancy of the business Premises, including the right to sublease to another Franchisee, for all or any part of the remaining term of the lease, upon Franchisee's default or termination hereunder or upon Franchisee's default or termination or expiration of the Franchise Agreement, and in connection with said assumption Franchisor will not be obligated to pay to the landlord past due rent, common area maintenance, and other charges attributable to more than one (1) month. The landlord shall give Franchisor thirty (30) days, upon termination of Franchisee's rights under the lease, to exercise this option; and—~~
- F. ~~Agrees that the lease may not be materially amended, assigned, or sublet without Franchisor's prior written approval.—~~

Dated: September _____, 202_____ LANDLORD

~~[LANDLORD NAME]~~
a [State] [entity type]—

By: _____

Print Name: _____

Title: _____

SIGNED and SEALED this _____ day of _____, 20____

Notary Public

~~COLLATERAL ASSIGNMENT OF LEASE~~

~~FOR VALUE RECEIVED~~, the undersigned (“Assignor”) hereby assigns and transfers to J‘N-C Real Estate Development, LLC (“Assignee”), all of Assignor’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Schedule 1 (the “Lease”) respecting premises commonly known as _____ (the “Premises”).

~~This Assignment is for collateral purposes only and except as specified herein, Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless: (i) Assignee provides express, written notice to both Assignor and the landlord of the Premises under the Lease that Assignee is assuming all of Assignor’s rights, title and interest under the Lease pursuant to this assignment; and (ii) Assignee takes possession of the Premises demised by the Lease pursuant to the terms hereof, and assumes the obligations of Assignor thereunder.~~

~~Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.~~

~~Upon a default and failure to cure (within the appropriate time period) by Assignor under the Lease or under the franchise agreement for a Franchised Business between Assignee and Assignor (the “Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement, Assignee has the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor will have no further right, title or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.~~

~~Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than 120 days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.~~

Dated: _____

~~ASSIGNOR:~~

~~[FRANCHISEE NAME ON LEASE]~~

By: _____
[Name, Title]

SIGNED AND SEALED this ____
day of _____, 20____

~~EXHIBIT D TO THE FRANCHISE AGREEMENT~~

~~EFT AUTHORIZATION FORM~~

Bank Name: _____
ABA# : _____
Acct. No.: _____
Acct. Name: _____

Effective as of the date of the signature below, ~~[Franchisee Entity/Name]~~ (the “Franchisee”) hereby authorizes J ‘N C Real Estate Development, LLC (the “Company”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to cover the ~~[INSERT FA DATE]~~ (the “Franchise Agreement”) for the franchised business located at: ~~[INSERT PREMISES OF FRANCHISED BUSINESS ONCE KNOWN]~~ (the “Franchised Business”): (i) all Royalty Fees; (ii) Fund Contributions; (iii) any amounts due and owing the Company or its affiliates in connection with marketing materials or other supplies or inventory that is provided by Company or its affiliates; and (iv) all other fees and amounts due and owing to Company or its affiliates under the Franchise Agreement. Franchisee acknowledges each of the fees described above may be collected by the Company (or its designee) as set forth in the Franchise Agreement.—

The parties further agree that all capitalized terms not specifically defined herein will be afforded the definition they are given in the Franchise Agreement.—

Such withdrawals shall occur on a monthly or weekly basis, or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. ~~[Insert Franchisee Name]~~ shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.—

~~FRANCHISEE:—~~

~~[FRANCHISEE NAME]—~~

By: _____ Date: _____
[Name, Title]—

~~FRANCHISOR APPROVAL:—~~

~~J ‘N C REAL ESTATE DEVELOPMENT, LLC—~~

By: _____ Date: _____
Steve Griffey, President—

~~Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.—~~

~~EXHIBIT E TO THE FRANCHISE AGREEMENT~~

~~CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT~~

~~(for trained employees, officers, directors, general partners, members, Concierge Managers and any other management personnel of Franchisee)~~

~~In consideration of my being a [INSERT TITLE/ROLE WITH FRANCHISEE] of [INSERT FRANCHISEE NAME] (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I (the undersigned) hereby acknowledge and agree that Franchisee has acquired the right from J 'N C Real Estate Development, LLC (the "Company") to: (i) establish and operate a SALONS BY JC franchised business (the "Franchised Business"); and (ii) use in the operation of the Franchised Business the Company's trade names, trademarks and service marks (collectively, the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of SALONS BY JC businesses (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: [INSERT PREMISES OF FRANCHISED BUSINESS ONCE KNOWN] (the "Premises").~~

~~1. The Company possesses certain proprietary and confidential information relating to the operation of the Franchised Business and System generally, including without limitation: Company's proprietary and confidential Operations Manual and other manuals providing guidelines, standards and specifications related to the establishment and operation of the Franchised Business (collectively, the "Manual"); Franchisor's proprietary training materials and programs, as well as proprietary marketing methods and other instructional materials, trade secrets; information related to any other proprietary methodology or aspects of the System or the establishment and continued operation of the Franchised Business; financial information; any and all customer lists, contracts and other customer information obtained through the operation of the Franchised Business and other SALONS BY JC businesses; any information related to any type of proprietary software that may be developed and/or used in the operation of with the Franchised Business; and any techniques, methods and know-how related to the operation of SALONS BY JC business or otherwise used in connection with the System, which includes certain trade secrets, copyrighted materials, methods and other techniques and know-how (collectively, the "Confidential Information").~~

~~2. Any other information, knowledge, know-how, and techniques which the Company specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.~~

~~3. As [INSERT TITLE WITH RESPECT TO FRANCHISEE] of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Manual, and other general assistance during the term of this Agreement.~~

~~4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.~~

~~5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as~~

~~confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as [INSERT TITLE] of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.—~~

6. ~~Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business that: (i) offers or engages in the leasing/subleasing/rental of individual salon suites or other retail space to third-party wellness or beauty practitioners (including, without limitation, hair stylists, nail technicians, massage therapists and providers of other personal care services) similar to the services provided by a SALONS BY JC Facility; or (ii) grants or has granted franchises or licenses, or establishes or has established joint ventures, for one or more businesses that offer, sell or provide leasing/subleasing/rental of individual salon suites or other retail space to third-party wellness or beauty practitioners (including, without limitation, hair stylists, nail technicians, massage therapists and providers of other personal care services) similar to the services provided by a SALONS BY JC Facility (collectively, a “Competing Business”). I also agree that I will not undertake any action to divert business from the Franchised Business to any Competing Business, or solicit any of the former customers or employees of Franchisee for any competitive business purpose.—~~

6.1. ~~**Post-Term Restrictive Covenant for Concierge Manager of Franchised Business or Manager/Officers/Directors of Franchisee.** In the event I am a manager of the Franchised Business, or an officer/director/manager/partner of Franchisee that has not already executed a Personal Guaranty agreeing to be bound by the terms of the Franchise Agreement, then I further agree that I will not be involved in a Competing Business of any kind for a period of two years after the expiration or termination of my employment with Franchisee for any reason: (i) at or within a 40-mile radius of the Premises; or (ii) within a 40-mile radius of any other SALONS BY JC business that exists at the time my employment with Franchisee ceases through the date of my involvement with the Competing Business. I also agree that I will not be involved in the franchising or licensing of any Competing Business at any location, or undertake any action to divert business from the Franchised Business to any Competing Business or solicit any of the former customers or employees of Franchisee for any competitive business purpose, during this two-year period following the termination or expiration of my employment with the Franchisee.—~~

7. ~~I agree that each of the foregoing 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 valid jurisdiction in an unappealed final decision to which the Company is a party, I 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.—~~

8. ~~I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.—~~

9. ~~The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I~~

~~agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.—~~

36. ~~This Agreement shall be construed under the laws of Texas. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.—~~

~~IN WITNESS WHEREOF, this Agreement is made and entered into by the undersigned parties as of the Effective Date.—~~

~~UNDERSIGNED—~~

18.A.

40. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

41. (1) Except as expressly provided to the contrary in this Agreement, each and every term and provision of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and provision of this Agreement is considered by the parties to be reasonable and intended to be enforceable, if any such term or provision of this Agreement is found by a court of competent jurisdiction, agency, or other government agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or “blue-lined” to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or “redlined” in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not included in this Agreement.

42. (2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

18.B. WAIVER OF OBLIGATIONS

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor's rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor's other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Franchisee's default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor's insistence upon Franchisee's strict compliance with Franchisee's obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

18.C. FORCE MAJEURE

If either Franchisor or Franchisee is delayed in performing any obligation under this Agreement by any cause reasonably beyond its control when such cause would affect any person or entity similarly situated, including, without limitation, war, civil disorder, catastrophic weather, power outage, acts of God, including, but not limited to, natural disaster, tornados, earthquakes, wildfires, and pandemics and/or labor strikes unassociated with Franchisee or Franchisor (collectively, "Force Majeure"), then the time period for performing such obligation shall be extended by a period of time equal to the period of delay. Notwithstanding the immediately foregoing sentence, any delay resulting from Force Majeure shall not excuse Franchisee's payment of any fee, charge, amount, and/or any other monetary or financial obligation to Franchisor under this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, and the non-performance of any obligation under this Agreement due to Force Majeure shall not be extended or otherwise excused for more than six months.

18.D. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks or the System. Without limitation to the rights set forth in Article 6 of this Agreement, Franchisee agrees that Franchisor may obtain such injunctive relief. Franchisee agrees that Franchisor will not be required to post a bond (other than as set forth in Article 6.H of this Agreement) to obtain injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). The remedies available to Franchisor under Article 6.H are not exclusive of one another and may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Without limitation to the foregoing Franchisee agrees that in the event of a breach of this Agreement by Franchisee respecting and/or concerning the System and/or the Licensed Marks shall cause irreparable harm to Franchisor, the System and the Licensed Marks. The foregoing shall not be interpreted to invalidate the mediation and arbitration requirements set forth in Article 18.G of this Agreement and shall be consistent with the same.

43. 18.E. RIGHTS OF PARTIES ARE CUMULATIVE

The rights under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

18.F. GOVERNING LAW

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *ET SEQ.*) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF TEXAS SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

18.G. NON-BINDING MEDIATION AND BINDING ARBITRATION

(1) **Non-Binding Mediation** – Franchisee and Franchisor agree that before either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Franchisee in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the American Arbitration Association ("AAA") in accordance with the AAA's then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in Bexar County, Texas or, if a mediator is not available in Bexar

County, Texas then at a suitable location selected by the mediator that is located closest to Bexar County, Texas. Mediation shall be conducted by one mediator and if Franchisor and Franchisee cannot agree on a mediator then the mediator shall be selected by AAA. Mediation shall be conducted within 45 days of AAA's designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Franchisee in writing and signed by each respective party. Franchisor and Franchisee shall each be responsible for their own costs associated with mediation and Franchisor and Franchisee shall each be responsible for and shall each pay 50% of the mediator's fee and AAA's mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Franchisee agree this Sub-Article 18.G.(1) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor's election, apply to: (a) any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee's violation or purported violation of Article 6 of this Agreement; and/or (b) claims by either Franchisor or Franchisee under this Agreement that relates to either Franchisor's or Franchisee's failure to pay fees or other monetary obligations due under this Agreement.

(2) **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Sub-Article 18.G.(1), and, except, at Franchisor's election, as to any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee's violation or purported violation of Article 6 of this Agreement, Franchisor and Franchisee agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Franchisee, the System, and/or the validity of this Agreement and/or the Ancillary Agreements, shall be submitted, on demand of either Franchisor or Franchisee, to AAA for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with AAA's then current rules for commercial disputes, except as may be otherwise required in this Article 18.G. All arbitration proceedings shall be conducted in Bexar County, Texas or, if suitable AAA facilities are not available in Bexar County, Texas then at a suitable AAA location selected by the arbitrator that is located closest to Bexar County, Texas.

In connection with binding arbitration, Franchisor and Franchisee further agree that:

(a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(b) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(c) The arbitrator shall render written findings of fact and conclusions of law;

(d) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Articles 18.I., 18.J., 18.N., 18.O., 18.R., 18.T., and 18.X. of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;

(e) They shall each be bound to the limitations periods set forth in Article 18.I. of this Agreement and that, in any arbitration proceeding, Franchisor and Franchisee must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;

(f) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction; and

(g) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Article 18.

(3) **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration provisions set forth in this Article 18.G., Franchisor and Franchisee agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within Texas and within Bexar County or the county closest to Bexar County. Franchisor and Franchisee do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor and Franchisee agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Franchised Business was located or where Franchisee resides.

44. 18.H. VARIANCES

FRANCHISEE AGREES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE

UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

18.I. LIMITATIONS OF CLAIMS

EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO FRANCHISEE'S OBLIGATIONS TO MAKE PAYMENTS TO FRANCHISOR PURSUANT TO THIS AGREEMENT, FRANCHISOR'S ENFORCEMENT OF THE RESTRICTIVE COVENANTS SET FORTH IN ARTICLE 6 OF THIS AGREEMENT, AND FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR IN ACCORDANCE WITH THIS AGREEMENT, ANY AND ALL CLAIMS AND/OR CAUSES OF ACTION ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

18.J. WAIVER OF PUNITIVE DAMAGES AND LIMITATION OF DAMAGES

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT, PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM FOR DAMAGES: (A) ALLOWED BY FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS, FEES, AND/OR OTHER PAYMENTS OR OBLIGATIONS THAT OTHERWISE WOULD HAVE BEEN PAYABLE AND DUE UNDER THIS AGREEMENT BY FRANCHISOR OR FRANCHISEE AND/OR THE OWNERS HAD THE BREACH RESULTING IN THE TERMINATION OF THIS AGREEMENT NOT OCCURRED. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

18.K. WAIVER OF JURY TRIAL

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

45. 18.L. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

18.M. COMPLETE AGREEMENT

This Agreement, and the Schedules and Exhibits to this Agreement, as executed and, as applicable, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. The foregoing shall not constitute and does not constitute any disclaimer as to the express representations made by Franchisor in the Franchise Disclosure Document

46. disclosed to Franchisee in connection with this Franchise Agreement.

18.N. ATTORNEY FEES AND EXPENSES

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement then Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

18.O. NO CLASS ACTION OR MULTI-PARTY ACTIONS

FRANCHISOR AND FRANCHISEE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE SALONS BY JC FRANCHISE FROM FRANCHISOR TO FRANCHISEE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, SPOUSES AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

18.P. ACCEPTANCE BY FRANCHISOR

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

18.Q. OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS

Franchisor recommends that Franchisee have this Agreement and the Franchise Disclosure Document reviewed by Franchisee's lawyer, accountant, and other business advisors, prior to signing this Agreement.

18.R. NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS OR AGENTS

Franchisee agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers. The foregoing shall not be construed to imply that Franchisor and/or Franchisor's agents have made any oral promises as pursuant to Article 18.M. of this Agreement, this written Agreement represents the sole Agreement between Franchisor and Franchisee.

18.S. NON-UNIFORM AGREEMENTS

47. Franchisee agrees that Franchisor makes no representations or warranties that all other agreements with J 'N C Real Estate Development, LLC franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisee agrees that Franchisor may waive or modify comparable provisions of other Franchise Agreements to other System franchisees in a non-uniform manner.

18.T NO RIGHT TO OFFSET

Franchisee shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by Franchisee to Franchisor pursuant to this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee shall not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

18.U. HEADINGS

48. The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

18.V. AUTHORITY TO EXECUTE

Each party agrees, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

18.W. COUNTERPARTS, ELECTRONIC SIGNATURES, AND MULTIPLE COPIES

This Agreement may be executed electronically. This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement. Executed electronic or print duplicates of this Agreement, if any, and their respective signatures shall be deemed originals.

18.X. JOINT AND SEVERAL LIABILITY

If Franchisee consists of more than one person or entity, then their liability under this Agreement shall be deemed joint and several.

18.Y. RECITALS

The parties agree that the recitals and representations contained on the first page of this Agreement constitute a part of this Agreement and are hereby fully incorporated into the terms of this Agreement.

ARTICLE 19

NOTICES

All written notices and reports permitted or required to be delivered by this Agreement shall be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Reports requiring delivery shall be delivered by certified U.S. mail and/or electronically, as designated by Franchisor. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Franchisee to Franchisor unless given in strict compliance with this Agreement. Notwithstanding the foregoing, the Operations Manual and modifications to the Operations Manual may be delivered and/or noticed to Franchisee by such means selected by Franchisor, including electronic notice and email.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and, unless otherwise expressly proscribed in this Agreement, Franchisor shall respond within 10 business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

Franchisor:

J 'N C Real Estate Development, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title (please print)

Name (please print)

Dated

Dated

Signature

Name (please print)

Dated





Franchise Agreement – Schedule 1
Business Location and Designated Territory Acknowledgment

Pursuant to the Franchise Agreement dated _____, 20__ by and between J ‘N C Real Estate Development, LLC, as Franchisor, and _____, as Franchisee (the “Franchise Agreement”), Franchisor and Franchisee agree:

(a) Franchisee’s Business Location – “Franchisee’s Business Location,” as such term is defined in the Franchise Agreement, including, but not limited to Articles 1 and 2.A., is identified, as follows:

[To be Effective this Schedule Must be Completed and Signed by Franchisor. If not completed and signed at time of signing Franchise Agreement, may be completed in the future pursuant to the terms of the Franchise Agreement.]

(b) Franchisee’s Designated Territory – Franchisee’s “Designated Territory,” as such term is defined in the Franchise Agreement, including, but not limited to Articles 1 and 2.A., is designated as follows:

[To be Effective this Schedule Must be Completed and Signed by Franchisor. If not completed and signed at time of signing Franchise Agreement, may be completed in the future pursuant to the terms of the Franchise Agreement.]

If there is any inconsistency or conflict between the terms of this Acknowledgment and the Franchise Agreement, the Franchise Agreement shall take precedence and govern.

Dated: _____

Franchisor:
J ‘N C Real Estate Development, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

Signature

Name (please print)

Franchisee represents that the following schedule is complete and accurately identifies Franchisee’s Owners, Franchisee’s Managing Owner, and their respective ownership interests in Franchisee. Defined terms shall have the meanings set forth in the Franchise Agreement between Franchisor and Franchisee.

If Franchisee is a Corporate Entity, Franchisee represents and affirms to Franchisor that the following list identifies each and every Owner of Franchisee and their respective ownership interests.		
Owner Name	Owner Address	Ownership Interest Percentage
Name of designated Managing Owner:		

Dated: _____

Franchisor:
J ‘N C Real Estate Development, LLC

Franchisee:

Signature

Name (please print)

By: _____
Signature

Name and Title

Signature

Name (please print)



Franchise Agreement – Exhibit 1
Franchise Owner and Spouse Agreement and Guaranty



FRANCHISE OWNER AND SPOUSE AGREEMENT AND GUARANTY

This Franchise Owner and Spouse Agreement and Guaranty (the “Agreement”) is individually entered into by you as either an owner of _____ (hereinafter referred to as “Franchisee”), Franchisee, or the spouse of the owner of franchisee and is given and signed by you in favor of J ‘N C Real Estate Development, LLC, franchisor of the Salons by JC franchise system and in favor of J ‘N C Real Estate Development, LLC’s successors and assigns, upon the terms and conditions set forth in this Agreement.

In this Agreement J ‘N C Real Estate Development, LLC is referred to as “**us**”, “**our**” or “**we**”, and each individual that signs this Agreement is referred to as “**you**”.

Recitals and Representations

WHEREAS, Franchisee has entered into a Salons by JC Franchise Agreement (the “Franchise Agreement”) for the development and operation of a Salons by JC business (each, a “Business” or “Franchised Business”) that offers and provides retail space for lease to third party practitioners primarily within the beauty, health and wellness, personal care, and related industries, and other products and services that Franchisor authorizes (the “Approved Products and Services”) under the Licensed Marks (defined below);

WHEREAS, you represent that you have received and have thoroughly reviewed the completed Franchise Agreement, including the completed Schedules and Exhibits attached thereto;

WHEREAS, we have recommended that you thoroughly review the Franchise Agreement, this Agreement and all exhibits and schedules to the Franchise Agreement with a lawyer selected and hired by you;

WHEREAS, you represent to us that you are either: (a) an Owner of Franchisee such that you own or control a legal, equitable or beneficial ownership or equity interest in Franchisee and/or otherwise meet the definition of an “Owner” as set forth in this Agreement; and/or that you are (b) the “Spouse” of an Owner of Franchisee;

WHEREAS, you agree that this Agreement will apply to you individually and, jointly and severally with all others who sign this Agreement including, if this Agreement is signed in counterparts or electronically among other Owners and Spouses;

WHEREAS, you acknowledge that this Agreement personally obligates you, among other things, to guarantee Franchisee’s payment, performance, and legal obligations under the Franchise Agreement and that you enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee; and

WHEREAS, you acknowledge that we are relying on this Agreement and that without this Agreement we would not have entered into and/or would not be entering into the Franchise Agreement with Franchisee or, if applicable, approving the transfer of the Franchise Agreement and/or the replacement or substitution of an owner of Franchisee.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

NO _____
Entity name (if any).—

a(n) _____

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

(If Developer is an individual owner, Developer must

~~sign below; if a partnership, all partners must sign below)~~

Developer: _____

Developer: _____

Developer: _____

Developer: _____

~~(If Developer is a Limited Liability Company)~~

~~Name of Limited Liability Company~~

By: _____

Name: _____

Title: _____

~~ATTACHMENT A~~

~~**GUARANTY AND ASSUMPTION OF OBLIGATIONS**~~

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this day of _____,
by _____, (each a “Guarantor”).—

~~In consideration of, and as an inducement to, the execution of that certain Area Development Agreement (the “Area Development Agreement”) by J ‘N C REAL ESTATE DEVELOPMENT, LLC (the “Franchisor”), and _____ (“Developer”), each Guarantor hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Area Development Agreement and as provided in the Area Development Agreement, that Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Area Development Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Area Development Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including without limitation, those obligations related to: confidentiality and non-disclosure; indemnification; the Marks; the in-term and post-term covenants against competition, as well as all other restrictive covenants; and the governing law, venue and other dispute resolution provisions set forth in the Area Development Agreement.—~~

~~Each Guarantor hereby waives: (1) THEREFORE, to induce us to enter into the Franchise Agreement as consideration to us for entering into the Franchise Agreement with Franchisee and other consideration, the receipt and sufficiency of which you acknowledge, you agree as follows:~~

1. Recitals and Representations.

~~You agree that the foregoing Recitals and Representations are true and accurate and constitute a material part of this Agreement and are hereby incorporated into the main body of this Agreement.~~

2. Definitions.

~~Supplementing the terms and definitions contained in the Recitals and Representations:~~

~~“**Approved Products and Services**” shall have the meaning defined in the “Recitals” section of this Agreement and shall further refer to and mean those products and services that we authorize for sale by Salons by JC Businesses. We shall exclusively designate and determine the Approved Products and Services and we, in our Reasonable Business Judgment, may change, modify, reduce or supplement the Approved Products and Services that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Franchised Business may only offer and sell the Approved Products and Services.~~

~~“**Business Facility**” means the fixed commercial business facilities including, the fixtures and improvements, from which Salons by JC Businesses are established, operated and managed.~~

~~“**Business Location(s)**” means the location(s) from which Salons by JC Businesses are established, operated and managed.~~

~~“**Business Management System**” means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually or collectively designated by us, in our Reasonable Business Judgment, as being required for use by the Franchised Business, including, but not limited to, the day-to-day sales, ordering, operations and management of the Franchised Business.~~

~~“**Business Management System Data**” means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered (whether by us or Franchisee) into the Business Management System utilized by Franchisee; and/or (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of the Franchised Business.~~

~~“**Competitive Business**” means any business that (i) is the same as or similar to a Salons by JC Business; and/or (ii) offers, sells, and/or provides management and/or lease, sublease, and/or rent of individual salon suites or other retail space to individuals or businesses that offer and provide beauty, cosmetology, personal care, and/or wellness services, and/or related services.~~

~~“**Confidential Information**” means all of our and/or our affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date and as same may be developed, modified and supplemented in the future,~~

constituting and comprising: (a) Approved Product and Services methods, specifications, product offerings, service offerings, supply, and distribution information; (b) standards, concepts, programs and systems relating to the Approved Products and Services and the development, establishment, marketing, promotion and operation of Salons by JC Businesses; (c) information concerning consumer preferences for services, products, materials and supplies used or sold by Salons by JC Businesses, and specifications for and knowledge of suppliers of inventory, equipment, products, supplies and procedures used or sold by Salons by JC Businesses; (d) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of Salons by JC Businesses; (e) Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How.

“Copyrights” means all works and materials for which we or any affiliate of ours has secured common law or registered copyright protection and we utilize and/or allow Salons by JC Business franchisees to use, sell or display in connection with the development, marketing and/or operation of a Salons by JC Business, whether as of the Effective Date or any time in the future.

“Corporate Entity” means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

“Digital Media” means any interactive or static digital document, listing, directory, application, advertisement, link, metadata, or media that is transmitted within a closed or private network, or that is connected to, in communication with, and/or networked with computers, applications, or other devices linked by communications systems, data systems, a part of the world wide web including, traditional websites, web based applications, distributed databases, including, blockchain, software applications, smart phone applications, or social media platforms such as Facebook, LinkedIn, X, Pinterest, Instagram, SnapChat, TikTok, and YouTube, that refers, references, identifies, reviews, promotes and/or relates, in any way, to, a Salons by JC Business, the Franchised Business, the Licensed Marks, the System and/or us. Digital Media includes the System Website, and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

“Effective Date” refers to the “Effective Date” of the Franchise Agreement as the term “Effective Date” is set forth and defined in the Franchise Agreement. If, for any reason, the Effective Date cannot be determined by reference to the Franchise Agreement, the Effective Date shall be the date that you sign this Agreement.

“Franchised Business” shall have the meaning defined in the “Recitals” section of this Agreement and shall further refer to and mean the Salons by JC Business to be developed and operated by Franchisee pursuant to the terms of the Franchise Agreement.

“Franchisee’s Business Facility” means the Business Facility from which Franchisee establishes, operates and manages the Franchised Business.

“Franchisee’s Business Location” means the location of Franchisee’s Business Facility, from which Franchisee operates the Franchised Business.

“Franchisee’s Designated Territory” means the “Designated Territory” as such term is set forth and defined in the Franchise Agreement.

“Immediate Family” means the spouse of a person and any other member of the household of such person, including, without limitation, children of such person.

“Intellectual Property” means, individually and collectively, our Licensed Marks, Copyrights, Know-How, and System.

“Know-How” means our trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a Salons by JC Business including, but not limited to, methods, techniques, inventory, products and services standards and specifications and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

“Licensed Marks” means the trademarks, service marks, emblems and indicia of origin, including the “Salons by JC” trademark, the Salons by JC logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by us in connection with the identification of Salons by JC Businesses and the Approved Products and Services, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by us in our Reasonable Business Judgment.

“Operations Manual” means, individually and collectively, the manual(s) designated by us and relating to the development and/or operations of Salons by JC Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of Salons by JC Businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by us from time to time in our

Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to our modification from time to time and based on our Reasonable Business Judgment, the Operations Manual shall, among other things, designate the Approved Products and Services that must be offered and sold by the Franchised Business.

“Owner” means collectively, individually, jointly and, as of the Effective Date: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee and/or in any Corporate Entity that maintains an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Managing Owner(s).

“Prohibited Activities” means any or all of the following: (a) owning and/or having any legal or equitable interest (whether as an individual proprietor or as an owner, partner, member or shareholder of a Corporate Entity or, in any similar capacity) in a Competitive Business (other than owning an interest of 3% or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding and/or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or in any similar capacity) for a Competitive Business; (c) diverting or attempting to divert any business or customers from us (or one of our affiliates or franchisees); and/or (d) inducing any customer or client of ours (or of one of our affiliates or franchisees) or of Franchisee to any other person or business that is not a Salons by JC Business.

“Reasonable Business Judgment” refers to our business judgment and means and relates to any and all decisions, actions and choices made by us concerning or relating to this Agreement, the Franchise Agreement, the System, Salons by JC Businesses, Franchisee’s Business Location, and/or the Franchised Business where we undertake or make such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining designated territory markets, minimizing potential customer confusion as to the location of Salons by JC Businesses, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee agrees that when a decision, determination, action and/or choice is made by us in our Reasonable Business Judgment that such decision, determination, action or choice made by us shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by us in our Reasonable Business Judgment that: (a) we possess a legitimate interest in seeking to maximize our profits; (b) we shall not be required to consider Franchisee’s individual economic or business interests as compared to the overall System; and (c) should we economically benefit from such decision, determination, action and/or choice that such economic benefit to us shall not be relevant to demonstrating that we did not exercise reasonable business judgment with regard to our obligations under the Franchise Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee’s or such third party’s judgment for our Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge our Reasonable Business Judgment in any legal proceeding that Franchisee shall possess the burden of demonstrating, by clear and convincing evidence, that we failed to exercise our Reasonable Business Judgment.

“Restricted Period” means the 24 month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee, in compliance with the terms of the Franchise Agreement, assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you, in compliance with the terms of the Franchise Agreement, cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee, the date on which your Spouse, in compliance with the terms of the Franchise Agreement, ceases to be an Owner of Franchisee. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the 18 month period after the earliest to occur of the following: (a) the expiration of the Franchise Agreement; (b) the termination of the Franchise Agreement; (c) the date on which Franchisee, in compliance with the terms of the Franchise Agreement, assigns the Franchise Agreement to another person (other than you or your Spouse or an Immediate Family Member) provided that you do not and your Spouse does not own or hold, in the assignee, any direct or indirect ownership and/or equity interest whether legal, equitable or otherwise; (d) if you are an Owner of Franchisee, the date on which you, in compliance with the terms of the Franchise Agreement, cease to be an Owner of Franchisee; or (e) if you are the Spouse of an Owner of Franchisee the date on which your Spouse, in compliance with the terms of the Franchise Agreement, ceases to be an Owner of Franchisee.

“Restricted Territory” means the geographic area: (a) comprising Franchisee’s Designated Territory; (b) within a 25 mile radius surrounding Franchisee’s Designated Territory or, if Franchisee is not granted a designated territory, then a 25 mile radius surrounding Franchisee’s Business Location; (c) within a 10 mile radius surrounding the Business Locations for all other Salons by JC Businesses operating and/or under development as of the Effective Date; and (d) within a 10 mile radius surrounding the Business Locations for all other Salons by JC Businesses that are in operation or under development during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within Franchisee’s Designated Territory plus a 25 mile radius surrounding Franchisee’s Designated Territory or, if Franchisee is not granted or designated a designated territory, then a 25 mile radius

surrounding Franchisee's Business Location.

"Salons by JC Business(s)" shall have the meaning defined in the Recitals and Representations section of this Agreement and, without limitation to the Recitals and Representations section of this Agreement, the definition of "Salons by JC Businesses", shall further include, refer to and mean: every business and all businesses owned and/or operated by us, our affiliates and/or our authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

"Spouse" means, as of the Effective Date, the legal spouse of an Owner.

"System" means our system for the development, establishment and operation of Salons by JC Businesses including, but not limited to: (a) the Approved Products and Services, System Supplies and services, procedures and systems that are designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Salons by JC Business; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by us, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Salons by JC Business; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by us in our Reasonable Business Judgment.

"System Supplies" means, as designated by us, those products, materials, packaging, supplies, and equipment including, but not limited to, furniture, fixtures, displays, software, and systems designated by us in the Operations Manual and as may be modified and supplemented by us from time to time in our Reasonable Business Judgment.

"System Website" means the web page and/or pages located on the world wide web at the www.salonsbyjc.com URL (uniform resource locator) and shall further include all webpages and subdomains that are a part of www.salonsbyjc.com, or as designated by us as being associated with the URL of www.salonsbyjc.com and/or Salons by JC Businesses.

"Trade Dress" means the Business designs, images, marketing materials, packaging, branding and/or branding images which we authorize and require Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by us from time to time.

"Transfer" means a transfer, sale and/or assignment whether legally, equitably or otherwise.

3. Additional Acknowledgments by You.

In addition to the representations and acknowledgments contained in the Recitals and Representations, above, and incorporated into this Agreement, you acknowledge and represent that:

- (a) as of the Effective Date you are an Owner and/or Spouse;
- (b) you are signing this Agreement in your individual capacity and that you are bound to the terms and conditions of this Agreement and irrespective of any change in your status as an Owner and/or Spouse;
- (c) in your capacity as an Owner of Franchisee or as the Spouse of an Owner of Franchisee you have and will be gaining access to, among other things, the System and Intellectual Property;
- (d) all of the components and aspects of the System and Intellectual Property (both individually and as they relate to one another collectively) are critical to our success as the franchisor of the System and to the overall System;
- (e) we need to protect the System and Intellectual property and that to do so we require that you, in your individual capacity, to agree to the brand protection, non-competition and other covenants and restrictions contained in this Agreement and that you personally guarantee the financial and other obligations of Franchisee to us; and
- (f) the terms of this Agreement are fair and reasonable and that you have elected, based on your own decision, to enter into this Agreement to induce us to enter into the Franchise Agreement with Franchisee.

4. Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions.

- (a) **Know-How**. You agree that: (i) you will not use the Know-How in any business or capacity other than the Franchised Business; (ii) you will maintain the confidentiality of the Know-How at all times; (iii) you will not make unauthorized copies of documents containing any Know-How; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-How; and (v) you will stop using the Know-How immediately if you are no longer an Owner of Franchisee or your Spouse is no longer an Owner of Franchisee, as applicable. You will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Business pursuant to the terms of the Franchise Agreement and

Operations Manual. You agree to assign to us or our designee, without charge, all rights to any improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any improvement to us, then such improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(b) Non-Competition During Franchise Relationship. Subject to the terms and conditions of Article 5 of this Agreement, below, you represent and agree that while you are an Owner of Franchisee or while your Spouse is an Owner of Franchisee (as applicable) that you will not engage in any Prohibited Activities. You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and our System.

(c) Non-Competition After Franchise Relationship. You represent, acknowledge and agree that during the Restricted Period you will not engage in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers/clients who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach). You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(d) Confidentiality Restrictions. You represent, acknowledge and agree that, at all times you: (i) shall not use the Confidential Information in any business or capacity other than the Franchised Business; (ii) shall maintain the confidentiality of the Confidential Information; (iii) shall not make unauthorized copies of documents containing any Confidential Information; (iv) shall take such reasonable steps as we may ask of you and/or Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; (v) shall immediately and permanently stop using the Confidential Information upon the expiration or termination of the Franchise Agreement; (vi) shall immediately and permanently stop using the Confidential Information if you are no longer an Owner of Franchisee and/or the Spouse of an Owner; (vii) shall immediately and permanently stop using the Confidential Information upon Franchisee's Transfer of the Franchise Agreement; and (viii) shall not disclose the Confidential Information to any third party except in a legal proceeding pursuant to an order of a court of competent jurisdiction and after affording us no less than 15 business days prior notice and an opportunity for us, at our election, to appear in such action.

(e) Immediate Family Members. You acknowledge that should you circumvent the purpose and protections (due to us) of this Agreement by disclosing Know-How to an immediate family member (*i.e.*, parent, sibling, child, or grandchild) we will, and the System will be irreparably harmed. You acknowledge that if you did disclose the Know-How to an immediate family member and your immediate family member used the Know-How to engage in activities that, for you, qualify as Prohibited Activities as defined above, that we and the System will be irreparably harmed. You agree that as between you and us that you are in a better position to know if you permitted and/or provide an immediate family member with access to the Know-How. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-How. However, you may rebut this presumption by providing evidence conclusively demonstrating that you did not disclose the Know-How nor permit disclosure of the Know-How to the family member.

(f) Reasonableness of Covenants and Restrictions. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You waive any right to challenge the terms of this Agreement as being overly broad, unreasonable or otherwise unenforceable.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of this Article 4 (Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Article 4 to ensure that the terms are enforceable under applicable law.

(g) Breach. You agree that failure to comply with these Article 4 Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions will cause irreparable harm to us and/or other Business franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

5. Transfer Restrictions and Non-Competition Covenants and Restrictions.

Notwithstanding anything contained in this Agreement to the contrary, you expressly acknowledge and agree that if you are an Owner, and/or the Spouse of an Owner, that, prior to Transferring an Owner's equity and/or ownership interests in Franchisee that, among other things, Franchisee must notify us and obtain our written consent. Likewise, you acknowledge and agree that under the Franchise Agreement that prior to Franchisee's Transfer of the Franchise Agreement, among other things, Franchisee must notify us and obtain our written consent. For our protection and to prevent the subversion of the non-competition covenants contained in Article 4 of this Agreement and, to induce us to enter into the Franchise Agreement with Franchisee, you agree, that:

(a) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(b) if you are a Spouse, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee and/or should Franchisee, fail to obtain our consent to the proposed Transfer of your Spouse's equity and/or ownership interests in Franchisee (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement;

(c) if you are an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement; and

(d) if you are the Spouse of an Owner, should Franchisee fail to properly and timely notify us in writing of the proposed Transfer of the Franchise Agreement to a third party and/or should Franchisee, fail to obtain our consent to the proposed Transfer of the Franchise Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Franchise Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Franchise Agreement.

6. Personal Guaranty of Franchise Agreement and Financial Obligations.

To secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours (collectively the "Ancillary Agreements") you individually, jointly and severally, and personally and unconditionally:

(a) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Franchise Agreement;

(b) guarantee to us and our successor and assigns, that Franchisee shall punctually satisfy and pay all of Franchisee's payment and other obligations under the Ancillary Agreements;

(c) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us pursuant to the terms of the Franchise Agreement (including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement);

(d) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Franchisee to us and/or our affiliates under the Ancillary Agreements;

(e) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Franchise Agreement including, but not limited to, the fee obligations of Article 5 of the Franchise Agreement, the advertising obligations of Article 9 of the Franchise Agreement, and the indemnification obligations of Article 10 of the Franchise Agreement; and

(f) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Franchisee to us pursuant to the terms of the Ancillary Agreements.

You waive: (a) acceptance and notice of acceptance by ~~Franchisor~~ of the foregoing undertakings; ~~(2)-b)~~ notice of demand for payment of any indebtedness ~~or nonperformance of any obligations~~ guaranteed; ~~(3)-c)~~ protest and notice of default to any party with respect to the

indebtedness ~~or nonperformance of any obligations~~ guaranteed; (4) ~~d~~) any right ~~Guarantor~~you may have to require that an action be brought against ~~DeveloperFranchisee~~ or any other person as a condition of liability; and (5) ~~e~~) 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.

Each Guarantor hereby consents and agrees You agree that: (1) ~~such Guarantor's undertaking shall be~~ your direct, and immediate and independent of the liability of, and under this guaranty shall be joint and several with, ~~Developer Franchisee and any~~all other ~~Guarantors;~~ (2) ~~Guarantor shall~~signatories to this Agreement; (b) you will render any payment ~~or performance~~required under the ~~Area DevelopmentFranchise Agreement and the Ancillary Agreements~~ upon demand if ~~DeveloperFranchisee~~ fails or refuses punctually to do so; (3) ~~Guarantor's~~ your liability shall not be contingent or conditioned upon pursuit by ~~Franchisor~~ of any remedies against ~~DeveloperFranchisee~~ or any other person; (4) ~~Guarantor's and~~ (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence ~~which Franchisor~~that we may grant to ~~DeveloperFranchisee~~ or to any 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~~guarantee, which shall be continuing and irrevocable during the term of ~~each of the Area DevelopmentFranchise Agreement;~~ (5) ~~this undertaking and the Ancillary Agreements and following the termination, expiration or Transfer of each of the Franchise Agreement and the Ancillary Agreements to the extent any financial obligations under any such Franchise Agreement and Ancillary Agreements survive such termination, expiration or Transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to DeveloperFranchisee or any assignee or successor of DeveloperFranchisee or by any abandonment of one or more of the Area DevelopmentFranchise Agreement and/or and Ancillary Agreements by a trustee of Developer;~~ (6) ~~neither the Guarantor's obligations~~Franchisee. Neither your obligation 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 any impairment, modification, change, release or limitation of the liability of ~~DeveloperFranchisee~~ or its estate in bankruptcy or of 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; (7) ~~Franchisor may proceed against Guarantor and Developer jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Developer; and~~ (8) ~~Guarantor shall pay all reasonable attorneys' fees and all 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.~~

7. Arbitration, Consent to Jurisdiction and Venue, and Cross-Default.

Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. Without limitation to the foregoing, you agree that:

(a) Arbitration – Except, at our option, as to any claims or disputes related to or concerning a breach of this Agreement by you that may entitle us to the award of injunctive relief, you agree that any and all disputes, controversies, and claims, arising from and/or related to this Agreement, shall be submitted to the American Arbitration Association (“AAA”) for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA’s then current rules for commercial disputes, except as may be otherwise required in this Agreement. All arbitration proceedings shall be conducted in Bexar County, Texas or, if suitable AAA facilities are not available in Bexar County, Texas then at a suitable AAA location selected by the arbitrator that is located closest to Bexar County, Texas.

In connection with binding arbitration, you agree that:

(i) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(ii) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(iii) The arbitrator shall render written findings of fact and conclusions of law;

(iv) Except as may be otherwise required and/or prohibited by this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys’ fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid; and

(v) Judgment upon the arbitrator’s award may be entered in any court of competent jurisdiction.

(b) Consent to Jurisdiction and Venue – You agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within Texas and within Bexar County or the county closest to Bexar County. You do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, you agree that we, at our election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking our enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where you reside.

(c) Acknowledgment as to Cross-Default – You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us, among other things, to terminate the Franchise Agreement in accordance with the terms thereof.

8. Miscellaneous.

(a) If either party hires an attorney or files suit against the other party in relating to and alleging a breach of this Agreement, the losing party agrees to pay the prevailing party’s reasonable attorneys’ fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of Texas and the courts in that state shall have jurisdiction over any legal proceeding arising out of this Agreement.

(c) Any claim, defense or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

IN WITNESS WHEREOF, each undersigned has executed this Agreement as of the dates set forth below.

Owner/Spouse:

Owner/Spouse:

~~IN WITNESS WHEREOF, each Guarantor has executed this Guaranty and Assumption of Obligations as of the date set forth above.~~

~~GUARANTOR(S):~~

~~Guarantor~~

~~Guarantor~~

~~Guarantor~~

~~ATTACHMENT B~~

~~**DEVELOPMENT AREA.** The development rights and obligations of Developer, _____, to timely develop and open (check one) _____ three to five Facilities; _____ six to nine Facilities; or _____ ten or more Facilities shall be within the following DEVELOPMENT AREA:~~

FRANCHISOR: _____ **DEVELOPER:** _____

J'N C REAL ESTATE DEVELOPMENT, LLC _____

entity name (if any). _____
a(n) _____

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

(If Developer is an individual owner, Developer must sign below; if a partnership, all partners must sign below) _____

Developer: _____

Developer: _____

Developer: _____

Developer: _____

(If Developer is a Limited Liability Company) _____

Name of Limited Liability Company _____

By: _____

Name: _____

Title: _____

~~ATTACHMENT C~~

~~DEVELOPMENT SCHEDULE~~

1. ~~Development Schedule~~—

~~Developer, , agrees to timely open SBJC Businesses in compliance with the following Development Schedule. Developer further agrees that failure to timely open the Facilities in compliance with the Development~~—

~~Schedule shall cause the rights of exclusivity granted to Developer regarding the geographic area defined in Attachment B to be forfeited.~~—

~~The Development Schedule is as follows:—~~

Signature of Owner/Spouse

Signature of Owner/Spouse

Name (please print individual name)

Name (please print individual name)

Date

Date

Signature of Owner/Spouse

Signature of Owner/Spouse

Name (please print individual name)

Name (please print individual name)

Date

Date





Franchise Agreement – Exhibit 2

Confidentiality Agreement

[THIS EXHIBIT IS FOR REFERENCE PURPOSES ONLY AS A SAMPLE FORM CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY FRANCHISEE – BEFORE USING WITH AN EMPLOYEE OR CONTRACTOR FRANCHISEE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT LOCAL ATTORNEY HIRED BY FRANCHISEE]



CONFIDENTIALITY AGREEMENT (Sample Only)

This Agreement (the “Agreement”) is entered into by the undersigned (“you”) in favor of:

[Insert on the Line Below Name of Franchisee that Owns and Operates the Salons by JC Franchised Business ~~and Professions Code Sections 20000 through 20043 provide rights-~~]

_____ (hereinafter referred to ~~you~~as “us”, “our” or “we”)

Recitals and Representations

WHEREAS, we are the owners of a licensed Salons by JC Business (hereinafter referred to as the “Salons by JC Business”) that we independently own and operate as a franchisee;

WHEREAS, you are or are about to be an employee, independent contractor, officer and/or director of a Salons by JC Business that is independently owned and operated by us;

WHEREAS, in the course of your employment, independent contractor relationship and/or association with us, you may gain access to Confidential Information (defined below in this Agreement) and you understand that it is necessary to protect the Confidential Information and for the Confidential Information to remain confidential;

WHEREAS, our Franchisor, J ‘N C Real Estate Development, LLC, is not a party to this agreement and does not own or manage the Salons by JC Business but is an intended third party beneficiary of this Agreement; and

WHEREAS, this Agreement is not an employment agreement and is only a confidentiality agreement in connection with information, materials and access that may be provided to you in connection with the Salons by JC Business.

NOW THEREFORE, you acknowledge and agree as follows:

1. Recitals and Representations. You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

2. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“Business Management System” refers to and means the software and/or internet or cloud based system and/or systems, point of sale system or systems and customer relationship management system or systems as used in connection with the operations of the Salons by JC Business.

“Business Management System Data” refers to and means the forms, data, tools, customer information, inventory and sales information, and other information that is entered into and/or maintained on the Business Management System of the Salons by JC Business.

“Confidential Information” refers to and means: (a) non-public methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of the Salons by JC Business; (b) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of the Salons by JC Business; (c) customer lists and

information related to the Salons by JC Business; (d) Business Management System Data; (e) current and future information contained in the Salons by JC Operations Manual made available to the Salons by JC Business by J 'N C Real Estate Development, LLC; and (f) merchandise, inventory, and service procedures that are not disclosed to the public but used by the Salons by JC Business.

“Digital Media” refers to and means any interactive or static electronic document, application or media including, but not limited to, www.salonsbyjc.com, social media platforms and applications such as Facebook, LinkedIn, Twitter/X, Pinterest, Instagram, SnapChat, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to the Salons by JC Business or other Salons by JC Business.

“Licensed Marks” refers to and means the word marks, trademarks, service marks, and logos now or hereafter utilized in the operation of a Salons by JC Business, including, but not limited to, the “Salons by JC” word mark, associated logos, and any other trademarks, service marks or trade names that we designate for use in a Salons by JC Business.

“Operations Manual” refers to and means the confidential Operations Manual made available to the Salons by JC Business by our Franchisor or as otherwise designated by us. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, video, electronic media files, cloud/internet based list-service, intra-net, internet based and accessed databases, computer media, webinars and other materials as may be modified, added to, replaced or supplemented.

“Trade Dress” refers to and means the Salons by JC designs, images, marketing materials, packaging, branding and/or branding images used in connection with the operation of the Salons by JC Business.

3. Your Access to Confidential Information. In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer and/or director of the Salons by JC Business that you will be gaining access to, among other things, the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

4. Protection of the Confidential Information. You agree that: (i) you will not use the Confidential Information in any business or capacity other than the Salons by JC Business; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing the Confidential Information; (iv) you will take such reasonable steps as the we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

5. Reasonableness of Covenants and Restrictions. You agree that: the terms of this Agreement are reasonable and fair and that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable or otherwise unenforceable.**

6. Breach. You agree that failure to comply with the terms of this Agreement will cause irreparable harm to us and to our Franchisor, J 'N C Real Estate Development, LLC, and other Salons by JC franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us or our Franchisor, J 'N C Real Estate Development, LLC, to injunctive relief. You agree that we and/or our Franchisor, J 'N C Real Estate Development, LLC, may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

7. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

(b) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(c) YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT.

(d) YOU ACKNOWLEDGE AND AGREE THAT OUR FRANCHISOR, J 'N C REAL ESTATE DEVELOPMENT, LLC, IS NOT A PARTY TO THIS AGREEMENT BUT IS AN INTENDED THIRD PARTY BENEFICIARY OF THIS AGREEMENT.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

Individual Signature of Restricted Party

Individual Signature of Restricted Party

Name (please print)

Name (please print)

Date: _____

Date: _____



Franchise Agreement – Exhibit 3
Site Selection Acknowledgment



Salons by JC
SITE SELECTION ACKNOWLEDGMENT

(THIS DOCUMENT DOES NOT CONSTITUTE THE APPROVAL OF A BUSINESS LOCATION, DOES NOT GRANT OR DESIGNATE AN OPERATING TERRITORY AND DOES NOT GRANT ANY TERRITORIAL RIGHTS)

Date of this Acknowledgment: _____ (the "Site Selection Acknowledgment Date")

Pursuant to and subject to the terms of the Franchise Agreement dated _____ by and between J 'N C Real Estate Development, LLC, as Franchisor, and _____, as Franchisee (the "Franchise Agreement"), Franchisee has identified a potential area in which Franchisee may seek to identify a potential business location for Franchisee's Salons by JC Business. Based on Franchisee's request, Franchisor agrees that during the limited period of time that commences on the Site Selection Acknowledgment Date and automatically expires 60 calendar days after the Site Selection Acknowledgment Date, that Franchisor shall not grant to any third party the license or right to establish a Salons by JC Business Location within the following geographic area constituting the Site Selection Area, as such term is defined in the Franchise Agreement:

Site Selection Area: [Must be completed by Franchisor]

The terms contained in this Site Selection Acknowledgment shall have the meaning set forth in the Franchise Agreement including, but not limited to Article 1 and Article 2 of the Franchise Agreement. In the event of any inconsistency or conflict between this Site Selection Acknowledgment and the terms of the Franchise Agreement, the terms of the Franchise Agreement shall take precedence and govern. If Franchisor does not complete the Site Selection Acknowledgment Date and sign this Site Selection Acknowledgment then this Site Select Addendum shall not be effective and there shall be no Site Selection Area. As set forth in the Franchise Agreement, among other things, A SITE SELECTION AREA IS NOT AN OPERATING TERRITORY, DOES NOT CONSTITUTE THE APPROVAL AS TO ANY BUSINESS LOCATION AND DOES NOT AFFORD FRANCHISEE ANY TERRITORIAL RIGHTS.

Franchisor:

J 'N C Real Estate Development, LLC

By: _____
Signature

Name and Title (please print)

Dated



Franchise Agreement – Exhibit 4
Lease Agreement Rider



Salons by JC

LEASE AGREEMENT RIDER

(for the benefit of J 'N C Real Estate Development, LLC and its assigns)

THIS RIDER TO LEASE ("Rider") does hereby supplement, modify and amend the terms of the lease agreement (the "Lease") dated _____ by and between _____, a _____ with a principal place of business located at _____ (the "Landlord") and _____, a _____ with a principal place of business located at _____ (the "Tenant").

WHEREAS, the lease relates to the following commercial premises (the "Leased Premises"):

WHEREAS, J 'N C Real Estate Development, LLC (the "Franchisor") is the franchisor of the Salons by JC franchise system (the "Salons by JC Franchise System");

WHEREAS, Franchisor's mailing and notice address (the "Notice Address") is 1723 North Loop 1604 E, Suite 202, San Antonio, Texas 78232;

WHEREAS, the Salons by JC Franchise System relates to and includes a Business that offers and provides retail space for lease to third party practitioners primarily within the beauty, health and wellness, personal care, and related industries, and other products and services that the Franchisor authorizes under the "Salons by JC" name and marks (the "Intended Use");

WHEREAS, Tenant is a franchisee of Franchisor pursuant to the terms of a Franchise Agreement entered into between Franchisor and Tenant (the "Franchise Agreement") and the Leased Premises is to be used and operated by Tenant for the purpose of developing, establishing and operating a Salons by JC Business in accordance with the Salons by JC franchise system; and

WHEREAS, Franchisor and Franchisor's successors and assigns (collectively referred to as "Franchisor") is/are intended third party beneficiaries of this Rider.

NOW THEREFORE, Landlord and Tenant acknowledge and agree to the following:

1. This Rider supplements and amends the Lease. In the event of any inconsistency or conflict between the terms of this Rider and the Lease, the terms of this Rider shall prevail. Landlord and Tenant acknowledge that the rights set forth in this Rider may not be reduced, modified or altered without the express written consent of Franchisor.
2. Landlord and Tenant both agree that Tenant shall not be permitted to transfer, sublease, encumber and/or otherwise assign Tenant's interests in the Lease and/or the Leased Premises without the prior written consent of Franchisor. Without limitation to the foregoing, among other things, Tenant agrees that if Tenant wishes to transfer any interests in the Lease or the Leased Premises that Tenant must request the written consent of Franchisor. If Tenant requests Landlord's consent to Tenant's amendment, transfer and/or assignment of Tenant's interests in the Lease and/or the Leased Premises and if Landlord is inclined to approve of such amendment, transfer and/or assignment that Landlord shall condition Landlord's approval upon Tenant also obtaining written consent from Franchisor.
3. Upon the occurrence of (a) the termination, for any reason, of the Franchise Agreement; (b) the

expiration, without renewal, of the Franchise Agreement; (c) Franchisor's exercise of Franchisor's Right of First Refusal granted to Franchisor in the Franchise Agreement; (d) Tenant's default under the terms of the Lease; and/or (e) Tenant's failure to exercise an option period under the terms of the Lease, Tenant and Landlord acknowledge and agree, that:

49.

Franchisor will have the option, but not the obligation, to assume or renew the Lease and the occupancy of the Leased Premises, including the right to sublease to another Franchisee of the Salons by JC Franchise System, for all or any part of the remaining term of the Lease and, in connection with said assumption, Franchisor will not be obligated to pay to Landlord more than two months past due rent, real estate taxes and common area maintenance charges. In the event Franchisor assumes Tenant's leasehold interest in the Lease pursuant to the terms of this Agreement and subsequently assigns the Lease and its leasehold interest to a Salons by JC franchisee approved by Landlord, Franchisor shall not be responsible for any obligations, debts, liabilities or payments arising and/or accruing under the Lease after the effective date of such assignment. Landlord agrees that any assignment of the Lease and Tenant's leasehold interests in the Lease by Tenant to Franchisor and/or assumption by Franchisor of the Lease and such leasehold interests shall not require Landlord consent and shall not require any payment of any assignment fee or similar charge or result in any increase in rent or other fees as a result of such assignment and/or assumption.

4. Landlord must provide Franchisor, at the same time that Landlord provides Tenant, with a copy of all lease amendments and assignments, and a copy of all letters and notices that Landlord sends to Tenant relating to the Lease or the Premises. Subject to the rights set forth in Section "3" of this Rider, Landlord agrees to notify Franchisor by nationally recognized overnight courier at the Notice Address of any default by Tenant under the Lease. Landlord agrees that such notice shall afford Franchisor the option for Franchisor to invoke a cure period whereby Franchisor, upon Franchisor's sole election, shall be granted an additional 15 day period to cure any monetary default by Tenant under the Lease and an additional 30 day period to cure any non-monetary default by Tenant under the Lease. In the event that the non-monetary default cannot reasonably be cured within such period and if diligent efforts to cure promptly commence, then the cure period shall continue as long as such diligent efforts to cure continue, but not beyond 180 days from the date notice is provided.

5. Upon expiration and non-renewal or termination of the Lease or the Franchise Agreement, Franchisor shall have the right, upon notice to Landlord, to enter the Premises and remove any interior and exterior signs containing Franchisor's trademarks and trade fixtures. Landlord further agrees that Franchisor's rights to any such signs or fixtures shall be superior to any rights Landlord may have to such signs or fixtures (by lien or otherwise) set forth in the Lease or otherwise.

6. Landlord and Tenant acknowledge and agree that Franchisor is an intended third party beneficiary of this Rider and that Franchisor may bring an action to enforce Franchisor's rights under this Rider and in and to the Lease and the Leased Premises. Franchisor makes no representations or warranties regarding this Rider or in connection with the Lease and Franchisor's approval of Tenant's Lease only indicates that the proposed Lease meets Franchisor's minimum criteria, and the parties agree that Franchisor's approval or disapproval of the Lease will not impose any liability or obligation on Franchisor. Tenant must have a competent real estate attorney review the Lease, at Tenant's expense.

7. Upon request of Franchisor, the Landlord will subordinate any lien and/or security interest in Tenant's property to the security interest of Franchisor.

Landlord:

Tenant:

Signature

Signature

Name and Title (please print)

Name and Title (please print)

Dated

Dated





Franchise Agreement – Exhibit 5
Collateral Assignment of Lease



COLLATERAL ASSIGNMENT OF LEASE

(for the benefit of J 'N C Real Estate Development, LLC and its assigns)

For Value Received, the undersigned ("Assignor") hereby assigns and transfers to J 'N C Real Estate Development, LLC ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under a certain lease, a copy of which is attached hereto as Exhibit "A" (the "Lease") for the following premises (the "Leased Premises"):

This Assignment is for collateral purposes only and except as may be otherwise expressly stated and specified herein under no circumstance shall Assignee have any liability or obligation under the Lease and/or Leased Premises, unless: (a) Assignee provides an express written statement that is addressed to Assignor and the landlord for the Leased Premises, is delivered by Assignee to Assignor and the landlord for the Leased Premises, is signed by an officer of Assignee, and that expressly states that Assignee is assuming all rights and interests in and to the Lease pursuant to this Assignment; and (b) Assignee takes possession of the Leased Premises pursuant to the terms hereof, and Assignee assumes the obligations of Assignor under the Lease.

Assignor represents that Assignor possesses full power and authority to enter into this Assignment and that at no time prior to executing this Assignment has Assignor assigned and/or transferred Assignor's interests and/or rights in or to the Lease and/or the Leased Premises.

Assignee has the right and possesses full power and authority to take possession of the Leased Premises, to eject and expel Assignor from possession and occupancy of the Leased Premises and to terminate Assignor's right, title and interest in and to the Lease in the event of: (a) a default by Assignor under the terms of the Lease and Assignor's failure to timely cure such default, assuming that such default is capable of curing; (b) a default by Assignor (in Assignor's capacity as a Salons by JC Business franchisee) under the terms and conditions of the Salons by JC Business Franchise Agreement between Assignor, as franchisee, and Assignee, as franchisor (the "Franchise Agreement"), and Assignor's failure to timely cure such default, assuming that such default is capable of curing; (c) upon default of any agreement supporting or guaranteeing the Franchise Agreement; or (d) the expiration or termination of the Franchise Agreement.

Assignor agrees that Assignor will not and shall not permit, grant or suffer any termination, surrender or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement, Assignor shall elect and exercise all options to extend the terms of or renewal of the Lease not less than 120 days prior to the last day that the option must be exercised unless Assignee otherwise agrees in writing. Should Assignor fail to comply with the foregoing, Assignor does hereby appoint Assignee (subject to Assignee's acceptance and invocation of such right) to act on behalf of Assignor for the purpose of effectuating extensions and renewals of the Lease.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Assignor:

Name and Title (please print)

Dated

NOTARY SIGNATURE, SEAL AND INFORMATION: On _____ before me, the undersigned, personally appeared _____ personally known to me or proven to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity/capacities, and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Signature and Seal



Franchise Agreement – Exhibit 6
Assignment of Telephone Numbers and Digital Media Accounts



ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS

(for the benefit of J 'N C Real Estate Development, LLC and its assigns)

THIS ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS ASSIGNMENT ("Assignment") is entered into between _____ (the "Assignor") and J 'N C Real Estate Development, LLC and its successors and assigns (the "Assignee").

WHEREAS, Assignee is the franchisor of the Salons by JC Business franchise system (the "Salons by JC Business Franchise System");

WHEREAS, Assignor, as franchisee, and Assignee, as franchisor, are parties to a Salons by JC Business Franchise Agreement (the "Franchise Agreement");

WHEREAS, the term "Digital Media" shall refer to and mean "any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter/X, Pinterest, Instagram, SnapChat, and YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to a Salons by JC Business, Salons by JC Businesses, Assignor's Salons by JC Business and/or trademarks associated with the Salons by JC Business Franchise System and/or Assignee. Digital Media further includes the Salons by JC Business website, web pages and website subdomains (including those related to, associated with and/or a part of the Salons by JC Business Franchise System) associated with and/or related to Assignor's Salons by JC Business and all web pages, blog posts, videos, articles, information, sub-domains, and all other media and/or publications relating to the Salons by JC Business Franchise System that is displayed and/or transmitted digitally"; and

WHEREAS, in connection with Assignor's establishment and operation of a Salons by JC Business, Assignor will be utilizing accounts, information, phone numbers and Digital Media subject to strict requirements set forth in the Franchise Agreement.

NOW THEREFORE, Assignor, in exchange for good and valuable consideration provided and paid by Assignee (receipt of which is hereby acknowledged), agrees:

1. That Assignor does hereby assign to assignee all telephone numbers, facsimile numbers, listings, domain names and Digital Media that is associated with Assignor's Salons by JC Business including, the following (all collectively referred to as the "Media"):

- (a) All phone numbers, facsimile numbers and listings that are currently, or in the future, associated with Assignor's Salons by JC Business;
- (b) The following telephone and facsimile numbers:
_____; and
- (c) All Digital Media, all Digital Media accounts and all Digital Media log-in information.

The foregoing shall not be construed and/or interpreted as Assignees acknowledgment and/or agreement that Assignor owns and/or possesses any ownership interests in the foregoing telephone numbers, accounts and/or Digital Media. Any and all rights of Assignor in and to same exist subject to a limited license pursuant to the Salons by JC Business Franchise Agreement which shall take precedence and govern. However, this Assignment is intended by Assignor and Assignee to be an instrument that may be

relied upon by all third parties to authorize and permit the assignments and transfers set forth in this Assignment and to facilitate the transfer of accounts and media to within the control of Assignee. Nothing contained in this Assignment shall be used to construe nor imply that Assignor possesses any ownership interests or rights in the Digital Media and in the event of any inconsistency or conflict between this Assignment and the Franchise Agreement, the Franchise Agreement shall take precedence and govern.

2. This Assignment will become effective automatically upon the termination or expiration of the Franchise Agreement for any reason. As to all third parties, proof of the expiration or termination of the Franchise Agreement shall exist exclusively upon the written declaration of Assignee and Assignee's declaration shall be dispositive and not subject to challenge. Assignor agrees that all third parties may rely on this Assignment for the purpose of taking any and all actions to ensure that access to and control of the Media is maintained by Assignee.

UTILIZATION OF THIS ASSIGNMENT SHALL EXIST AT THE SOLE DISCRETION OF ASSIGNEE AND FOR THE SOLE BENEFIT OF ASSIGNEE.

Assignee: J 'N C Real Estate Development, LLC **Assignor:**

Signature

Signature

Name and Title (please print)

Name (please print)

Dated

Dated



Franchise Agreement – Exhibit 7
ACH Authorization Form



AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name

Business No.

Franchisee Mailing Address (street)

Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone Number (if different from above)

Franchisee Fax No.

Franchisee Email Address

Bank Account Information:

Bank Name

Bank Mailing Address (street, city, state, zip)

☐ Checking ☐ Savings

Bank Account No.

(check one)

Bank Routing No.

Bank Phone No.

Authorization:

Franchisee hereby authorizes J 'N C Real Estate Development, LLC ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____

Date: _____

Name: _____

Federal Tax TD No.: _____

Its: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT



Franchise Agreement – Exhibit 8
General Release



FORM OF GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (the "Release") is made as of _____ (the "Effective Date") by:

(a) _____, a(n) _____, and _____, a(n) _____ (individually, jointly, severally, and collectively referred to as "Franchisee"), and

(b) if Franchisee is a Corporate Entity, the following individuals: _____, an individual residing at _____, and _____, an individual residing at _____ (individually, jointly, severally, and collectively referred to as the "Individual Guarantors") (Franchisee and the Individual Guarantors, respectively, are hereinafter individually, jointly, severally, and collectively referred to as the "Releasor"),

In Favor of, J 'N C Real Estate Development, LLC, a Texas limited liability company with a principal address at 1723 North Loop 1604 E, Suite 202, San Antonio, Texas 78232, and J 'N C Real Estate Development, LLC's predecessors, affiliates, successors, assigns, officers, directors, managers, employees, and agents (hereinafter individually, jointly, severally, and collectively referred to as the "Releasee").

IN EXCHANGE FOR GOOD AND VALUABLE CONSIDERATION FROM J 'N C REAL ESTATE DEVELOPMENT, LLC AND/OR RELEASEE, AND WITH THE RECEIPT AND SUFFICIENCY OF SUCH CONSIDERATION BEING HEREBY ACKNOWLEDGED BY RELEASOR, RELEASOR DOES HEREBY, FOR ITSELF AND FOR RELEASOR'S SUCCESSORS AND ASSIGNS HEREBY RELEASE AND FOREVER DISCHARGE RELEASEE FROM:

Any and all claims including, but not limited to Franchise Claims (defined below), causes of action, violations, damages, actions, contracts, covenants, promises, judgments, suits, indebtedness, liabilities, accounts, and demands of every kind and nature (hereinafter all collectively referred to as the "Claims" or "Claim"), whether or not such Claims are presently known or unknown, disclosed or undisclosed, actual or potential, accrued or unaccrued and whether in law, admiralty, common law, or equity which against the Releasee, Releasor ever had, now has or hereafter can, shall or may, have for, upon, or by reason of any Claim, matter, cause or thing whatsoever from the beginning of the world to the Effective Date of this Release.

Without limitation to the foregoing, the definition of the term "Claims" or "Claim," includes and, thereby this Release shall apply to, any and all claims, causes of action, violations, damages, actions, contracts, covenants, promises, judgments, suits, indebtedness, liabilities, accounts, and demands of every kind and nature, whether or not such Claims are presently known or unknown, disclosed or undisclosed, actual or potential, accrued or unaccrued, relating to and/or with regard to each and every violation and breach of any and all federal and state franchise laws, franchise rules, or franchise regulations, including those franchise laws, rules, and regulations that relate to and govern the offer or sale of franchises, the offer or sale of business opportunities, the terms of the Franchise Agreement, and the offer and sale of the franchise opportunity related to the Franchise Agreement (collectively, referred to as "Franchise Claims").

This Release may not be changed orally.

This Release may be signed in counterparts, with each counterpart being binding against the party executing it and considered as an original.

This Release shall be interpreted in accordance with the laws of the State of Texas. In the event that any action or legal proceeding is commenced respecting or related to this Release or the enforceability of this Release, the prevailing party in such legal action or proceeding shall be entitled to the recovery of

reasonable attorneys' fees.

50.

IN WITNESS WHEREOF, the transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is Releasor has hereunto set Releasor's hand and seal on the date set forth below.

Releasor:

Signature

Name (please print)

Dated _____

Signature

Name (please print)

Dated _____

Signature

Name (please print)

Dated _____

Signature

Name (please print)

Dated _____



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT F
1-2 MULTI-FRANCHISE ADDENDUM

Salons by JC
1-2 MULTI-FRANCHISE ADDENDUM

This 1-2 Multi-Franchise Addendum (the “Multi-Franchise Addendum”) is made and entered into on _____ (“Effective Date”), by and between J ‘N C Real Estate Development, LLC, a Texas limited liability company with a principal place of business located at 1723 North Loop 1604 E, Suite 202, San Antonio, Texas 78232 (the “Franchisor”) and _____ (the “Franchisee”).

RECITALS

WHEREAS, simultaneous to the execution of this Multi-Franchise Addendum, Franchisor and Franchisee have entered into a Salons by JC Business Franchise Agreement (the “Franchise Agreement”); and

WHEREAS, this Multi-Franchise Addendum relates to Franchisee’s election to purchase certain rights related to the potential development of up to two Salons by JC Businesses by Franchisee.

NOW THEREFORE, Franchisor and Franchisee agree as follows:

1. **Addendum Governs**. Except as expressly provided herein, the terms and provisions of the Franchise Agreement will govern the relationship of the parties to this Multi-Franchise Addendum. To the extent that the terms of this Multi-Franchise Addendum are inconsistent with the ~~California~~ term and provisions of the ~~Franchise Investment Law, the California~~ Agreement, the terms and provisions of this Multi-Franchise ~~Investment Law will control~~ Addendum shall take precedence and govern.

~~The~~ 2. **Capitalized Terms**. Capitalized terms used in this Addendum but not defined in this Multi-Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC Addendum shall, as ~~101 et seq.~~).—

~~The Franchise Agreement contains, and if applicable, have the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond meaning given such terms in the termination of the Franchise. Such provisions may not be enforceable under California law.~~ Franchise Agreement.

~~Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.~~

~~You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).~~

3. **Multi-Franchise 1-2.** At the time of entering into the Franchise Agreement, Franchisee has requested and elected to enter into this Multi-Franchise Addendum and Franchisor and Franchisee agree as follows:

(a) **Initial Franchise Fee.** Modifying the terms of Article 5.A. of the Franchise Agreement, the Initial Franchise Fee is \$100,000. The Initial Franchise Fee is fully earned by Franchisor upon execution of the Franchise Agreement and this Multi-Franchise Addendum and is non-refundable. The Initial Franchise Fee is not contingent on Franchisee's execution of an additional Salons by JC Business franchise agreement or Franchisee's development of an additional Salons by JC Business.

(b) **Multi-Franchise Addendum Term.** The term of this Addendum (the "Multi-Franchise Addendum Term") commences as of the Effective Date and expires at the earlier of: (a) the expiration or termination of the Franchise Agreement for any reason; or (b) the five year anniversary of the Effective Date.

(c) **Franchisee's Development of Additional Business.** By entering into this Multi-Franchise Addendum, Franchisor and Franchisee agree that in addition to Franchisee's first Business ("Business 1") that is the subject of the Franchise Agreement, Franchisee may, during the Multi-Franchise Addendum Term enter into one additional Salons by JC franchise agreement for the development and operation of one additional Business ("Business 2").

To invoke Franchisee's right to develop and operate Business 2, Franchisee must enter into Franchisor's then current Business franchise agreement that, among other things, may contain terms that are materially different from the Franchise Agreement for Business 1 and shall also be contingent upon execution of all Ancillary Agreements, including guarantees of the Business franchise agreement by Owners.

(d) **Waived Initial Franchise Fee for Business 2.** By entering into this Multi-Franchise Addendum, at the time of signing the Business franchise agreement for Business 2, the one-time initial franchise fee for the Business franchise agreement for Business 2 is waived. This waiver does not relate to any other fees set forth in the Business franchise agreement.

(e) **No Obligation by Franchisee to Develop Business 2.** This Multi-Franchise Addendum does not obligate Franchisee to develop Business 2.

(f) **No Territory, Development, or Franchise Rights.** For the purpose of clarity, Franchisor and Franchisee agree that this Multi-Franchise Addendum does not grant to Franchisee supplemental franchise rights, rights to any development area, or exclusivity as to future Business development within any particular market. Further, this Multi-Franchise Addendum does not grant to Franchisee the right to franchise, sub-franchise, license, or sub-license others to develop or

operate Salons by JC Businesses.

(g) **Development by Franchisee Affiliate**. Franchisor acknowledges and agrees that Franchisee may elect to establish and develop Business 2 through a Corporate Entity that is affiliated with Franchisee (an “Affiliated Corporate Entity”). The waived one-time initial franchise fee set forth in Section 3(d) of this Multi-Franchise Addendum shall apply if the entity entering into the Salons by JC franchise agreement for Business 2 is an Affiliated Corporate Entity of Franchisee. To qualify as an Affiliated Corporate Entity, the Owners of the Affiliated Corporate Entity must be identical to that of Franchisee or, if Franchisee is not a Corporate Entity, must be comprised exclusively of Franchisee.

(h) **Assignment**. If Franchisor approves the assignment of the Franchise Agreement, this Multi-Franchise Addendum may likewise, be assigned upon approval of Franchisor which shall not be unreasonably withheld provided that the assignee is the same assignee of the Franchise Agreement.

[SIGNATURE PAGE TO FOLLOW]

51.

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

Franchisor:
J ‘N C Real Estate Development, LLC

Franchisee:

By: _____
Signature

Signature

Name and Title (please print)

Name (please print)

Dated

Dated

Signature

Name (please print)

Dated



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT G
MULTI-UNIT DEVELOPMENT AGREEMENT

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~~Schedule 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.~~

~~The~~



MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (the “Agreement”) is made and entered into on _____ (“Effective Date”), by and between J ‘N C Real Estate Development, LLC, a Texas limited liability company with a principal place of business located at 1723 North Loop 1604 E, Suite 202, San Antonio, Texas 78232, (the “Franchisor”) and _____ (the “Franchisee”).

RECITALS

WHEREAS, Franchisor has developed a distinctive and proprietary system (the “System”) for the development, and operation of a Salons by JC business that offers and provides retail space for lease to third party practitioners primarily within the beauty, health and wellness, personal care, and related industries, and other products and services (each, a “Franchised Business” or “Business”);

WHEREAS, the System and, therefore, each Business is identified by the Marks (defined below) and distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards, all of which are part of the System and all of which Franchisor may modify from time to time;

WHEREAS, simultaneous or prior to the execution of this Agreement, Franchisor and Franchisee have entered into a Business Franchise Agreement for Franchisee’s development and operation of a Business (the “First Development Business”) to be located within a territory located within the Development Area (defined below);

WHEREAS, Franchisee has requested the right to develop and operate multiple Businesses (each a “Development Business”) to be located with a defined geographical area (the “Development Area”) in accordance with a development schedule that must be strictly adhered to, with each Business within the Development Area being opened and operating utilizing the Marks and System pursuant to the terms and conditions set forth in a separate form of Franchisor’s then current Franchise Agreement for Salons by JC Businesses (each, a “Franchise Agreement”); and

WHEREAS, Franchisee agrees that adherence to the terms of this Agreement, each and every Business individual unit Franchise Agreement, Franchisor’s Operations Manual, and Franchisor’s System standards and specifications, are essential to the operation of all Salons by JC Businesses and the System as a whole.

NOW THEREFORE, the parties, in consideration of the mutual undertakings and commitments of each party set forth herein, agree, as follows:

SECTION 1 **DEFINITIONS**

Supplementing the definitions contained in the Recitals, above, the following ~~Risk Factor~~ terms will have the meaning as defined below:

“**Abandonment**” means the conduct of the Franchisee, including acts of omission as well as commission, indicating the willingness, desire or intent of the Franchisee to discontinue the development and/or operation of the Salons by JC Businesses in the Development Area in accordance with the terms of this Agreement.

“**Affiliates**” means individually or collectively, any and all entities controlling, controlled by, or under

common ownership with Franchisor.

“**Business**” shall have the meaning set forth in the Recitals and shall refer to all Businesses operating under the System and Marks, whether owned by us or any Affiliate, or licensed or franchised by us or any Affiliate.

“**Business Location(s)**” means the fixed locations from which Salons by JC Businesses are established, operated and managed.

“**Corporate Entity**” means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

“**Cumulative Development Businesses**” shall, respectively, have the meaning defined and set forth in Section 4.4 of this Agreement.

“**Development Area**” shall have the meaning set forth in the Recitals and as further defined and set forth in Section 2.1 of this Agreement.

“**Development Area Fee**” shall have the meaning defined and set forth in Section 4.1 of this Agreement.

“**Development Business**” shall have the meaning set forth in the Recitals and as further defined and set forth in Section 2.1 of this Agreement.

“**Development Business Initial Franchise Fee**” shall have the meaning defined and set forth in Section 4.2 of this Agreement.

“**Development Information Term Sheet**” means the Development Information Term Sheet attached to this Agreement as Schedule A.

“**Development Obligations**” shall have the meaning defined and set forth in Section 2.1 of this Agreement.

“**Development Period**” shall, respectively, have the meaning defined and set forth in Section 4.4 of this Agreement.

“**Development Schedule**” shall have the meaning defined and set forth in Section 4.4 of this Agreement.

“**Effective Date**” shall be the date set forth, defined and referred to in the first paragraph of this Agreement.

“**First Development Business**” shall have the meaning set forth in the Recitals and shall further refer to and mean the Business to be developed by Franchisee as the first Development Business to be developed and operated by Franchisee within the Development Area.

“**Franchise Agreement**” means Franchisor’s individual unit Salons by JC Business Franchise Agreement as designated and determined by Franchisor from time to time.

“**Marks**” means such service marks, trademarks, trade dress, trade names, logos, commercial symbols and all configurations and derivations thereof, as may presently exist, or which may be modified, changed, or acquired by Franchisor or Franchisor’s affiliates, in connection with the operation of Businesses.

“**Newly Opened Development Business(s)**” shall, respectively, have the meaning defined and set forth in Section 4.4 of this Agreement.

“**Operations Manual**” means, individually and collectively, the manual(s) designated by Franchisor

and relating to the development and/or operations of Salons by JC Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of Salons by JC Businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor's Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to Franchisor's modification from time to time and based on Franchisor's Reasonable Business Judgment, the Operations Manual shall, among other things, designate the Approved Products and Services that must be offered and provided by the Franchised Business.

"Owner" means collectively, individually and jointly: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee as of the Effective Date; (b) the managing member(s) or manager(s) of Franchisee as of the Effective Date, if franchisee is a limited liability company; and (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee as of the Effective Date and/or of any entity directly or indirectly controlling Franchisee;

"Salons by JC Business(s)" shall have the meaning defined in the Recitals section of this Agreement and, without limitation to the Recitals section definition of "Salons by JC Businesses", shall further include, refer to and mean: every business and all businesses owned and/or operated by Franchisor, Franchisor's affiliates and/or authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

"System" means Franchisor's business format and systems for the development and operation of a business offering and providing retail space for lease to third party practitioners primarily within the beauty, health and wellness, personal care, and related industries, and other products and services, including, the methods, proprietary merchandise products, services, procedures, signs, designs, layouts, equipment, standards, specifications, Marks, and Operations Manual, including, the contents thereof as they exist and as they are modified and supplemented, marketing and advertising methods, vendor lists, trade secrets and confidential information as the same may be modified, amended or replaced from time to time hereafter by Franchisor.

"Term" means the period of time set forth and defined in Section 3.1 of this Agreement.

"Total Development Businesses" means the aggregate number of Development Businesses as defined in Section 2.1 of this Agreement.

"Transfer" means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee; and/or (e) the legal and/or equitable transfer and/or sale of an Owners interests and/or voting rights in Franchisee.

SECTION 2

DEVELOPMENT RIGHTS

2.1 DEVELOPMENT GRANT AND DEVELOPMENT OBLIGATIONS

Franchisor grants to Franchisee the right, and Franchisee accepts the right and obligation to develop a fixed number of Salons by JC Businesses to be developed and opened by Franchisee within the Development Area (each, respectively, a "Development Business") in strict accordance with the Development Schedule and development obligations set forth in this Agreement (collectively, the

“Development Obligations”) and, in accordance with the terms and provisions of each respective Development Business Franchise Agreement. Franchisee further agrees that:

(a) Aggregate Number of Development Business and Total Development Business – The aggregate number of Development Businesses (including the First Development Business) (collectively, referred to as the “Total Development Businesses”) that are required for development, subject to the terms of this Agreement and each respective Franchise Agreement, is set forth and defined in the Development Information Term Sheet attached as Schedule A.

(b) Development Area – The Development Area is and shall constitute the geographic area set forth and identified in the Development Information Term Sheet attached as Schedule A.

(c) Effectiveness – To be effective the Development Information Term Sheet must be completed and signed by Franchisor.

(d) Performance of Development Obligations – Franchisee must: (a) open and commence the operations of each new Development Business in accordance with the Development Schedule for each respective Development Period; and (b) maintain in operation the minimum cumulative number of Development Businesses in accordance with the Development Schedule for each respective Development Period. Franchisee agrees that “*time is of the essence*” with respect to Franchisee’s development obligations under this Agreement, and that Franchisee’s failure to comply with the Development Schedule shall, at the election of Franchisor, result in the immediate termination of this Agreement and of all rights granted to Franchisee under this Agreement.

(e) Incorporation of Development Information Term Sheet – The Development Information Term Sheet attached as Schedule A is hereby added to the State Cover Page: incorporated into this Agreement.

~~WE HAVE NOT RESEARCHED THE SPECIFIC STATE LAWS OF CALIFORNIA APPLICABLE TO THE ESTABLISHMENT~~ During the Term of this Agreement, provided that Franchisee is in compliance with the terms of this Agreement including, but not limited to, the Development Obligations, and each respective Franchise Agreement, Franchisor will not develop and open or license any third party the right to develop and open any new Salons by JC Businesses with a Business Location within the Development Area. Franchisee agrees that the designated territory for each Development Business shall be determined by the Franchise Agreement for each respective Development Businesses and that, in aggregate, the operating territories for Franchisee’s Development Businesses may be smaller than the Development Area.

2.2 LIMITED EXCLUSIVITY AND OPERATION OF AN SBJC RESERVED RIGHTS

Except as provided in Section 2.1 of this Agreement, the rights granted in this Agreement are non-exclusive. Franchisor, on Franchisor’s own behalf and on behalf of Franchisor’s affiliates, successors and assigns, reserves all other rights not expressly granted to Franchisee in this Agreement.

2.3 PERSONAL RIGHTS

Franchisee does not and shall not have or possess the right to franchise, subfranchise, license, sublicense and/or otherwise Transfer Franchisee’s rights under this Agreement. The rights and privileges granted and conveyed to the Franchisee in this Agreement may not be Transferred, and, among other things, relate only to the Development Area and subject to the terms and conditions of each respective Franchise Agreement for each Development Business.

SECTION 3

TERM AND TERMINATION

3.1 TERM

This Agreement will be for a term (the “Term”) that commences as of the Effective Date and, unless earlier terminated by Franchisor, will automatically end on the earlier of (a) the last day of the calendar month that the final Development Business is required to be opened in accordance with the terms of the Development Schedule, (b) the day that the designated territory for the last Development Business is

designated by Franchisor, or (c) the date of termination of this Agreement pursuant to the terms of this Agreement. Upon expiration or termination of this Agreement for any reason, Franchisee will not have any rights within the Development Area. The Term may not be renewed or extended.

3.2 TERMINATION BY FRANCHISOR

Franchisor possesses the right, at Franchisor's option, to terminate this Agreement and all rights granted to Franchisee hereunder, without affording Franchisee with any opportunity to cure such default, effective upon written notice to Franchisee, or automatically upon the occurrence of any of the following events: (a) if Franchisee Abandons Franchisee's obligations under this Agreement; (b) if Franchisee for four consecutive months, or any shorter period that indicates an intent by Franchisee to discontinue Franchisee's development of Businesses within the Development Area, fails to engage in commercially reasonable efforts and actions necessary for Franchisee's timely satisfaction of the Development Obligations; (c) As to any one Development Business, Franchisee's failure to timely enter into a Franchise Agreement as set forth in Section 4.3 of this Agreement; (d) if Franchisee becomes insolvent or is adjudicated bankrupt, or if any action is taken by Franchisee, or by others against the Franchisee, under any insolvency, bankruptcy or reorganization act, or if Franchisee makes an assignment for the benefit of creditors or a receiver is appointed by the Franchisee; (e) if Franchisee fails to meet its development obligations under the Development Schedule for any single Development Period including, but not limited to, Franchisee's failure to establish, open and/or maintain the cumulative number of Salons by JC Businesses in accordance with Development Schedule; and/or (f) in the event that any one Franchise Agreement is terminated respecting any Development Business and/or any other Franchise Agreement between Franchisor and Franchisee.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

SECTION 4

DEVELOPMENT AREA FEE, INITIAL FEES AND DEVELOPMENT SCHEDULE

4.1 DEVELOPMENT AREA FEE

In exchange for the rights set forth and granted pursuant to the terms of this Agreement, upon execution of this Agreement, Franchisee shall pay to Franchisor the development area fee (the "Development Area Fee"). The Development Area Fee is not refundable. The amount of the Development Area Fee is set forth in the Development Information Term Sheet in Schedule A.

Franchisee agrees that the Development Area Fee is not a franchise fee and, that at the time of signing each respective Franchise Agreement, Franchisee shall pay to Franchisor an initial franchise fee and all other fees in accordance with the terms and conditions of each respective Franchise Agreement, except that the initial franchise fee shall conform to the amounts set forth in Section 4.2 of this Agreement. If the then current standard Franchise Agreement to be signed by the Franchisee respecting a Development Business to be established and operated by Franchisee specifies an initial franchise fee that is greater than or different from the initial franchise fee specified in Section 4.2, below, then the amount of the initial franchise fee as specified in Section 4.2 shall govern. However, all other terms and provisions of each respective Franchise Agreement, as to each Respective Development Business, shall take precedence and govern.

~~4.2 DEVELOPMENT BUSINESS TO DETERMINE WHETHER ANY OF THE PRODUCTS OR SERVICES OFFERED BY A SALONS BY JC~~ INITIAL FRANCHISE FEES

The initial franchise fee for each respective Development Business (the "Development Business Initial Franchise Fee"), to be developed and operated pursuant to the terms and conditions of each respective Franchise Agreement, shall be comprised of the applicable fixed sums set forth in the Development Information Term Sheet in Schedule A.

4.3 PAYMENT OF INITIAL FRANCHISE FEES AND FRANCHISE AGREEMENTS

The applicable initial franchise fee as set forth in Section 4.2 of this Agreement for the first Development Business shall be payable as set forth in accordance with the terms of the Franchise Agreement for

Franchisee's first Development Business. The applicable initial franchise fees, if any, as may be set forth in Section 4.2 of this Agreement for all other Development Businesses authorized by this Agreement, shall be paid in such amounts as set forth in Section 4.2 of this Agreement at the time of signing the Franchise Agreement for each respective Development Business.

Either prior to or simultaneous to the execution of this Agreement, Franchisee has signed the Franchise Agreement for Franchisee's first Development Business. Franchisee's second Development Business and all Development Businesses thereafter, respectively, are to be developed and operated by Franchisee pursuant to the terms and conditions of Franchisor's then current Franchise Agreement which Franchisee must sign, on or before the earlier of: (a) The date Franchisee (subject to Franchisor's approval of the Business Location) executes a lease for the Business Location for each respective Development Business; (b) The date Franchisee (subject to Franchisor's approval of the Business Location) enters into a purchase agreement for the real estate for the Business Location for each respective Development Business; or (c) 12 months prior to the date that each respective Development Business must be open and in operation pursuant to the Development Schedule.

4.4 DEVELOPMENT SCHEDULE

Franchisee agrees to timely develop, establish, commence the operations of, and operate each respective Development Businesses in strict accordance with the requirements of the development schedule (the "Development Schedule") set forth in the Development Information Term Sheet attached to and incorporated into this Agreement as Schedule A. The Development Schedule, among other things, sets forth and defines each respective measurement period/measurement periods (each, respectively, a "Development Period") and the number of Development Businesses that Franchisee must establish and open (a "Newly Opened Development Business(s)") within the respective Development Period and, the minimum number of cumulative Development Businesses (the "Cumulative Development Businesses") that must be open and in operation as of the last day of each applicable Development Period.

Franchisee agrees that, as to the Development Businesses, Franchisee shall meet the requirements of the Development Schedule including, without limitation, requirements as to the number of Development Businesses that must be timely developed, established, open, and in operation by Franchisee within the Development Area and as to each respective Development Period.

4.5 REASONABLENESS OF DEVELOPMENT SCHEDULE

Franchisee agrees and represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of Salons by JC Businesses within the Development Area, that Franchisee approves of the Development Schedule as being reasonable and viable, and that Franchisee recognizes that failure to achieve the results described in the Development Schedule will constitute a material breach of this Agreement with time being of the essence.

SECTION 5

OTHER OBLIGATIONS OF FRANCHISEE

5.1 EXECUTION OF FRANCHISE AGREEMENTS

For each Salons by JC Business owned, developed and opened for business by the Franchisee in the Development Area, Franchisee must execute Franchisor's then current standard Franchise Agreement. A then current standard Franchise Agreement must be executed by the Franchisee for each and every Development Business on or before the earlier of: (a) the date Franchisee (subject to Franchisor's approval of the Business Location) executes a lease for the Business Location for each respective Development Business; (b) the date Franchisee (subject to Franchisor's approval of the Business Location) enters into a purchase agreement for the real estate for the Business Location for each respective Development Business; or (c) 12 months prior to the date that each respective Development Business must be open and in operation pursuant to the Development Schedule.

5.2 ROYALTY FEES AND OTHER FRANCHISE AGREEMENT FEES ACKNOWLEDGMENT

Franchisee agrees that pursuant to the terms of each respective Franchise Agreement respecting and/or concerning the Development Area and/or this Agreement, that nothing contained in this Agreement shall obviate and/or reduce Franchisees obligations as set forth in each respective Franchise Agreement

including, without limitation, Franchisees obligations, respectively, to pay royalty and all other fees in accordance with each respective Franchise Agreement. Nothing contained in this Agreement shall modify, reduce or mitigate Franchisee's obligations to Franchisor. The only fee and right contained in the Franchise Agreement that is modified by this Agreement is the fixed one-time initial franchise fee paid by Franchisee to Franchisor at the time of signing the Franchise Agreement, as such initial franchise fee is set forth and defined in Section 4.2 of this Agreement as to the Development Businesses.

5.3 MODIFICATIONS TO FRANCHISE AGREEMENT

Franchisee agrees that what constitutes Franchisor's then current Franchise Agreement shall be determined by Franchisor, in Franchisor's exclusive discretion and that, among other things, the Franchise Agreement may be modified from time to time by Franchisor and that reasonable modification and amendments to the Franchise Agreement will not alter Franchisee's obligations under this Agreement.

5.4 COMPLIANCE WITH FRANCHISE AGREEMENTS

Franchisee will operate the Development Businesses and all other Salons by JC Businesses in strict compliance with the terms and conditions of each respective Franchise Agreement.

5.5 SITE SELECTION

Franchisee will be solely responsible for selecting the site(s) for the Franchisee's Business Locations. In accordance with the terms and conditions of each respective Franchise Agreement, Franchisee must obtain Franchisor's prior written approval as to each potential Business Location selected by Franchisee. Franchisee will retain an experienced commercial real estate broker or salesperson who has sufficient experience in locating Business sites to locate, acquire, purchase or lease the site for the Franchisee's Development Businesses. Accordingly, no provision of this Agreement will be construed or interpreted to impose any obligation upon Franchisor to locate a site for the Development Businesses, to assist Franchisee in the selection of a suitable site for the Development Businesses, or to provide any assistance to the Franchisee in the purchase or lease of the site for the Development Businesses.

5.6 SITE SELECTION CRITERIA

Franchisee will not lease, purchase, or otherwise acquire a Business Locations for the Development Businesses until such information as Franchisor may require regarding the proposed site has been provided to Franchisor by Franchisee and has been approved by Franchisor. Information requested by Franchisor may include, without limitation, information regarding the proposed Business Location as to accessibility, visibility, potential traffic flows, lease terms and other demographic information. Franchisee shall not enter into any lease or purchase agreement with respect to any proposed Business Location until Franchisor has approved the site.

SECTION 6

TRANSFER OF INTEREST

6.1 BY FRANCHISOR

At all times, Franchisor possesses and maintains the sole and absolute right to transfer and/or assign Franchisor's rights and obligations under this Agreement, in whole and/or in part (for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor's sole discretion) to any person, entity, Corporate Entity and/or third party without the consent of Franchisee and without the approval of Franchisee.

6.2 BY FRANCHISEE

Franchisee shall not Transfer and/or assign this Agreement without the express written consent of Franchisor which, Franchisor may withhold in Franchisor's sole discretion and Franchisor's Reasonable Business Judgment. If Franchisee is a Corporate Entity the Owners of Franchisee shall not Transfer their ownership and/or equity interests in Franchisee without the express written consent of Franchisor which, Franchisor may withhold in Franchisor's sole discretion and Franchisor's Reasonable Business Judgment. Any Transfer and/or assignment in violation of the foregoing shall constitute a material default of this Agreement and shall result in the immediate and automatic termination of this Agreement.

SECTION 7

ENFORCEMENT AND CONSTRUCTION

7.1 SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

(1) Except as expressly provided to the contrary in this Agreement, each term and provision of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and condition of this Agreement are considered by the parties to be reasonable and intended to be enforceable, if any such term and condition of this Agreement is found by a court of competent jurisdiction, agency, or other governmental agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or “blue-lined” to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or “blue-lined” in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not included in this Agreement.

(2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

7.2 WAIVER OF OBLIGATIONS

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor’s rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor’s other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Franchisee’s default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor’s insistence upon Franchisee’s strict compliance with Franchisee’s obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

7.3 SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor’s right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks or the System.

7.4 RIGHTS OF PARTIES ARE NOT CUMULATIVE

The rights of Franchisor and Franchisee under this Agreement are cumulative and no exercise or

enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

7.5 GOVERNING LAW

THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF TEXAS SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

7.6 CHOICE OF LAW, NON-BINDING MEDIATION, BINDING ARBITRATION, AND CONSENT TO JURISDICTION

(1) **Non-Binding Mediation** – Franchisee and Franchisor agree that before either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Franchisee in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the AAA in accordance with the AAA's then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in Bexar County, Texas or, if a mediator is not available in Bexar County, Texas then at a suitable location selected by the mediator that is located closest to Bexar County, Texas. Mediation shall be conducted by one mediator and if Franchisor and Franchisee cannot agree on a mediator then the mediator shall be selected by the AAA. Mediation shall be conducted within 45 days of the AAA's designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Franchisee in writing signed by each respective party. Franchisor and Franchisee shall each be responsible for their own costs associated with mediation and Franchisor and Franchisee shall each be responsible for and shall each pay 50% of the mediator's fee and the AAA's mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Franchisee agree this Sub-Section 7.6(1) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor's election, apply to: (a) any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief; and/or (b) claims by either Franchisor or Franchisee under this Agreement that relates to either Franchisor's or Franchisee's failure to pay fees or other monetary obligations due under this Agreement.

(2) **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Sub-Section 7.6(1), and, except, at Franchisor's election, as to any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief, Franchisor and Franchisee agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Franchisee, the System, and/or the validity of this Agreement and/or the Ancillary Agreements, shall be submitted, on demand of either Franchisor or Franchisee, to the AAA for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Section 7.6. All arbitration proceedings shall be conducted in Bexar County, Texas or, if suitable AAA facilities are not available in Bexar County, Texas then at a suitable AAA location selected by the arbitrator that is located closest to Bexar County, Texas.

In connection with binding arbitration, Franchisor and Franchisee further agree that:

- (a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;
- (b) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;
- (c) The arbitrator shall render written findings of fact and conclusions of law;

(d) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Sections 7.8, 7.9, 7.13, 7.14, 7.17, and 7.23 of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;

(e) They shall each be bound to the limitations periods set forth in Section 7.8 of this Agreement and that, in any arbitration proceeding, Franchisor and Franchisee must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;

(f) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction; and

(g) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Section 7.

(3) **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration provisions set forth in this Section 7.6, Franchisor and Franchisee agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within Texas and within Bexar County or the county closest to Bexar County. Franchisor and Franchisee do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor and Franchisee agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Franchised Business was located or where Franchisee resides.

7.7 VARIANCES

FRANCHISEE AGREES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

7.8 LIMITATIONS OF CLAIMS

ANY AND ALL CLAIMS AND/OR CAUSES OF ACTION ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

7.9 WAIVER OF PUNITIVE DAMAGES

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY ~~STATE~~LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT,

PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM (A) ALLOWED BY FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS BY FRANCHISOR OR FRANCHISEE AND THE OWNERS UPON OR ARISING OUT OF THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

7.10 WAIVER OF JURY TRIAL

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

7.11 BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

7.12 COMPLETE AGREEMENT

This Agreement and the Schedule A Development Information Term Sheet constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. The foregoing shall not constitute and does not constitute any disclaimer as to the express representations made by Franchisor in the Franchise Disclosure Document disclosed to Franchisee in connection with this Multi-Unit Development Agreement.

7.13 ATTORNEY FEES AND EXPENSES

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

7.14 WAIVER OF CLASS-ACTION:

INDIVIDUAL DISPUTE RESOLUTION AND NO MULTI-PARTY ACTIONS

FRANCHISOR AND FRANCHISEE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE SALONS BY JC BUSINESS FRANCHISE FROM FRANCHISOR TO FRANCHISEE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND, THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, SPOUSES AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

7.15 ACCEPTANCE BY FRANCHISOR

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

7.16 OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS

Franchisor recommends that Franchisee have this Agreement and the Franchise Disclosure Document reviewed by Franchisee's lawyer, accountant, and other business advisors, prior to signing this

Agreement.

7.17 NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS AND/OR AUTHORIZED AGENTS

Franchisee agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers.

7.18 NON-UNIFORM AGREEMENTS

Franchisee agrees that Franchisor makes no representations or warranties that all other agreements with J 'N C Real Estate Development, LLC franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisee agrees that Franchisor may waive or modify comparable provisions of other Franchise Agreements to other System franchisees in a non-uniform manner.

7.19 NO RIGHT TO OFFSET

Franchisee shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by Franchisee to Franchisor pursuant to this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee shall not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

7.20 HEADINGS

The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

7.21 AUTHORITY TO EXECUTE AND BIND

Each party agrees, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

7.22 COUNTERPARTS; ELECTRONIC SIGNATURES; MULTIPLE COPIES

This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement, and the signature pages of which may be detached from the several counterparts and attached to a single copy of this Agreement to physically form a single document.

7.23 JOINT AND SEVERAL LIABILITY

If Franchisee consists of more than one person or entity, then their liability under this Agreement shall be deemed joint and several.

7.24 RECITALS AND REPRESENTATIONS

The parties acknowledge and agree that the recitals and representations contained on the first page of this Agreement are true and accurate, shall constitute a material part of this Agreement, and are hereby fully incorporated into the terms and conditions of this Agreement.

SECTION 8 **NOTICES**

All written notices and reports permitted or required to be delivered by this Agreement shall be deemed so

delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Franchisee to Franchisor unless given in strict compliance with this Agreement.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and Franchisor shall respond within 10 business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

Franchisor:
J 'N C Real Estate Development, LLC

Franchisee:

Signature

Signature

Name and Title (please print)

Name (please print)

Dated

Dated

Signature

Name (please print)

Dated



Multi-Unit Development Agreement – Schedule A
DEVELOPMENT INFORMATION TERM SHEET

This Development Information Term Sheet is attached to, is incorporated into, and forms a part of the Salons by JC Multi-Unit Development Agreement between J ‘N C Real Estate Development, LLC, a Texas limited liability company with a principal place of business located at 1723 North Loop 1604 E, Suite 202, San Antonio, Texas 78232, (the “Franchisor”) and _____(the “Franchisee”).

Defined terms shall have the meanings set forth in the Salons by JC Multi-Unit Development Agreement between Franchisor and Franchisee and are further defined and set forth in this Development Information Term Sheet.

If Franchisee is a Corporate Entity, Franchisee represents and affirms to Franchisor that the following is a list of each Owner of Franchisee:

Owner Name	Owner Address	Ownership Interest Percentage

Development Area Fee	Total Development Businesses
\$ _____	[_____]

Development Area
<p>[To be Effective this Schedule Must be Completed and Signed by Franchisor]</p>

Development Business Initial Franchise Fee for the First Development Business

FIRST DEVELOPMENT BUSINESS: The Development Business Initial Franchise Fee for the First Development Business is: \$60,000, payable and due upon execution of the applicable Franchise Agreement for the First Development Business. This initial franchise fee is separate from and in addition to the Development Area Fee.

Development Business Initial Franchise Fee for Other Development Businesses

OTHER AUTHORIZED DEVELOPMENT BUSINESSES: Provided that Franchisee is not in default of the terms of this Salons by JC Multi-Unit Development Agreement (including but not limited to the Development Schedule set forth below) and that neither Franchisee nor Franchisee's affiliates are in default of any Franchise Agreement or other agreement with Franchisor, the Development Business Initial Franchise Fee for each additional Development Business (over and above the First Development Business), is: \$0 (Waived), payable at the time of signing the Franchise Agreement for each Development Business.

Development Schedule

Development Period	Newly Opened Development Businesses	Cumulative Development Businesses
Development Period 1: [----- TO -----]	[-----]	[-----]
Development Period 2: [----- TO -----]	[-----]	[-----]
Development Period 3: [----- TO -----]	[-----]	[-----]
Development Period 4: [----- TO -----]	[-----]	[-----]
Development Period 5: [----- TO -----]	[-----]	[-----]
Development Period 6: [----- TO -----]	[-----]	[-----]
Development Period 7: [----- TO -----]	[-----]	[-----]
Development Period 8: [----- TO -----]	[-----]	[-----]
Development Period 9: [----- TO -----]	[-----]	[-----]
Development Period 10: [----- TO -----]	[-----]	[-----]

This Development Information Term Sheet shall be effective as of the Effective Date of the Salons by JC Multi-Unit Development Agreement.

Franchisor:

J 'N C Real Estate Development, LLC

Franchisee:

Signature

Name and Title (please print)

Dated

Signature

Name (please print)

Dated

Signature

Name (please print)

Dated



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT H
LIST OF FRANCHISEES

FRANCHISEES WITH OUTLETS OPEN (as of December 31, 2024)						
State	Business Address	City	Zip Cod	Franchisee First Name	Franchisee Last Name	Telephone Number
Alabama	3725 Airport Blvd	Mobile	3660	Rita	Carter	251-518-9896
Alabama	920 Bob Wallace Ave SE Suite 325	Huntsville	35801	Thomas Land	Deleot	256-836-5650
Arizona	4848 E Cactus Rd., Suite 100	Scottsdale	85254	Eric	Sumner	480-231-8809
California	3211 Crow Canyon Place, Suite J	San Ramon	94583	Bradley B.	Bartholow	925-560-9500
California	1940 Tice Valley Blvd.	Walnut	94595	Bradley B.	Bartholow	925-285-2095
California	877 Francisco Street, Suite #277	Los Angeles	90017	Nelson	Chan	323-318-4502
California	7041 Yorktown Avenue #101	Huntington Beach	92648	Moin	Hussaini	714-594-9732
California	3651 Midway Dr	San Diego	92110	Darin	McGhee	619-888-5228
California	571 Town Center Drive	Oxnard	93036	Eugene	Ramirez	805-204-4770
California	43473 Boscell Rd., Suite J3	Fremont	94530	Kevin	Ridley	510-393-8381
California	190 Donahue Street	Sausalito	94965	Ajay	Sohi	415-444-6484
California	4735 Hamilton Ave #81	San Jose	95130	Barrett	Tuttle	408-351-1874
Colorado	3000 E 1st Ave, Unit 114	Denver	80206	Kristopher	Hochart	720-542-7252
Colorado	2130 S University Blvd	Denver	80210	Scott	Kukel	303-777-7106
Connecticu	15 Backus Ave	Danbury	06810	Barrett	Tuttle	475-256-0593
Connecticu	333 N Main St, Suite 50	West Hartford	06111	Barrett	Tuttle	860-500-1499
Connecticu	515 West Ave	Norwalk	06850	Barrett	Tuttle	475-250-1699
Connecticu	1603 Boston Post Rd	Milford	06460	Jim	McGuiness	203-283-1231
Florida	9910 Alternate A1A	Palm Beach Gardens	33410	Vaibhavi	Babji Rao	551-800-1499
Florida	800 5th Ave. S., Suite 201	Naples	34102	Lisa	Bayard	239-290-2894
Florida	3448 Lithia Pinecrest Rd	Valrico	33596	Denise	Cooke	813-569-0103
Florida	1534 West Brandon	Brandon	33511	Denise	Cooke	813-576-0111
Florida	200 Central Ave	Sarasota	34236	Thomas	Deleot	941-400-2088
Florida	176 S Flamingo Rd	Pembroke Pines	33027	David	Long	754 240-9474
Florida	674 N University Dr	Pembroke Pines	33024	David	Long	954-544-2446
Florida	4750 North Federal Highway	Lighthouse Point	33064	David	Long	954-953-7988
Florida	1091 S University Dr	Plantation	33326	David	Long	954-361-5089
Florida	1721 N Congress Ave	Boynton Beach	33426	David	Long	754-233-0122

Florida	2807 S Dixie Hwy JR#6	West Palm Beach	33405	Andres	Molano	954-496-2083
Florida	4910 East Colonial Drive	Orlando	3280	Urjeet	Patel	407-312-7876
Florida	5376 Fruitville Rd	Sarasota	3423	Janelle	Ryan	941-266-7527
Florida	2 Oakwood Blvd Suite 190	Hollywood	3302	Peter	Scher	754-703-8431
Florida	14009 SW 88th St	Miami	3318	Peter	Scher	305-204-8803
Florida	8208 Mills Dr	Miami	3318	Peter	Scher	305-204-8908
Florida	2 Aragon Ave	Coral Gables	3313	Peter	Scher	305-209-9384
Florida	9399 W Atlantic Blvd	Coral Gables	3307	Peter	Scher	954-866-3605
Florida	171 S Orlando Ave Suites B & C	Maitland	3275	Chris	Wilson	407-815-4217
Georgia	6690 Roswell Rd., Suite 100	Sandy Springs	3032	Trevor	Agard	770-376-5752
Georgia	8849 Roswell Rd.	Sandy Springs	3035	Ruben	Brooks	678-395-4174
Georgia	245 Newnan Crossing	Newnan	3026	Manish	Gupta	770-400-8899
Georgia	3189 Buford Dr, Suite 1339	Buford	3051	Doug	Holmberg	770-858-5565
Georgia	1544 Piedmont Ave NE, Suite 117	Atlanta	30324	Jim	Murphy	470-428-3135
Georgia	2900 Delk Rd Ext, Suite 17	Marietta	3006	Jim	Murphy	770-575-1495
Georgia	11770 Haynes Bridge Rd, Suite 401	Alpharetta	30009	Marci	Soran	678-744-5844
Georgia	10955 Jones Bridge Rd, Unit 126	Johns Creek	30022	Chad	Oldweiler	470-476-7838
Idaho	6235 N Linder Rd	Meridian	8364	Kent	Petzold	208-576-0965
Illinois	619 E. Boughton Rd., Suite 143	Bolingbrook	60440	William	Friedman	630-909-3060
Illinois	2860 North Broadway	Chicago	6065	Robert	Lang	773-633-3839
Illinois	229 Skokie Valley Rd	Highland Park	6003	John	O'Connor	847-877-4784
Illinois	308 E Rand Rd	Arlington Heights	60004	Barrett	Tuttle	630-621-0451
Maryland	1322 Goucher Blvd	Towson	2128	Mark	Estep	443-275-1153
Maryland	5410 Lynx Lane	Columbia	2104	Jim	McGuiness	410-997-3076
Maryland	1153 Rt 3N	Gambrills	2105	Jim	McGuiness	443-302-2164
Massachusetts	675 Lowell St.	Lexington	02420	Lauren	Cantner	781-538-6221
Massachusetts	117 Main St	Stoneham	02180	Lauren	Cantner	781-435-2013
Michigan	43227 Crescent Blvd	Novi	4837	Ed	Donnellon	313-404-3456
Michigan	3848 S Rochester Rd	Rochester Hills	48307	Tammy	Miller	248-404-0065
Minnesota	13949 Aldrich Ave S	Burnsville	5533	Princeton	Kokku	651-323-2827
Minnesota	12685 Riverdale Blvd	Coon Rapids	5544	Brent	Koughan	763-308-5055

Minnesota	11820 Ulysses St NE, Suite 100	Blaine	55434	Brent	Koughan	763-308-5057
Minnesota	1350 Hwy 96 E #18	White Bear Lake	55110	Brent	Koughan	651-300-4040
Minnesota	2934 W 66th St	Edina	5542	April	Simek	612-259-8439
Minnesota	8160 Coller Way suite D	Woodbury	5512	Roger	Stawski	612-425-4300
Minnesota	15115 Cedar Ave	Apple Valley	5512	Princeton	Kokku	651-323-1417
Minnesota	7860 Vinewood Ln N	Maple Grove	5536	Brent	Koughan	763-445-9308
Minnesota	7240 East Point Douglas Rd. S. Ste. 160	Cottage Grove	55016	Karen	Ruckdashel	612-599-1935
Minnesota	11337 Highway 7	Minnetonka	5530	April	Simek	952-658-8426
Minnesota	3014 Hennepin Ave S	Minneapolis	5540	April	Simek	612-293-0336
Missouri	13949 Manchester Rd	Town and Country	63011	Mark	Hindrichs	636-220-3020
Missouri	1194 St Louis Galleria	St. Louis	6311	David	Nicolson	557-500-3535
Nevada	145 Disc Dr	Sparks	8943	Angela	Kyle	775-432-6432
New Jersey	327 Franklin Avenue	Wyckoff	0748	Garret	Bedrin	551-800-1499
New Jersey	700 Paramus Park Suite 1353	Paramus	0765	Garret	Bedrin	551-800-1499
New Jersey	1300 NJ-17	Ramsey	0744	Garret	Bedrin	551-800-1499
New Jersey	235 East Ridgewood	Ridgewood	0745	Garret	Bedrin	551-800-1499
New Jersey	700 Haddonfield-Berlin Rd, Suite 37	Voorhees Township	08043	William	Friedman	856-301-2333
New Jersey	1026 Broad Street, Unit 10	Shrewsbury	0770	Jim	McGuinness	732-377-2214
New Jersey	1825 NJ-35 Route 35	Wall Township	07719	Jim	McGuinness	732-359-7122
New Jersey	1425 Route 35	Middletown	7748	Jim	McGuinness	732-444-2038
New York	876 Sunrise Highway	Bay Shore	1170	Abraham	Ezekiel	631-665-2467
New York	1260 Old Country Road	Westbury	1159	Abraham	Ezekiel	516-279-4351
New York	208 Airport Plaza Blvd	Farmingdale	1173	Abraham	Ezekiel	631-465-0352
New York	110 S Central Ave	Hartsdale	1053	Sebastian	Lada	914-306-1199
New York	124 W 24th St	New York City	10011	Barrett	Tuttle	929-674-5160
New York	127 East 59th Street	New York City	10022	Barrett	Tuttle	929-674-5190
New York	1 Boerum Pl 2nd Floor	Brooklyn	1120	Barrett	Tuttle	929-674-5220
North Carolina	2729 Battleground Ave	Greensboro	27408	Garret	Bedrin	336-609-7302
North Carolina	615 St. George Square CT, Suite 250	Winston-Salem	27103	Garret	Bedrin	910-206-7707
North Carolina	1231 Eastchester Dr	High Point	27265	Garret	Bedrin	336-940-8160

North Carolina	9747-A Sam Furr Rd	Huntersville	28078	Eric	Bennett	980-689-2548
North Carolina	2476 Walnut Street	Cary	27518	Eugene	Cox	919-816-2290
North Carolina	11121 Carmel Commons Blvd., Suite 100	Charlotte	28226	Luis	Moreno	980-207-0192
North Carolina	6832 Carnegie Blvd., Suite 200	Charlotte	28211	Luis	Moreno	980-585-4978
North Carolina	709 International Drive, Suite B	Charlotte	28270	Luis	Moreno	980-430-3805
North Carolina	10614 Providence Road	Charlotte	28277	Luis	Moreno	704-785-7652
North Carolina	6140 Falls of Neuse Rd	Raleigh	27614	Daniel	Neveu	919-981-7376
Ohio	3825 Edwards Rd	Cincinnati	45200	Greg	Myers	513-351-2686
Ohio	8745 Sancus Blvd	Columbus	43240	Reid	Nuttal	614-349-1207
Oklahoma	6614 S Memorial Dr	Tulsa	74130	Terry	Ingram	918-800-9804
Oklahoma	2052 S Service Rd	Moore	73160	Urjeet	Patel	405-795-8141
Oklahoma	3000 W Memorial Rd, Suite 112	Oklahoma City	73120	Urjeet	Patel	405-534-0333
Pennsylvania	377 Easton Rd	Warrington	18976	Nick	Massaro	267-482-7715
Pennsylvania	155 Witchwood Dr	North Wales	19454	Annette	Frey	267-397-0727
South Carolina	1855 E Main St, Suite 3	Spartanburg	29307	Eric	Bennett	864-586-5404
South Carolina	1117-J1 Woodruff Rd	Greenville	29607	Wayne	Kosbe	864-448-4636
Tennessee	210 25th Avenue North	Nashville	37200	Thomas	Deleot	615-881-6873
Tennessee	99 East Main Street, Suite 110	Franklin	37064	Thomas	Deleot	615-815-4142
Tennessee	615 Bakers Bridge Ave, Suite 145	Franklin	37067	Thomas Land	Deleot	615-917-3278
Tennessee	210 25th Avenue North	Nashville	37200	Thomas	Deleot	615-881-6873
Tennessee	760 North Thompson Lane	Murfreesbor	37120	Thomas	Deleot	615-917-3277
Tennessee	661 S Mt Juliet Rd	Mt. Juliet	37120	Thomas	Deleot	615-881-4584
Tennessee	255 Northgate Mall Dr	Chattanooga	37415	Scott	Matsinger	423-280-6723
Texas	500 E Round Grove Rd, Suite 301	Lewisville	75067	Bradley B.	Bartholow	214-897-2929
Texas	10001 S I-35 Frontage Rd, Suite 200	Austin	78747	Dana	Bounds	512-280-6000
Texas	301 Trophy Lake Dr, Suite 150	Trophy Club	76260	Bruce	Browne	817-491-2660
Texas	3801 North Capital of Texas Highway, Suite D-200	Austin	78746	John	Burgtorf	512-524-6228

Texas	940 West University Avenue	Georgetown	7862	John	Burgtorf	512-524-6228
Texas	11620 Hero Way West, Suite 230	Leander	78641	John	Burgtorf	512-524-6228
Texas	4051 S Custer Rd	McKinney	7507	Brett	Cassel	972-632-1189
Texas	4938 S Staples St, Suite 200	Corpus Christi	7841	John	Covill	361-993-0093
Texas	2125 W Southlake Boulevard Suite 345	Southlake	76092	Vamsi	Dodla	817-488-3500
Texas	9139 Boulevard 26 #580	North Richland Hills	76180	Vamsi	Dodla	817-281-0544
Texas	6238 Highway 6	Missouri	7745	Tai	Duong	832-539-6961
Texas	16742 Southwest Freeway	Sugar Land	7747	Tai	Duong	281-325-0070
Texas	110 Meyerland Plaza	Houston	7709	Craig	Harwerth	346-646-5366
Texas	2640 West University Drive, Suite 1266	Denton	76201	Larry	Katz	940-387-3310
Texas	2801 East State Highway 114	Southlake	7609	Gil	Marques	817-749-2004
Texas	8851 Metropark Dr, Suite 500	Shenandoah	7738	Tracy	McKinney	832-736-0790
Texas	20222 Champion Forest Drive, Suite 500	Spring	77379	Tracy	McKinney	346-525-3423
Texas	8240 Preston Road, Suite 200	Plano	7502	Carey	Parker	972-836-7987
Texas	3021 S IH 35	Round Rock	7866	John	Ratcliff	512-388-7777
Texas	2617 West Holcombe, Suite 5	Houston	7702	John	Ratcliff	713-242-1228
Texas	2650 Pearland Pkwy, Suite 100	Pearland	7758	John	Ratcliff	281-915-1570
Texas	14010 US Hwy 183	Austin	7871	John	Ratcliff	512-961-4303
Texas	9701 N Sam Houston Pkwy E suite 200	Humble	77396	Chris	Szabo	281-713-5622
Texas	6935 Cypress Creek	Houston	7706	Barrett	Tuttle	832-430-1777
Texas	11200 Broadway St, Suite 1110	Pearland	7758	Barrett	Tuttle	832-430-2325
Texas	24551 Katy Freeway	Katy	7749	Barrett	Tuttle	832-770-7108
Texas	9515 W Broadway St, Suite 201	Pearland	77584	Barrett	Tuttle	832-430-1876
Texas	9107 Farm to Market Rd	Richmond	7740	Barrett	Tuttle	832-841-3662
Texas	4122 FM 762 Rd	Rosenberg	7746	Barrett	Tuttle	832-520-2512
Texas	4057 Riley Fuzzel Rd #700	Spring	7738	Barrett	Tuttle	832-246-7975
Texas	6603 Spring Stuebner Rd	Spring	7738	Barrett	Tuttle	832-562-3236
Texas	1011 Bay Area Blvd	Webster	7759	Barrett	Tuttle	832-905-8018
Texas	9540 Garland Rd, Suite 294	Dallas	7521	Carol	Westlund	214-327-2566
Texas	18321 W Airport Blvd, Suite 100	Richmond	77407	Reggie	Barclay	281-939-3964
Texas	11145 Westheimer Rd	Houston	7704	Tai	Duong	281-888-7116
Texas	19056 Gulf Freeway	Friendswood	7754	John	Ratcliff	281-315-3015

Texas	8401 Westheimer Rd	Houston	7706	Barrett	Tuttle	832-648-3975
Virginia	3865 Wilson Blvd, Suite 100	Arlington	2220	Dean	Coulopoulos	703-567-6970
Virginia	21000 Southbank St., Suite 100	Sterling	2016	Silvia	Zuniga	703-444-2166
Washington	5101 25th Ave NE, Suite 8	Seattle	9810	Tammy	Miller	206-650-6942

**FRANCHISEES WITH OUTLETS NOT YET OPEN
(as of December 31, 2024)**

State	Business City	Franchisee First Name	Franchisee Last Name	Telephone Number
California	Palo Alto	Jen	Majeti	650-580-8021
California	Los Angeles	Pedro	Mota	949-438-8393
Florida	Orlando	Troy	Miller	407-406-4091
Florida	West Palm Beach	Andres	Molano	305-431-7297
Florida	Jacksonville	Marci	Soran	404-218-9053
Florida	Orlando	Chris	Wilson	732-803-0226
Georgia	Atlanta	Steve	Capitani	732-887-7868
Georgia	Woodstock	Wayne	Kosbe	678-386-7512
Indiana	Indianapolis	Chris	Basey	317-750-2273
Maryland	Bethesda	Melvin	Malaka	703- 597-5729
Minnesota	Bloomington	Andrea	Miller	515-570-4739
New Jersey	Cedar Knolls	Jim	McGuiness	732-908-0906
New Jersey	Rockaway	Michael	Mitarotonda	201-410-4932
New York	New York City	Praveen	Elak	716-570-3337
New York	Dix Hills	Abraham	Ezekiel	631-894-8948
North Carolina	Charlotte	Gaurav	Aggarwa	203-561-7339
North Carolina	Raleigh	Evan	Hattan	918-938-2197
South Carolina	Colombia	Owen	McCullough	803-467-1803
South Carolina	Columbia	Owen	McCullough	803-467-1803
Texas	Fort. Worth	Vamsi	Dodla	402 210 5745
Texas	Montgomery	Scott	Gordon	713-961-3337
Texas	Frisco	Carey	Parker	469-879-2152
Texas	Austin	Andre	Sarmiento	757-751-3141
Texas	Dallas	George	Shaibeh	979-421-3047
Texas	Humble	Chris	Szabo	713-894-2973
Utah	Murray	Steve	Durham	801-824-2355
Washington	Seattle	Sven	Powilleit	425-504-9194



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT I
LIST OF FRANCHISEES
THAT HAVE LEFT THE SYSTEM

FRANCHISEES WHO LEFT THE SYSTEM (January 1, 2024 to December 31, 2024)				
State	City	Franchisee First Name	Franchisee Last Name	Telephone Number
California	Sacramento	Raymond	Gorman	808-321-1293

Florida*	West Palm Beach	Aurimas	Dziugelis	561-716-7128
Florida*	Orlando	Geoff	Goldman	407-865-2746
Georgia*	Alpharetta	David	Stiebel	678-896-5222
Illinois*	Bolingbrook	Thomas	Salabas	773-504-2217
Minnesota	Waite Park	Andrew	Horton	612-961-9537
New Jersey*	Voorhees Township	Matthew	DeGennaro	732-236-6161
Texas*	Dallas	John	Roberts	214-232-6926

* This franchisee transferred their Franchise Agreement.



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT J
STATE SPECIFIC ADDENDA

California FDD Amendment
Amendments to the Salons by JC
Franchise Disclosure Document

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

~~No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.—~~

HAWAII—

~~The following is added to the Cover Page:—~~

~~**THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER**~~1. Item 17 “Renewal, Termination, Transfer and Dispute Resolution: The Franchise Relationship.” is supplemented by the addition of the following:

~~A. THE CALIFORNIA FRANCHISE INVESTMENT LAW **OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.—**~~

~~THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH~~ REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

B. 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.

C. California Business and Professions Code Sections 20000 through 20043 establish the rights of 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.

D. 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.*).

E. 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.

F. The Franchise Agreement requires binding arbitration. The arbitration will occur in Texas with the costs being borne by the franchisee and franchisor.

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.

G. The Franchise Agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law.

2. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

3. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

4. Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

~~THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.~~5. Item 6 “Other Fees.” is supplemented by the addition of the following statement: “The highest interest rate allowed by law in the State of California is 10%.”

6. The following URL address is for the franchisor’s website: www.salonsbyjc.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.

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

~~No statement, questionnaire, or acknowledgment~~(iii) any violation of the law.

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

Connecticut FDD Amendment
Amendments to the Salons by JC
Franchise Disclosure Document

1. Item 3 "Litigation," is supplemented by the addition of the following:

A. Neither the Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.

B. Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the 10 year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

C. Neither the Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

D. Neither Company nor any person identified in Item 2 above is subject to any currently effective order of any national securities association or national securities exchange (as defined in the Securities & Exchange Act of 1934) suspending or expelling these persons from membership in the association or exchange.

2. Item 4 "Bankruptcy," is supplemented by the addition of the following:

No entity or person listed in Items 1 and 2 of this Disclosure Document has, at any time during the previous 10 fiscal years (a) filed for bankruptcy protection, (b) been adjudged bankrupt, (c) been reorganized due to insolvency, or (d) been a principal, director, executive officer or partner of any other person that has so filed or was adjudged or reorganized, during or within one year after the period that the person held a position with the other person.

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract be cancelled.

~~No statement, questionnaire~~Registered agent in the state authorized to receive service of process:—

~~Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division—
335 Merchant Street, Room 203—
Honolulu, Hawaii 96813—~~

~~The status of the Franchisor's franchise registrations in the states which require registration is as follows:—~~

- ~~1. States in which this proposed registration is effective are listed in Exhibit J of the FDD on the page entitled, "State Effective Dates."—~~
- ~~2. States which have refused, by order or otherwise, to register these Franchises are:—
None—~~
- ~~3. States which have revoked or suspended the right to offer the Franchises are:—
None—~~
- ~~4. States in which the proposed registration of these Franchises has been withdrawn are:—
None—~~

~~ILLINOIS~~

~~Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.—~~

~~The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.—~~

~~Section 41 of the Illinois Franchise Disclosure Act states that “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.” The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.—~~

~~Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”—~~

or acknowledgement—

~~Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”—~~

~~Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.—~~

~~Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).—~~

~~Items 5 and 7 of the FDD and Section 4 of the Franchise Agreement are hereby revised to state that payment of the Initial Franchise Fee, shall be deferred until after all of Franchisor’s initial obligations are complete and the Franchise is open for business. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.—~~

~~In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.—~~

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

~~See the last page of this Exhibit E for your signature.~~

~~INDIANA~~

~~Item 8 of the FDD is amended to add the following:~~

~~Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.~~

~~Item 17 of the FDD is amended to add the following:~~

~~Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.~~

~~Indiana Code 23-2-2.7-1(5) prohibits us from requiring you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.~~

~~The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:~~

~~No competing business for two years within the Designated Territory.~~

~~The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:~~

~~Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.~~

~~The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:~~

~~Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.~~

~~The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:~~

~~Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.~~

~~Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:—~~

- ~~1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.—~~
- ~~2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.—~~
- ~~3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.—~~
- ~~4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).—~~
- ~~5. The following provision will be added to the Franchise Agreement:—~~

~~No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.—~~

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

~~**IOWA**~~

~~Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.—~~

~~The following language will be added to the Franchise Agreement:—~~

~~**NOTICE OF CANCELLATION**~~

~~_____(enter date of transaction)—~~

~~You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any—~~

~~negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.—~~

~~If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.—~~

~~If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.—~~

~~To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to JNC Real Estate Development, LLC, 2511-18402 US Hwy 281 N., Ste. 267, San Antonio, Texas 78259 not later than midnight of the third business day after the Effective Date.—~~

~~I hereby cancel this transaction.—~~

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MARYLAND

~~Item 17 is amended by adding the following language after the table:—~~

- ~~(a) A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.—~~
- ~~(b) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.—~~
- ~~(c) Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.—~~
- ~~(d) The franchise agreement, which provides for termination upon bankruptcy of the franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).—~~

~~The franchise agreement and area development agreement are amended to provide as follows:—~~

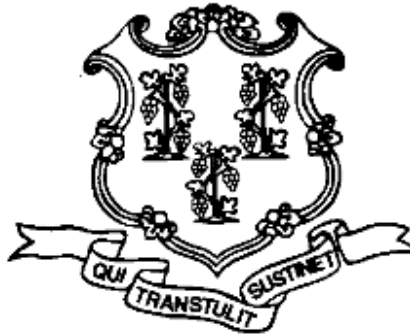
- ~~(a) A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.—~~
- ~~(b) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.—~~

- (c) ~~Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.—~~
- (d) ~~All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.—~~
- (e) ~~The acknowledgments contained in Section 1, Paragraphs (A) through (I), and Section 23 of the Franchise Agreement and Paragraphs 2 through 9 of Section 23(G) of the Area Development Agreement are hereby deleted in their entirety.—~~

~~The disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:—~~

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

DISCLOSURES REQUIRED BY CONNECTICUT LAW



The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

BUSINESS OPPORTUNITY DISCLOSURE

The following business opportunity disclosure is provided by J 'N C Real Estate Development, LLC a registered business in the State of Connecticut.

Disclosure Document is dated: April 18, 2025

Hawaii FDD Amendment
Amendments to the Salons by JC
Franchise Disclosure Document

Exhibit L "FDD Receipts," is supplemented with the addition of the following:

The Receipt for this Disclosure Document (Exhibit “K”) is supplemented to add the following:

1. THIS FRANCHISE WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.
3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.
4. NO STATEMENT, QUESTIONNAIRE OR ACKNOWLEDGEMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF: (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

Illinois FDD Amendment
Amendments to the Salons by JC
Franchise Disclosure Document

DISCLOSURE REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the Franchise Agreement.

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

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

Indiana FDD Amendment
Amendments to the Salons by JC
Franchise Disclosure Document

1. Item 8, “Restrictions on Sources of Products and Services,” is supplemented by the addition of the following:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

2. Item 6, “Other Fees” and Item 9, “Franchisee’s Obligations,” are supplemented, by the addition of the following:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee’s reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

3. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” is supplemented, by the addition of the following:

A. Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

B. Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

C. ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

D. ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

E. ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

Maryland FDD Amendment
Amendments to the Salons by JC
Franchise Disclosure Document

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” is supplemented, by the addition of the following:

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

B. A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

D. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

No statement, questionnaire~~MICHIGAN~~

or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Michigan FDD Amendment
Amendments to the Salons by JC
Franchise Disclosure Document

1. 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:—

53. **A.** A prohibition ~~on~~of your right to join an association of ~~franchisees~~Franchisees.

54. **B.** A requirement that you assent to a release, assignment, novation, waiver, or estoppel ~~which~~that deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

55. **C.** A provision that permits us to terminate a ~~Franchise prior to~~franchise before the expiration of ~~its~~this term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure ~~such~~the failure after being given written notice ~~thereof~~of the failure and a reasonable opportunity, which in no event need be more than 30 days, to cure ~~such~~the failure.

56. **D.** A provision that permits us to refuse to renew ~~your Franchise~~a franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials ~~which~~that have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the ~~Franchise~~franchise business are not subject to compensation. This subsection applies only if: ~~(i)~~a the term of the ~~Franchise~~franchise is less than five years; and ~~(ii)~~b you are prohibited by the Franchise Agreement 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 you do not receive at least six months advance notice of our intent not to renew the franchise.

~~name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six months' advance notice of our intent not to renew the Franchise.~~

57. ~~E.~~ A provision that permits us to refuse to renew a ~~Franchise~~franchise on terms generally available to other ~~franchisees~~Franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

58. ~~F.~~ A provision requiring that ~~arbitration or~~litigation be conducted outside ~~the State of Michigan~~this state. This shall not preclude you from entering into an agreement, at the time of ~~arbitration~~litigation, to conduct ~~arbitration~~litigation at a location outside this state.

59. ~~G.~~ A provision ~~which~~that permits us to refuse to permit a transfer of ownership of a ~~Franchise~~franchise, except for good cause. ~~This~~The subdivision does not prevent us from exercising a right of first refusal to purchase the ~~Franchise~~franchise. Good cause shall include, but is not limited to:

60. ~~the~~(i) The failure of the proposed transferee to meet our then- current reasonable qualifications or standards.

61. ~~the~~(ii) The fact that the proposed transferee is ~~aour or Sub-franchisor's~~ competitor~~of us or our subfranchisor~~.

62. ~~the~~(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

63. ~~your~~(iv) Your or proposed transferee's failure to pay ~~us~~ any sums ~~owing to us~~or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

64. ~~H.~~ A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants ~~to us~~ a right of first refusal to purchase the assets of a ~~Franchise~~franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a ~~Franchise~~franchise for the market or appraised value ~~of such assets if you have breached the lawful provisions of the Franchise Agreement and have~~has failed to cure the breach in the manner provided in ~~subdivision (e)~~Item 17(g).

65. ~~I.~~ A provision ~~which~~that permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless ~~a~~ provision has been made for providing the required contractual services.

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

~~THE 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.~~

2. If our most recent financial statements are unaudited and show a net worth of less than \$100,000, you may request that we arrange for the escrow of initial investment and other funds you paid until our obligations, if any, to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow.

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

4. Any questions regarding this notice should be directed to:—

State of Michigan—
~~Department of Attorney General,~~
Consumer Protection Division
~~Attn, Attention: Franchise—~~
Bureau, 670 Law
Building—~~525 W.~~
~~Ottawa Street—~~
, Lansing, ~~Michigan~~MI 48913—

~~Telephone Number::~~ telephone number (517) 373-~~744~~73800.

~~MINNESOTA—~~

~~Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:—~~

- ~~1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.—~~

Minnesota FDD Amendment
Amendments to the Salons by JC
Franchise Disclosure Document

ADDITIONAL RISK FACTORS:

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

AMENDMENT OF FDD DISCLOSURES:

- A. Item 6, “Other Fees”. Not sufficient funds are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.
- B. Item 13, “Trademarks”. Item 13 is supplemented by the addition of the following: As required by the Minnesota Statute Section 80C.21 and Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
- C. Item 17, “Renewal, Termination, Transfer and Dispute Resolution.” Item 17 is supplemented by the addition of the following: With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. ~~Rule 2860.4400J prohibit the~~ 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days- notice of termination (with 60 days to cure) and 180 days-notice of non-renewal of the Agreement.
- D. Item 17 “Renewal, Termination, Transfer and Dispute Resolution.” Item 17 is supplemented by the addition of the following: Item 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
66. E. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the ~~FDD~~ 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 Minnesota the jurisdiction.
2. ~~Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.—~~
 3. ~~With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.—~~
 4. ~~Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.—~~
 5. ~~Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.—~~

6. ~~The following language will appear as a new paragraph of the Franchise Agreement:—~~

~~No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.—~~

7. ~~Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.—~~
8. ~~Under the Item 6 of this Disclosure Document, the amount of the Dishonored Check Charge is hereby deleted and replaced with “\$30” pursuant to Minnesota Statute 604.113.—~~

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

New York FDD Amendment
Amendments to the Salons by JC
Franchise Disclosure Document

~~1. This provision supersedes any other term of any document executed in connection with the franchise.—~~

NEW YORK

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

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

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

~~Except as provided~~With the exception of what is stated above, with regardthe following applies to Franchisorthe franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

69. 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.

70. 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 Systemfranchise system or its business operations.

71. C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge; or, within the ~~ten~~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, ~~anti-fraud~~antifraud, or securities law; fraud; embezzlement; ~~fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.~~

~~fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.~~

72. **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.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687-(4) and 687-(5) be satisfied.

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

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

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

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

NORTH DAKOTA

~~Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.~~

~~Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.~~

~~Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.~~

~~Any section of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section~~

~~51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.—~~

~~Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.—~~

~~Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.—~~

~~Item 17(r) of the FDD and Section 15 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.—~~

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

~~OHIO—~~

~~The following language will be added to the front page of the Franchise Agreement:—~~

~~You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.—~~

~~Initials _____ Date _____~~

~~NOTICE OF CANCELLATION—~~

~~_____(enter date of transaction)—~~

~~You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other—~~

~~written notice to J 'N C Real Estate Development, LLC, 18402 US Hwy 281 N., Ste. 267, San Antonio, Texas 78259 not later than midnight of the fifth business day after the Effective Date.~~

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

North Dakota FDD Amendment
Amendments to the Salons by JC
Franchise Disclosure Document

1. Item 5, "Initial fees", Item 5 is supplemented by the addition of the following:

Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. Item 6, "Other Fees", Item 6 is supplemented by the addition of the following:

No consent to termination or liquidated damages shall be required from franchisees in the State of North Dakota.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following:

A. Any provision requiring a franchisee to sign a general release upon renewal of the Franchise Agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

B. Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

C. Covenants restricting competition contrary to

Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

D. Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.

E. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

F. Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

G. Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

H. Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

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

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

Rhode Island FDD Amendment
Amendments to the Salons by JC
Franchise Disclosure Document

Franchisee:—

By: _____
Print Name: _____
Its: _____

Item 17, “Renewal, Termination, Transfer and Dispute Resolution.” Item 17 is supplemented by the addition of the following:

A. The Rhode Island Franchise Investment Act, R.I. ~~hereby cancel this transaction.~~

Date: _____

RHODE ISLAND

§. Gen. Law Ch. 395 Sec. 19-28.1-14 ~~of the Rhode Island Franchise Investment Act~~ provides that “~~Aa~~ provision in a ~~franchise agreement~~ Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under ~~this Act.~~” ~~The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law~~ the Rhode Island Franchise Investment Act.

B. Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

Virginia FDD Amendment
Amendments to the Salons by JC
Franchise Disclosure Document

Item 17, “Renewal, Termination, Transfer and Dispute Resolution.” Item 17(h) is supplemented by the addition of the following:

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 Salons by JC Franchise Agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire, or ~~acknowledgment~~ 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 ~~franchisor.~~ ~~This provision supersedes any other term of any document executed in connection with the franchise.~~

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including, but not

~~limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.~~

SOUTH DAKOTA

~~Intentionally left blank.~~

WASHINGTON

~~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. This provision supersedes any other term of any document executed in connection with the franchise.~~

Washington FDD Amendment Amendments to the Salons by JC Franchise Disclosure Document

~~In recognition of the Washington State Franchise Investment Protection Act, Chapter 19.100 RCW, the following amendments are made to the Franchise Disclosure Document:~~

~~1. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will~~**shall** ~~be either in the state~~**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~~

2. In the ~~sale~~event of a conflict of franchises, ~~or a violation~~laws, the provisions of the Washington Franchise Investment Protection Act, ~~in Washington~~Chapter 19.100 RCW shall prevail.

3. A release or waiver of rights executed by a franchisee ~~may~~shall 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.

4. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer. Pursuant to RCW—

5. Chapter 49.62-020, ~~a noncompetition~~ RCW limits the use of non-competition agreements and may supersede the Franchise Agreement's non-competition provisions. Washington law provides as follows: (1) an employee non-compete covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's annual 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 noncompetitionany non-compete covenant is voidwith a duration longer than 18 months is unreasonable 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; (3) a franchisor from restricting, restraining, may not restrict, restrain or prohibitingprohibit a franchisee from—

(i) soliciting or hiring any employee of the franchisor or a franchisee of the same franchisor or (ii) soliciting or hiring; (4) any contractual provision that requires an employee to adjudicate a non-competition covenant outside of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are Washington State is void and unenforceable in Washington.

Section 1 and Section 23 of the Franchise Agreement do not apply to Washington franchisees.—

Exhibit H to this Franchise Disclosure Document is amended to provide that a General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.—

Exhibit I to this Franchise Disclosure Document is amended to provide that the Questionnaire/Certification does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.—

6. No disclaimerstatement, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.—

WISCONSIN—

or acknowledgement—

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any

~~provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise~~

~~Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.~~

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

Wisconsin FDD Amendment
Amendments to the Salons by JC
Franchise Disclosure Document

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is supplemented by the addition of the following:

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.



STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENT
AND, IF APPLICABLE, MULTI-UNIT DEVELOPMENT AGREEMENT

CALIFORNIA FRANCHISE AGREEMENT AMENDMENT

Amendments to the Salons by JC Franchise Agreement

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

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- | | | | | | |
|--------------------------|-----------------------|--------------------------|-------------------------|--------------------------|-------------------------|
| <input type="checkbox"/> | California | <input type="checkbox"/> | Michigan | <input type="checkbox"/> | Rhode Island |
| <input type="checkbox"/> | Hawaii | <input type="checkbox"/> | Minnesota | <input type="checkbox"/> | South Dakota |
| <input type="checkbox"/> | Illinois | <input type="checkbox"/> | New York | <input type="checkbox"/> | Virginia |
| <input type="checkbox"/> | Iowa | <input type="checkbox"/> | North Dakota | <input type="checkbox"/> | Washington |
| <input type="checkbox"/> | Indiana | <input type="checkbox"/> | Ohio | <input type="checkbox"/> | Wisconsin |
| <input type="checkbox"/> | Maryland | | | | |

Dated: _____, 20____

FRANCHISOR:

~~JNC REAL ESTATE DEVELOPMENT, LLC~~

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

Rev. 050918

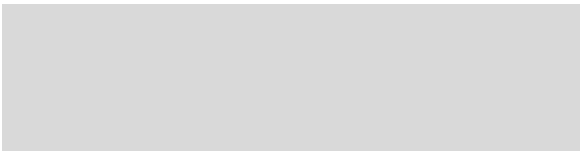
EXHIBIT F

LIST OF CURRENT AND FORMER FRANCHISEES

Current Franchisees as of December 31, 2023:—

IN WITNESS WHEREOF, the parties have duly executed and delivered this California State amendment to the J ‘N C Real Estate Development, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: J ‘N C Real Estate Development, LLC **Franchisee:**

_____ Signature	_____ Signature	
_____ Name and Title (please print)	_____ Name (please print)	
_____ Dated	_____ Dated	

HAWAII FRANCHISE AGREEMENT AMENDMENT

Amendments to the Salons by JC Franchise Agreement

In recognition of the requirements of the Hawaii Franchise Investment Law, the undersigned agree to the following modifications to the J ‘N C Real Estate Development, LLC Franchise Agreement (the “Franchise Agreement”), as follows:

1. Sub-Article 14.C.(6). Sub-article 14.C.(6), under the Article section titled “Conditions for Approval of Transfer,” is supplemented by the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this Sub-article contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

2. Sub-Article 15.B.(8). Sub-article 15.B.(8), under the Article section titled “Conditions for Renewal,” is supplemented by the addition of the following:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If this subarticle contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

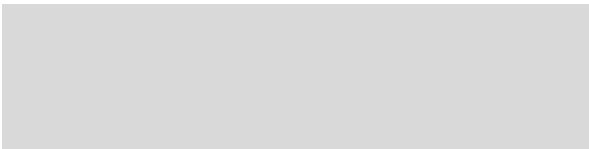
3. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this amendment.

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

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Hawaii State amendment to the J ‘N C Real Estate Development, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: J ‘N C Real Estate Development, LLC **Franchisee:**

_____ Signature	_____ Signature	
_____ Name and Title (please print)	_____ Name (please print)	
_____ Dated	_____ Dated	

ILLINOIS FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

Amendments to the Salons by JC Franchise Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 to 705/45, and Ill. Admin. Code tit. 15, §200.100 et seq., the undersigned agree to the following modifications to the J 'N C Real Estate Development, LLC Franchise Agreement (the "Franchise Agreement") and, if Franchisor and Franchisee both sign the J 'N C Real Estate Development, LLC Multi-Unit Development Agreement (the "Development Agreement"), as follows:

1. Article 18.F. of the Franchise Agreement, and if Franchisee executes a Development Agreement, Section 7.5 of the Development Agreement, under the heading "Governing Law", shall be amended by the addition of the following statement added after the end of the last sentence of Article 18.F. of the Franchise Agreement and Section 7.5 of the Development Agreement:

Illinois Addendum: Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act Provides that any provision in a 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 Illinois.

Your

rights upon termination and non-renewal of a Franchise Agreement are set forth in Sections 19 and 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

2. Article 18.G. of the Franchise Agreement, and if Franchisee executes a

Development Agreement, Section 7.6 of the Development Agreement, under the heading “Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction”, shall be amended by the addition of the following statement added after the end of the last sentence of Article 18.G. of the Franchise Agreement and Section 7.6 of the Development Agreement:

Illinois Addendum: Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act Provides that any provision in a 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 Illinois.

Your rights upon termination and non-renewal of a Franchise Agreement are set forth in Sections 19 and 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.

3. Article 18.K. of the Franchise Agreement, and if Franchisee executes a Development Agreement,

4. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act (815 ILCS 705/1 to 705/45) are met independently without reference to this amendment.

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

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois amendment to the J ‘N C Real Estate Development, LLC Franchise Agreement and, if

applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

Franchisor: J 'N C Real Estate Development, LLC

Franchisee:

Signature

Signature

Name and Title (please print)

Name (please print)

Dated

Dated

MARYLAND FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

Amendments to the Salons by JC Franchise Applicant Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached J 'N C Real Estate Development, LLC Franchise Agreement (the "Franchise Agreement") and, if Franchisor and Franchisee both sign the J 'N C Real Estate Development, LLC Multi-Unit Development Agreement (the "Development Agreement"), as follows:

1. Article 14.C of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," subarticle 14.C(6) is supplemented with the addition of the following language:

; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of the Maryland Franchise Registration and Disclosure Law and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Maryland Franchise Registration and Disclosure Law be satisfied.

2. Article 15.B. of the Franchise Agreement, under the heading "Conditions for Renewal," the subarticle 15.B(8) is supplemented with the addition of the following language:

; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of the Maryland Franchise Registration and Disclosure Law and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Maryland Franchise Registration and Disclosure Law be satisfied.

3. Article 18.G. of the Franchise Agreement and, if Franchisee executes a Development Agreement, Section 7.6 of the Development Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction," shall be amended by the addition of the following statement added to Article 18.G. of the Franchise Agreement and Section 7.6 of the Development Agreement:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Article 18.I. of the Franchise Agreement and, if Franchisee executes a Development Agreement, Section 7.8 of the Development Agreement, under the heading "Limitations of Claims," shall be amended by the addition of the following statement added to Article 18.I. of the Franchise Agreement and Section 7.8 of the Development Agreement:

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

5. Article 18 of the Franchise Agreement and, if Franchisee executes a Development Agreement, Section 7 of the Development Agreement, under the heading "Enforcement and Construction," shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement and Section 7.24 of the Development Agreement:

Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by the Maryland Franchise Registration and Disclosure Law.

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

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

6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

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

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

IN WITNESS WHEREOF, the parties have duly executed and delivered this Maryland amendment to the J 'N C Real Estate Development, LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

Franchisor: J 'N C Real Estate Development, LLC **Franchisee:**

Name and Title (please print)

Name (please print)

Dated

Dated

Signature

Name (please print)

Dated

MINNESOTA FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

Amendments to the Salons by JC Franchise Agreement

In recognition of the requirements of the Minnesota Statutes, Chapter 80C. and Minnesota Franchise Rules, Chapter 2860, the parties to the attached J 'N C Real Estate Development, LLC Franchise Agreement (the "Franchise Agreement") and, if Franchisor and Franchisee both sign the J 'N C Real Estate Development, LLC Multi-Unit Development Agreement (the "Development Agreement"), as follows:

1. Article 14.C. of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," subarticle 14.C(6) is supplemented with the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

2. Article 15.B. of the Franchise Agreement, under the heading "Conditions for Renewal," subarticle 15.B(8) is supplemented with the addition of the following language:

; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

3. Under Article 11 of the Franchise Agreement, under the heading "Notification of Infringement and Claims," the subarticle 11.C. shall be supplemented by the addition of the following:

Franchisor agrees to protect Franchisee, to the extent required by the Minnesota Franchise Act, against claims of infringement or unfair competition with respect to Franchisee's use of the Marks when, in the opinion of Franchisor's counsel, Franchisee's rights warrant protection pursuant to Article 11.E. of this Agreement.

4. Under Article 14 of the Franchise Agreement, under the heading "Conditions for Approval of Transfer," the subarticle 14.C. shall be supplemented by the addition of the following:

Franchisor shall not unreasonably withhold consent to transfer the Franchise Agreement.

5. Under Article 16 of the Franchise Agreement, under the heading "Defaults and Automatic Termination Upon Written Notice Without Cure Period," the subarticle 16.A.(2). shall be supplemented by the addition of the following:

Article 16.A.(2) will not be enforced to the extent prohibited by applicable law.

6. Under Article 16 of the Franchise Agreement, under the heading "Defaults and Automatic Termination After 30 Day Cure Period," the subarticle 16.A.(4)(f). shall be supplemented by the addition of the following:

Subarticle 16.A.(4)(f) will not be enforced to the extent prohibited by applicable law.

7. Under both subarticles 16.A.(2) and 16.A.(4) of the Franchise Agreement, the following is added:

Minnesota law provides a franchisee with certain termination rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days-notice of termination (with 60 days to cure) of this Agreement.

8. Article 18.F. of the Franchise Agreement, under the heading "Governing Law", shall be amended by the addition of the following statement added to the end of the last sentence of Article 18.F.:

; except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

9. Article 18.G. of the Franchise Agreement and, if Franchisee executes a Development Agreement, Section 7.6 of the Development Agreement, under the heading "Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction", shall be amended by the addition of the following statement added to the end of the last sentence of Article 18.G. of the Franchise Agreement and Section 7.6 of the Development Agreement:

; except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

10. Article 18.K of the Franchise Agreement, and if Franchisee executes a Development Agreement, Section 7.10 of the Development Agreement, under the heading “Waiver of Jury Trial”, shall be supplemented by the addition of the following statement at the end of the sentence contained in Article 18.K of the Franchise Agreement and Section 7.10 of the Development Agreement:

; except that nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by the Minnesota Franchise Act.

11. Article 18.I of the Franchise Agreement and, if Franchisee executes a Development Agreement, Section 7.8 of the Development Agreement, under the heading “Limitations of Claims,” shall be supplemented by the addition of the following statement:

Under the Minnesota Franchise Act, any claims between the parties must be commenced within three years of the occurrence of the facts giving rise to such claim, or such claim shall be barred.

12. Article 18 of the Franchise Agreement and if Franchisee executes a Development Agreement, Section 7 of the Development Agreement, under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subarticle 18.Z to the Franchise Agreement and Section 7.24 of the Development Agreement:

Any foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver or any liability under the Minnesota Franchise Act.

13. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this amendment.

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

Name (please print) —

Name (please print) —

Dated: _____, 20____

Dated: _____, 20____

~~GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER) —~~

~~EXHIBIT J~~

~~STATE EFFECTIVE DATES~~

IN WITNESS WHEREOF, the parties have duly executed and delivered this Minnesota State amendment to the J ‘N C Real Estate Development, LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

Franchisor: J ‘N C Real Estate Development, LLC

Franchisee:

Signature

Signature

Name and Title (please print)

Name (please print)

Dated

Dated

Signature

Name (please print)

Dated

NEW YORK FRANCHISE AND DEVELOPMENT AGREEMENT AMENDMENT

Amendments to the Salons by JC Franchise Agreement

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached J ‘N C Real Estate Development, LLC Franchise Agreement (the “Franchise Agreement”) and, if Franchisor and Franchisee both sign the J ‘N C Real Estate Development, LLC Multi-Unit Development Agreement (the “Development Agreement”), as follows:

1. Under Article 14.C. of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subarticle 14.C(6) is supplemented with the addition of the following language:

; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Under Article 15.B. of the Franchise Agreement, under the heading “Conditions for Renewal,” the subarticle 15.B(8) is supplemented with the addition of the following language:

; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Article 18 of the Franchise Agreement and, if Franchisee executes a Development Agreement, Section 7 of the Development Agreement, under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement and Section 7.24 of the Development Agreement:

Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by New York General Business Law, Sections 680-695.

4. There are circumstances in which an offering made by J ‘N C Real Estate Development, LLC would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in New York or the Outlet will be opening in New York. J ‘N C Real Estate Development, LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, are met independently without reference to this amendment.

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

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York amendment to the J ‘N C Real Estate Development, LLC Franchise Agreement and, if applicable, the Development Agreement on the same date as the Franchise Agreement and Development Agreement were, respectively, executed.

Franchisor: J ‘N C Real Estate Development, LLC **Franchisee:**

Signature

Signature

Name and Title (please print)

Name (please print)

Dated

Dated

Signature

Name (please print)

Dated

NORTH DAKOTA FRANCHISE AGREEMENT AMENDMENT

Amendments to the Salons by JC Franchise Agreement

In recognition of the North Dakota Franchise Investment Law, Section 51-19, the parties to the attached J 'N C Real Estate Development, LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your Salons by JC Business outlet will be located within the State of North Dakota.

1. Article 15 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring North Dakota franchisees to sign a general release upon renewal of the Franchise Agreement are not enforceable in North Dakota."

2. Article 16 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring North Dakota Franchisees to consent to termination or liquidated damages are not enforceable in North Dakota."

3. Articles 6 of the Franchise Agreement are hereby amended by the addition of the following language: "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

4. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Covenants requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota may not be enforceable in North Dakota."

5. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "for North Dakota Franchisees, North Dakota law shall apply."

6. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring a franchisee to consent to a waiver of trial by jury are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law."

7. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring the franchisee to consent to a waiver of exemplary and punitive damages are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law."

8. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: "Provisions requiring a franchisee to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, for North Dakota franchisees, the statute of limitations under North Dakota Law will apply."

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

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of North Dakota Law are met independently without reference to this amendment.

Franchisor: J 'N C Real Estate Development, LLC **Franchisee:**

_____ Signature	_____ Signature
_____ Name and Title (please print)	_____ Name (please print)

Dated

Dated

Signature

Name (please print)

Dated

WASHINGTON STATE FRANCHISE AGREEMENT AMENDMENT

Amendments to the Salons by JC Franchise Agreement

In recognition of the Washington State Franchise Investment Protection Act, Chapter 19.100 RCW, the parties to the attached J ‘N C Real Estate Development, LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or as determined by the arbitrator.
2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
3. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
4. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
5. Chapter 49.62 RCW limits the use of non-competition agreements and may supersede the Franchise Agreement’s non-competition provisions. Washington law provides as follows: (1) an employee non-compete covenant is unenforceable unless the employee’s annual earnings exceed \$100,000; (2) a presumption is created that any non-compete covenant with a duration longer than 18 months is unreasonable and unenforceable; (3) a franchisor may not restrict, restrain or prohibit a franchisee from soliciting or hiring any employee of the franchisor or a franchisee of the same franchisor; (4) any contractual provision that requires an employee to adjudicate a non-competition covenant outside of Washington State is void and unenforceable.
6. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Washington State amendment to the J ‘N C Real Estate Development, LLC Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: J ‘N C Real Estate Development, LLC **Franchisee:**

Signature

Signature

Name and Title (please print)

Name (please print)

Dated

Dated



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT K
STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the ~~state~~states, 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:

<u>Effective Dates</u>	
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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 K**~~



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT L
RECEIPTS

~~RECEIPTS~~

J 'N C Real Estate Development, LLC

~~RECEIPT~~
~~(Retain This Copy)~~

~~This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.~~

~~If J 'N C Real Estate Development, 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.~~

~~Under Iowa law, if applicable, J 'N C Real Estate Development, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires J 'N C Real Estate Development, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.~~

~~If J 'N C Real Estate Development, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.~~

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If J 'N C Real Estate Development, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale, or sooner if required by applicable law.

Applicable state laws in New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If J 'N C Real Estate Development, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

The Issuance Date of this Disclosure Document is: April 18, 2025

The franchise sellers for this offering are:

Name	Principal Business Address	Telephone Number
Drew Johnston	1723 North Loop 1604 E, Suite 202, San Antonio, Texas 78232	(210) 314-3126

I received a Disclosure Document issued on April 18, 2025 that included the following exhibits:

A. List of State Administrators	G. Multi-Unit Development Agreement
B. List of Agents for Service of Process	H. List of Franchisees
C. Operations Manual Table of Contents	I. List of Franchisees Who Have Left the System
D. Financial Statements	J. State Specific Addenda
E. Franchise Agreement	K. State Effective Dates
F. 1-2 Multi-Franchise Addendum	L. Receipts

_____	_____	_____
Date	Print Name	Signature

_____	_____	_____
Date	Print Name	Signature

Please sign this copy of the receipt, date your signature, and return it to J 'N C Real Estate Development, LLC, 1723 North Loop 1604 E, Suite 202, San Antonio, Texas 78232.

J 'N C Real Estate Development, LLC

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If J 'N C Real Estate Development, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale, or sooner if required by applicable law.

Applicable state laws in New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or ~~ten~~10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration ~~that relates to the franchise relationship~~, whichever occurs first.

If J 'N C Real Estate Development, LLC does not deliver this ~~disclosure document~~Disclosure Document on time ~~or~~if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the ~~appropriate~~applicable state ~~agency~~administrator identified ~~on~~in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

The Issuance Date of this Disclosure Document is: April 18, 2025

The franchise sellers for this offering are:

Name	Principal Business Address	Telephone Number
Drew Johnston	1723 North Loop 1604 E, Suite 202, San Antonio, Texas 78232	(210) 314-3126

~~Issuance Date: April 20, 2024~~

I received a ~~disclosure document~~Disclosure Document issued on April ~~20, 2024~~, which18, 2025 that included the following exhibits:

- A. ~~List of State Franchise Administrators/Agents for Service of Process~~
- B. ~~Franchise Agreement (and Exhibits)~~
- C. ~~Development Agreement (and Exhibits)~~
- D. ~~Financial Statements~~
- E. ~~State Specific Addenda~~
- F. ~~List of Franchisees and Franchisees That Left Our System in the Past Fiscal Year or That Have Not Communicated to Us in the 10 Weeks Prior to the Issue Date of this Disclosure Document~~
- G. ~~Operations Manual Table of Contents~~
- H. ~~Sample Termination and Release Agreement~~
- I. ~~Franchisee Questionnaire/Compliance Certification~~
- J. ~~State Effective Page~~
- K. ~~Receipts~~

A. List of State Administrators	G. Multi-Unit Development Agreement				
B. List of Agents for Service of Process	H. List of Franchisees				
C. Operations Manual Table of Contents	I. List of Franchisees Who Have Left the System				
D. Financial Statements	J. State Specific Addenda				
E. Franchise Agreement	K. State Effective Dates				

F. 1-2 Multi-Franchise Addendum	L. Receipts
---------------------------------	-------------

_____	_____	_____
Date	Print Name	Signature

_____	_____	_____
Date	Print Name	Signature

Please sign this copy of the receipt, date your signature, and return it to J ‘N C Real Estate Development, LLC, ~~18402 US Hwy 281 N., Ste. 267~~1723 North Loop 1604 E, Suite 202, San Antonio, Texas ~~78259~~.78232.