

FRANCHISE DISCLOSURE DOCUMENT



Resting Rainbow Pet Memorials and Cremation Franchise, LLC

A Florida limited liability
company 13700 NW 19th
Ave., Suite 11 Opa Locka, FL
33054
786-673-7297
www.restingrainbow.com

The franchise described in this disclosure document is for the operation of a Resting Rainbow Pet Memorials and Cremations (“Resting Rainbow”) business, which provides pet funerary, memorial, euthanization and cremation services to prospective clients, as well as other related services that we may specify as a Resting Rainbow cremation center or Resting Rainbow store front location (each a “RR Center”, “RR Storefront”, or “Franchised Business”)

The total investment necessary to begin operation of a RR Center ranges from ~~\$197,427~~ \$211,427 to \$458,600 \$563,600. This includes from \$57,500 to \$59,500 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of ~~a~~ an RR Storefront location ranges from ~~\$197,427~~ \$458,600 \$129,350 - \$263,600. This includes from \$57,500 to \$59,500 that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operations if we grant you the right to operate in multiple Franchised Business depends on the number of Franchised Businesses, we grant you the right to operate. The total investment necessary to begin operations under a development agreement for the right to operate 3 RR Centers ranges from \$241,929 - \$547,600. This includes \$149,077 to \$318,500 that must be paid to us or our affiliates upon execution of your development agreement and prior to opening your first franchise in your development schedule. The total investment necessary to begin operations under a development agreement for the right to operate 3 RR Centers ranges from \$241,929 - \$547,600. This includes \$149,077 to \$318,500 that must be paid to us or our affiliates upon execution of your development agreement and prior to opening your first franchise in your development schedule.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Franchise Department at 13700 NW 19th Ave., Suite 11, Opa Locka, FL 33054, or by phone at 786-673-7297.

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

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

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ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL
INVESTMENT

A. Initial Investment – ~~Cremation Location~~RR Center

Type of Expenditure ⁽¹⁾	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low Estimate	High Estimate			
Franchise Fee ⁽²⁾	\$54,500	\$54,500	Lump sum	Upon signing FA	Us
Initial Inventory ⁽³⁾	\$3,000	\$5,000	Lump sum	Before opening your Business	Us
Equipment Package ⁽⁴⁾	\$15,000	\$40,000	As arranged	As arranged	Suppliers
Cold Storage ⁽⁵⁾	\$1,000	\$15,000	As arranged	As arranged	Suppliers
Vehicle ⁽⁶⁾	\$1,200	\$40,000	As arranged	As arranged	Third-Party Dealer/Lessor
Rent and Leasehold Improvements ⁽⁷⁾	\$60,000	\$110,000	As arranged	As arranged	Landlord
Cremator ⁽⁸⁾	\$22,077	\$180,000	As arranged	As arranged	Third-Party Dealer/Lessor
Installation Fee ⁽⁹⁾	\$20,000	\$40,000	As arranged	As arranged	Us or Third-Party Providers
Office Supplies ⁽¹⁰⁾	\$500	\$1,000	As arranged	As arranged	Suppliers
Computer System ⁽¹¹⁾	\$1,400	\$3,000	As arranged	As arranged	Suppliers
Technology Fee -3 months ⁽¹²⁾	\$750	\$750	As arranged	As arranged	Us
Business Licenses and Permits ⁽¹³⁾	\$6,000	\$12,000	As arranged	As arranged	Third-Party Government Agencies
Insurance Premiums ⁽¹⁴⁾	\$2,000	\$3,750	As arranged	As arranged	Third-Party Insurance Provider
Membership/ Association Dues ⁽¹⁵⁾	\$400	\$600	As arranged	As arranged	Third-Party Associations
Initial Training Expenses ⁽¹⁶⁾	\$1,100	\$3,000	As arranged	As arranged	Third-Party Providers (travel, lodging, etc.); Your Initial Trainees
Professional Fees ⁽¹⁷⁾	\$2,500	\$5,000	As arranged	As arranged	Third-Party Professional(s)
Additional Funds – 3 Months ⁽¹⁸⁾	\$20,000	\$50,000	As arranged	As arranged	Various Parties
TOTALS ⁽¹⁹⁾	\$211,427	\$563,600			

Notes:

1. This table estimates the costs you will incur to develop and open a RR Center consisting of one Territory. Our estimates are based on our experience in the Pet Services industry and as a franchisor. Unless specified otherwise, all amounts paid to us are non-refundable. We make no representation as to whether any of the estimated investment amounts payable to third parties are refundable.
2. Initial Franchise Fee. Calculation of the Franchise Fee is discussed in detail in Item 5. The table assumes that you purchase a single Territory and that no Additional Household Fee or Franchise Fee discounts apply.
3. Initial Inventory. You will pay us between \$3,000 to \$5,000 for your Equipment Package and Initial Memorials Inventory. The “Memorials Inventory” includes your initial supply of urns, frames, paw print clay, and showroom displays.
4. Equipment Package. The equipment package includes an engraving machine, a processing machine, a hydraulic lift, and an elevating table. See Item 8 for more details.
5. Cold Storage. This estimate includes the cost of two (2) cold storage units, necessary to operate the Franchised Business. The low estimate assumes you lease the cold storage units. The high estimate assumes you purchase them outright.
6. Vehicle. This range shown is for the estimated amounts that will typically be paid by a franchisee that is financing the purchase of the Approved Vehicle. The low end of the range in the table assumes 3 months of financing for the Approved Vehicle, a Ram Pro-Master City. The high end of the range in the table assumes you purchase the vehicle in full. Factors such as your credit history and the amount of your down payment will affect your costs.
7. Rent and Leasehold Improvements. We expect that you will operate the Business from a leased location, which will usually require some buildout. The amount reflects the amount of lease payments for the first three months that you operate the Business. Lease payments vary considerably depending upon regional and local factors and the type of lease negotiated by you. Lease payments for a typical location will depend upon the size, location, and market demand for the property. The rate may be higher for a metropolitan area. Landlords typically require that one month’s rent be paid prior to taking possession and may require an amount equal to one month’s rent as a security deposit. The high estimate contained in the table above assumes that one month’s rent and a security deposit are required to be paid before opening.

The estimate includes the net cost of leasehold improvements, including floor coverings, wall treatments, ceilings, painting, electrical, carpentry, plumbing, HVAC, and similar work, as well as materials and the cost of labor.

If you are able to negotiate a tenant improvement allowance from your landlord, the landlord typically may require you to provide proof that you have paid for the leasehold improvements before reimbursing you the money. As a result, your actual out-of-pocket costs, and the cost of any construction financing that you may need to obtain may be significantly higher than the net leasehold improvement costs presented in this table.

Your actual costs will depend on, among other factors, the Studio location, the size of the Studio, the condition of the premises being remodeled, national and local economic factors, the local costs of materials and labor, and the amount of tenant improvement allowances that you are able to obtain, if any. ~~In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D.C., costs could be significantly higher than the estimates provided here due to local market rates for materials and labor.~~

10. ~~10.~~ Cremator Installation Fee. This fee covers the installation of a two-chamber cremator. The low estimate assumes that we will provide installation services. The high estimate assumes our approved supplier provides the installation. If you purchase a larger cremator, the installation cost may vary accordingly.

10. Office Supplies. You will need basic office supplies to operate your Business, those items are included in this range.

11. Computer System. You will need to acquire certain computer hardware and software that meets our requirements (See Item 11).

12. Technology Fee (3 Months). You will incur a Technology Fee in connection with your RR Center. The range includes three months of payments.

13. Business Licenses and Permits The estimate assumes the cost of the general business licenses you must have for your RR Center. You must research the types of permits you will need to operate in your Territory and their respective cost.

14. Insurance Premiums. Before you open your RR Center, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. Insurance cost will vary based on where your RR Center will be located, your prior experience with the insurance carrier, the loss experience of the carrier, and other factors. You should check with your insurance agent or broker regarding any additional insurance that you may wish to carry above our stated minimums. See Item 8 for more information regarding our insurance requirements.

15. Membership/ Association Dues. We estimate you will spend these amounts to join local organizations.

16. Initial Training Expenses. We provide our initial Training Program for up to two people at no additional charge. You must pay for you, and your other trainees' expenses, including travel, lodging, meals, and wages (if applicable). The amount of the expenses will depend on the distance you must travel, the type of accommodation you choose, the number of attendees, and any wages you pay to your Business personnel who are attending training. This estimated range assumes that two or three individuals, including you, will be attending our initial Training Program. Please see Item 11 for additional information on our initial training.

17. Professional Fees. We strongly encourage you to consult with an attorney and/or an accountant to advise you on the purchase of this franchise and the overall establishment of your RR Center generally.

18. Additional Funds – 3 Months. You will need capital to support ongoing expenses, such as payroll, utilities, rent, Royalty Fees, and Brand Fund Fees, if these costs are not covered by sales revenue for your first three months of operation. Our estimate does not include any sales revenue you may generate. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months. ~~This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after. You may incur additional expenses starting your RR Center.~~

~~19.~~

19. ~~20.~~ Total. You should review these estimates carefully with an accountant or other business advisor before making any decisions about buying a RR Center. The figures shown in this Item 7 are only estimates. Factors unique to your location, including the time of year you launch your RR Center, can affect your actual costs.

Except as described in Item 10 for the Franchise Fee, we do not provide financing to franchisees in connection with their initial investment. The availability and terms of financing from third parties will depend on several factors, including the availability of financing generally, your Resting Rainbow
2024 FDD

2 A. Initial Investment – ~~RR Storefront~~Location

Type of Expenditure ⁽¹⁾	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low Estimate	High Estimate			
Franchise Fee ⁽²⁾	\$54,500	\$54,500	Lump sum	Upon signing FA	Us
Initial Inventory ⁽³⁾	\$3,000	\$5,000	Lump sum	Before opening your Business	Us
Equipment Package ⁽⁴⁾	\$15,000	\$40,000	As arranged	As arranged	Suppliers
Cold Storage ⁽⁵⁾	\$1,000	\$15,000	As arranged	As arranged	Suppliers
Vehicle ⁽⁶⁾	\$1,200	\$40,000	As arranged	As arranged	Third-Party Dealer/Lessor
Rent and Leasehold Improvements ⁽⁷⁾	\$20,000	\$45,000	As arranged	As arranged	Landlord
Office Supplies ⁽⁸⁾	\$500	\$1,000	As arranged	As arranged	Suppliers
Computer System ⁽⁹⁾	\$1,400	\$3,000	As arranged	As arranged	Suppliers
Technology Fee -3 months ⁽¹⁰⁾	\$750	\$750	As arranged	As arranged	Us
Business Licenses and Permits ⁽¹¹⁾	\$6,000	\$12,000	As arranged	As arranged	Third-Party Government Agencies
Insurance Premiums ⁽¹²⁾	\$2,000	\$3,750	As arranged	As arranged	Third-Party Insurance Provider
Membership/ Association Dues ⁽¹³⁾	\$400	\$600	As arranged	As arranged	Third-Party Associations
Initial Training Expenses ⁽¹⁴⁾	\$1,100	\$3,000	As arranged	As arranged	Third-Party Providers (travel, lodging, etc.); Your Initial Trainees
Professional Fees ⁽¹⁵⁾	\$2,500	\$5,000	As arranged	As arranged	Third-Party Professional(s)
Additional Funds – 3 Months ⁽¹⁶⁾	\$20,000	\$35,000	As arranged	As arranged	Various Parties
TOTALS ⁽¹⁷⁾	\$129,350	\$263,600			

1. This table estimates the costs you will incur to develop and open a RR Storefront location consisting of one Territory. Our estimates are based on our experience in the Pet Services industry and as a franchisor. Unless specified otherwise, all amounts paid to us are non-refundable. We make no representation as to whether any of the estimated investment amounts payable to third parties are refundable.

2. Initial Franchise Fee. Calculation of the Franchise Fee is discussed in detail in Item 5. The table assumes that you purchase a single Territory and that no Additional Household Fee or Franchise

3. ~~3.~~ Initial Inventory. You will pay us between \$3,000 to \$5,000 for your Equipment Package and Initial Memorials Inventory. The “Memorials Inventory” includes your initial supply of urns, frames, paw print clay, and showroom displays.

4. ~~4.~~ Equipment Package. The equipment package includes 2 chest freezers, an engraving machine, a processing machine, a hydraulic lift, and an elevating table. See Item 8 for more details.

5. ~~5.~~ Cold Storage. This estimate includes the cost of two (2) cold storage units, necessary to operate the Franchised Business. The low estimate assumes you lease the cold storage units. The high estimate assumes you purchase them outright.

6. ~~6.~~ Vehicle. This range shown is for the estimated amounts that will typically be paid by a franchisee that is financing the purchase of the Approved Vehicle. The low end of the range in the table assumes 3 months of financing for the Approved Vehicle, a Ram Pro-Master City. The high end of the range in the table assumes you purchase the vehicle in full. Factors such as your credit history and the amount of your down payment will affect your costs.

7. ~~7.~~ Rent and Leasehold Improvements. We expect that you will operate the Business from a leased location, which will usually require some buildout. The amount reflects the amount of lease payments for the first three months that you operate the Business. Lease payments vary considerably depending upon regional and local factors and the type of lease negotiated by you. Lease payments for a typical location will depend upon the size, location, and market demand for the property. The rate may be higher for a metropolitan area. Landlords typically require that one month’s rent be paid prior to taking possession and may require an amount equal to one month’s rent as a security deposit. The high estimate contained in the table above assumes that one month’s rent and a security deposit are required to be paid before opening.

The estimate includes the net cost of leasehold improvements, including floor coverings, wall treatments, ceilings, painting, electrical, carpentry, plumbing, HVAC, and similar work, as well as materials and the cost of labor.

If you are able to negotiate a tenant improvement allowance from your landlord, the landlord typically may require you to provide proof that you have paid for the leasehold improvements before reimbursing you the money. As a result, your actual out-of-pocket costs, and the cost of any construction financing that you may need to obtain may be significantly higher than the net leasehold improvement costs presented in this table.

Your actual costs will depend on, among other factors, the Studio location, the size of the Studio, the condition of the premises being remodeled, national and local economic factors, the local costs of materials and labor, and the amount of tenant improvement allowances that you are able to obtain, if any. ~~In certain major metropolitan markets such as Boston, Chicago, New York, Los Angeles, San Francisco, Seattle, and Washington, D.C., costs could be significantly higher than the estimates provided here due to local market rates for materials and labor.~~

7. Office Supplies. You will need basic office supplies to operate your Business, those items are included in this range.

~~8.~~

8. ~~9.~~ Computer System. You will need to acquire certain computer hardware and software that meets our requirements (See Item 11).

9. ~~10.~~ Technology Fee (3 Months). You will incur a Technology Fee in connection with your RR Storefront location. The range includes three months of payments.

10. ~~11.~~ Business Licenses and Permits The estimate assumes the cost of the general business licenses you must have for your RR Storefront location. You must research the types of permits you will need to Resting Rainbow

11. Insurance Premiums. Before you open your RR Storefront location, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. Insurance cost will vary based on where your RR Storefront location will be located, your prior experience with the insurance carrier, the loss experience of the carrier, and other factors. You should check with your insurance agent or broker regarding any additional insurance that you may wish to carry above our stated minimums. See Item 8 for more information regarding our insurance requirements.

12. Membership/ Association Dues. We estimate you will spend these amounts to join local organizations.

13. Initial Training Expenses. We provide our initial Training Program for up to two people at no additional charge. You must pay for you, and your other trainees' expenses, including travel, lodging, meals, and wages (if applicable). The amount of the expenses will depend on the distance you must travel, the type of accommodation you choose, the number of attendees, and any wages you pay to your Business personnel who are attending training. This estimated range assumes that two or three individuals, including you, will be attending our initial Training Program. Please see Item 11 for additional information on our initial training.

14. Professional Fees. We strongly encourage you to consult with an attorney and/or an accountant to advise you on the purchase of this franchise and the overall establishment of your RR Storefront location generally.

15. Additional Funds – 3 Months. You will need capital to support ongoing expenses, such as payroll, utilities, rent, Royalty Fees, and Brand Fund Fees, if these costs are not covered by sales revenue for your first three months of operation. Our estimate does not include any sales revenue you may generate. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months. ~~This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after. You may incur additional expenses starting your RR Storefront location.~~

16. Total. You should review these estimates carefully with an accountant or other business advisor before making any decisions about buying a RR Storefront location. The figures shown in this Item 7 are only estimates. Factors unique to your location, including the time of year you launch your RR Storefront location, can affect your actual costs.

Except as described in Item 10 for the Franchise Fee, we do not provide financing to franchisees in connection with their initial investment. The availability and terms of financing from third parties will depend on several factors, including the availability of financing generally, your creditworthiness, collateral you may have, and lending policies of financial institutions.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have the right to require that all equipment, technology, inventory, supplies, vehicles, signs, furnishings, fixtures, décor items, retail merchandise, payment systems, and other products and services that you purchase for use or resale in the Franchised Business: (a) meet specifications that we establish from time to time; and/or (b) be purchased only from vendors that we have expressly approved; and/or (c) be purchased only from a single source (which may include us or our affiliates) at the then-current price. To the extent that we establish specifications, require approval of vendors, or designate specific vendors for particular items, we will notify franchisees via the Operations Manual or otherwise.

We and our affiliates may earn a profit on products and services we sell to you directly, and we and our affiliates may receive rebates, administrative fees, commissions, licensing fees, or other benefits from unaffiliated vendors and distributors with respect to their sales of products or services to you or other Resting Rainbow franchisees. Except as limited by applicable law, we and our affiliates have the right to retain any payments received from vendors.

We or our affiliate negotiate purchasing arrangements under which vendors agree to make goods or services available to Franchised Businesses on specific terms. You agree to participate in and abide by the terms of any vendor purchase program we establish.

The following specific restrictions on your purchasing are in effect as of the issuance date of this disclosure document, but we can impose other restrictions at any time:

Items you must purchase from us or affiliates:

Ongoing Inventory Purchases. All products that carry the Marks must be purchased only from us or suppliers approved by us. This includes all stationery, forms, marketing pieces, signage, uniforms, patches, and other private labeled materials. This includes uniforms and other branded merchandise.

Cremation Software. You will be required to purchase the Cremation Software provided by us.

Initial Memorials Inventory. You will be required [to purchase the](#) Initial Memorials Inventory from us or our affiliates.

Items you must purchase from designated or approved third parties:

We have designated approved vendors (manufacturers and distributors) for certain items. We negotiate purchasing arrangements with many of these vendors. As of the date of this disclosure document, they include:

Initial Inventory and Equipment Package. All products that carry the Marks must be purchased only from suppliers approved or designated by us. This includes all stationery, forms, marketing pieces, signage, uniforms, patches, and other private labeled materials. This includes uniforms and other branded merchandise.

Cremator. A cremator must be purchased only from an approved supplier.

Cremation Supplies. All products that are used for the cremation must be purchased only from suppliers approved by or designated by us.

Vehicle Wrapping. As noted in Item 7, you must pay our designated vendor to wrap your vehicle with our proprietary design.

Table 3: 2023 Revenue and Cases by Month					
Month	2023 Gross Revenue	2023 Cases ³	Average Revenue Per Transaction ¹	Low Figure	High Figure
January	\$59,936.35	421	\$142.37	\$15.00	\$1,382.44
February	\$58,361.92	367	\$159.02	\$15.00	\$1,082.84
March	\$64,631.43	447	\$144.59	\$15.00	\$847.53
April	\$64,831.29	391	\$165.81	\$15.00	\$984.74
May	\$64,209.13	454	\$141.43	\$15.00	\$1,653.60
June	\$73,411.98	475	\$154.55	\$15.00	\$5,088.00
July	\$61,188.71	336	\$182.11	\$15.00	\$1,048.34
August	\$64,960.67	309	\$210.23	\$15.00	\$3,375.59
September	\$52,287.78	306	\$170.88	\$15.00	\$968.34
October	\$48,505.25	258	\$188.00	\$15.00	\$1,375.24
November	\$51,097.24	292	\$174.99	\$15.00	\$1,238.04
December	\$51,916.12	325	\$159.28	\$15.00	\$859.74
Total	\$715,337.87	4,381	\$166.11	\$15.00	\$5,088

Notes for Tables 1-3 above:

1. “Gross Revenue” means all revenue derived from operating the Affiliate-Owned Outlet. Revenue does not include (i) any credits that are actually provided to customers, (ii) any shipping charges that collected from a customer and actually paid to a third-party shipping or logistics company for the delivery of items to customers, and (iii) any sales or other taxes that collected from customers and paid directly to the appropriate taxing authority.

~~2. “COGS” or “Costs of Goods Sold” includes the costs to purchase inventory and supplies used in the performance of sales and services to customers.~~

~~2.~~ ~~3.~~ “Average Revenue Per Transaction” is calculated as the monthly revenue divided by the number of cases completed per Measurement Period.

~~4. “Year Over Year Change” means the percent change in monthly revenue and monthly cases from 2022 to 2023.~~

~~3.~~ ~~5.~~ “Cases” is how the Affiliate-Owned Outlet labels cremations. Each Case is a cremation performed.

~~4.~~ ~~6.~~

~~Technology Fee is a minimum of \$250 for your first 300 cases in a month, thereafter it is an additional \$0.50 per case.~~^{5.} ~~“EBITDA (if franchised)” means the earnings before interest, taxes, depreciation, and amortization of the business if it were a Franchised Business.~~

~~6.~~

Table 5: Year-Over-Year Change in Revenue and Certain Expenses of the Affiliate-Owned Outlet		
	2022	2023
Income		
Gross Revenue	\$531,070.63	\$715,337.87
Cost of Goods Sold	\$42,469.84	\$71,445.88
Gross Profit	\$488,600.79	\$643,891.99
Expenses		
Advertising and Marketing	\$55,753.23	\$94,189.98
Vehicles	\$9,367.06	\$12,293.41
Job Supplies	\$17,887.73	\$7,664.31
Payroll	\$54,871.35	\$127,760.23
Rent	\$32,642.25	\$33,671.04
Total Utilities	\$64,501.05	\$78,765.95
Total Expenses	\$235,022.67	\$354,344.92
Franchise Adjustments		
Royalty Fee	\$37,174.94	\$50,073.65
Brand Fund Contribution	\$10,621.41	\$14,306.76
Technology Fee	\$3,056.00	\$3,415.50
EBITDA (if Franchised)	\$202,725.77	\$221,751.16
EBITDA (if Franchised) Margin	38.17%	31.00%

Notes to Tables 4 and 5 above:

~~1. “Gross Revenue” means all revenue derived from operating the Affiliate-Owned Outlet. Revenue does not include (i) any credits that are actually provided to customers, (ii) any shipping charges that collected from a customer and actually paid to a third party shipping or logistics company for the delivery of items to customers, and (iii) any sales or other taxes that collected from customers and paid directly to the appropriate taxing authority.~~

~~2. “COGS” or “Costs of Goods Sold” includes the costs to purchase inventory and supplies used in the performance of sales and services to customers.~~

~~3. “Total Utilities” includes expenses for internet, electricity, and natural gas.~~

~~4. “Franchise Adjustments” are for expenses that you will be required to pay to us as a franchisee but that were not incurred by our Affiliate-Owned Outlet. The recurring monthly royalty fee is 7%. The recurring monthly brand fund contribution is 2%. The recurring monthly call center fee is 3%. The recurring monthly~~
~~Table 57. “EBITDA (if franchised) Margin” is calculated as EBITDA (if franchised) divided by the Total Sales in each Measurement Period.~~
Table 6: Average Income Per Case from Veterinary Clinics

Table 76: Average Income Per Case from Walk-Ins		
	2022	2023
Total Cases	1,181	1,258
Income		
Total Sales	\$380.11	\$397.24
Low Figure	\$30.00	\$25.00
High Figure	\$2,269.94	\$5088.00
Cost of Goods Sold	\$27.32	\$29.52
Gross Profit	\$352.79	\$367.72
Expenses		
Advertising and Marketing	\$47.21	\$74.87
Vehicles	\$6.70	\$6.83
Job Supplies	\$12.79	\$4.26
Payroll	\$39.23	\$70.95
Rent	\$23.34	\$18.70
Total Utilities	\$46.38	\$44.50
Total Expenses	\$175.63	\$220.11
Franchise Adjustments		
Royalty Fee	\$26.61	\$27.81
Brand Fund Contribution	\$7.60	\$7.94
Average Income Per Case	\$142.93	\$111.86

Table 87: Income Revenue Percentage Per Service Category		
Services	Amount	Percentage of Revenue
Cremation Fees	\$531,664.85	74%
Memorial Items (Clay Paw Prints, Ink, Photo Prints)	\$37,586.39	5%
Same Day Cremations (Rush & Witness)	\$38,524.00	5%
Pick-up & Delivery Fees	\$18,810.68	3%
Home Euthanasia	\$23,372.23	3%
Rosewood Urn+ Engravings	\$27,680.10	4%
Upgraded Urns	\$27,929.66	4%
Other Memorials (Jewelry, DNA Tests, Crystal Bones)	\$9,769.96	1%
TOTAL	\$715,337.87	100%

Notes to Tables 64 - 87 above:

1. “Gross Revenue” means all revenue derived from operating the Affiliate-Owned Outlet. Revenue does not include (i) any credits that are actually provided to customers, (ii) any shipping charges that collected from a customer and actually paid to a third-party shipping or logistics company for the delivery of items to customers, and (iii) any sales or other taxes that collected from customers and paid directly to the appropriate taxing authority.

2. “COGS” or “Costs of Goods Sold” includes the costs to purchase inventory and supplies used in the performance of sales and services to customers.

3. 1. “Total Utilities” includes expenses for internet, electricity, and natural gas.

4. 2. “Franchise Adjustments” are for expenses that you will be required to pay to us as a franchisee but that were not incurred by our Affiliate-Owned Outlet. The recurring monthly royalty fee is 7%. The recurring monthly brand fund contribution is 2%. The recurring monthly ~~call center fee is 3%.~~ Technology Fee is a minimum of \$250 for your first 300 cases in a month, thereafter it is an additional \$0.50 per case.

5. “EBITDA (if franchised)” means the earnings before interest, taxes, depreciation, and amortization of the business if it were a Franchised Business.

1. “EBITDA (if franchised) Margin” is calculated as EBITDA (if franchised) divided by the Total Sales in each Measurement Period

Notes Regarding the Affiliate-Owned Outlets and Item 19 Generally:

1. The figures in the tables above use the historical information that the Affiliate-Owned Outlet provided to us.

2. This Item 19 does not reflect certain pre-opening costs and expenses over the Measuring Periods that you are likely to incur in connection with the development of a new Franchised Business. See Item 7 for details about pre-opening costs for your Business.

3. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.”

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ATTACHMENTS

- A. Franchisee Specific Terms
- B. Personal Guaranty of Owner
- C. Franchisee Compliance Questionnaire

FRANCHISE AGREEMENT

This Agreement is between the company identified as “Franchisor” on the cover page (“we”, “us” or “Franchisor”), and the individual or company identified as “Franchisee” on the cover page (“you” or “Franchisee”). If Franchisee is a company, the term “Owners” means the individual(s) identified on the Data Sheet as the owners of the Franchisee, plus any other individual(s) we may approve in the future to hold an interest in the Franchisee.

1. DEFINITIONS

The terms defined in this Section 1 have the meanings set forth below. Other capitalized terms used in this Agreement are defined where they first appear within the text.

~~1.~~ ~~“Agreement Date” means the Agreement Date shown on the cover page of this Agreement.~~

~~1.1~~ ~~2.~~ **“Approved Location”** means the street address or specific site that we have approved for your business premises, as shown on the cover page of this Agreement. If the Approved Location has not been determined when we sign this Agreement, you are required to obtain our approval of a location within sixty (60) days after signing this Agreement. Once we approve the location, we will insert the street address or specific site on the cover page of this Agreement or otherwise confirm the approved address to you in writing.

~~1.2~~ ~~4.~~ **“Brand”** means the brand identified on the cover page of this Agreement.

~~1.3~~ ~~5.~~ **“Brand Fund”** means the fund to which you will contribute to support development and recognition of the Brand, as more fully described in Section 10.2, and may be referred to by names other than the “Brand Fund.”

~~1.4~~ ~~6.~~ **“Brand Standards”** means our required and recommended specifications, standards, policies and procedures for products, services, image, and operations of Franchised Businesses.

~~1.5~~ ~~7.~~ **“Brand Standards Manuals”** means, collectively, the materials and content we have developed relating to the establishment and operation of Franchised Businesses, consisting of one or more manuals, handbooks, and training materials regardless of format, including electronic files, video or audio recordings, and other media or otherwise communicated in writing to you, all of which we can modify, replace, and supplement. The Brand Standards Manuals are sometimes referred to as the “Operations Manuals.”

~~1.6~~ ~~8.~~ **“Confidential Information”** means all knowledge and data not generally known to the public, whether or not constituting trade secrets, that we disclose to you and/or the Owners or that you obtain by virtue of this Agreement or any activities under this Agreement, including but not limited to: (i) methods, techniques, specifications, standards, policies, procedures, and design and layout plans relating to the operation of Franchised Businesses; (ii) future marketing plans and promotional programs for the Brand; (iii) customer data and other information concerning consumer preferences; (iv) inventory requirements and specifications; (v) sales, operating results, financial performance and other financial data of Franchised Businesses; (vi) the contents of the Brand Standards Manuals and our training programs; (vii) vendor lists, terms of purchase, and other information concerning the selection and sourcing of products, services, technology, equipment and supplies; (viii) marketing studies, surveys, and cost studies; (ix) research and development, test results, and feasibility studies; and (x) business plans and non-public financial information of or about us and our affiliates.

~~1.7~~ ~~9.~~ **“Designated Vendor”** means a particular manufacturer, wholesaler, distributor or other source

that we designate for particular products or services, which may be a third party, us, or our affiliate.

~~10.~~

1.8 ~~11.~~ **“Equipment Package”** means the list of equipment and accessories that we prescribe for Franchised Businesses as of the time you are preparing to open.

1.9 ~~12~~ **“Franchised Business”** means the business that you operate under the RR Center or RR Storefront location model under this Agreement at and from the Approved Location. “Franchised Businesses” means your Franchised Business plus all other businesses that we have authorized to operate under the Marks and System by means of a valid franchise agreement.

1.10 ~~13~~ **“Gross Revenue”** means all revenue from the sale of products and services and all other income of every kind related to the Franchised Business, whether for cash, credit, trade, barter or other value and regardless of collection in the case of credit and even if you have contracted with third parties to provide certain of the services, less any bona fide refunds given to customers in the ordinary course of business. Gross Revenue also includes amounts billed to insurance or government programs. You agree that “Gross Revenue” includes all revenue related to the sale of any products and the performance of any services (whether or not the products or services are approved by Franchisor) that are provided using any portion of the Franchised Business in any manner, including the Marks (such as service vehicles, invoices, and uniforms bearing the Marks), the System, Confidential Information, any of the employees of the Franchised Business, or the telephone number of the Franchised Business. “Gross Revenue” also includes any proceeds of business interruption insurance. “Gross Revenue” shall not be reduced on account of any fees or commissions you pay to third parties who refer customers. “Gross Revenue” does not include any sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from “Gross Revenue” as circumstances, business practices, and technology change.

1.11 ~~14~~ **“Improvement”** means any change, idea, innovation, concept (including any advertising slogan or idea), product, process, or improvement that may enhance or improve the System.

1.12 ~~15~~ **“Key Manager”** means the individual who is responsible for the day-to-day operational performance of the Franchised Business and who has the authority to bind Franchisee in all decisions regarding the Franchised Business. The initial Key Manager is named in Attachment A.

1.13 ~~16~~ **“Marks”** means the logo shown on the cover page of this Agreement and all other trademarks, service marks, logos, and commercial symbols that we expressly designate for use in connection with the System.

1.14 ~~17~~ **“Proprietary Products”** means products bearing the Marks and/or prepared using formulations and/or methods of preparation developed by or for Franchisor. They may include apparel, accessories, and other products sold or used in the Franchised Business. We have the right to modify, discontinue, substitute, and/or add items to the Proprietary Products from time to time in our sole discretion.

1.15 ~~18~~ **“System”** means the know-how and system of operation developed for the Brand and owned by Franchisor. The distinctive elements of the System include, but are not limited to: the products and services offered; customer service standards; the warranty program, if applicable; standards and specifications for equipment, technology, supplies, and operations; our advertising and promotional programs and marketing

techniques; the exterior and interior design, décor, color scheme, fixtures, and furnishings of the business premises; and the accumulated experience reflected in our Brand Standards Manuals, training program, and instructional materials.

1.16 ~~19~~ **“Territory”** means the geographic area defined in Attachment A and/or in a map attached to Attachment A.

1.17 ~~20~~

2. ~~2.~~ **FRANCHISE GRANT AND TERRITORIAL PROTECTION**

2.1 ~~1.~~ **Right Granted.** We grant you the right, and you undertake the obligation, on the terms and conditions of this Agreement, to establish and operate one (1) Franchised Business under the RR Center or RR Storefront location model, at the Approved Location only, and to use the Marks and the System only in connection with the Franchised Business, and only within the Territory. You agree to operate the Franchised Business for the full Agreement term specified in Section 3.

2.2 ~~2.~~ **Territorial Protection.** While this Agreement is in effect, and provided that you are not in default beyond any applicable cure period, we will not operate a business under the Marks and the System in the Territory or authorize others to operate Franchised Businesses within the Territory, except as permitted under Sections 2.3, 2.4 and 2.5 below. This does not prohibit us from advertising or soliciting employees or independent contractors in your Territory.

2.3 ~~3.~~ **Rights Reserved.** We and our affiliates retain all rights not expressly granted to you, including the rights (despite anything to the contrary in Section 2.2 and regardless of the proximity to or effect on the Franchised Business):

2.3.1 ~~3.1~~ To establish, operate, franchise, and license others to operate businesses under the Marks at any location outside of the Territory;

2.3.2 ~~3.2~~ To operate a business under the Marks inside the Territory if: (i) Franchisor (or its affiliate) is operating a business under the Marks in the Territory as of the Agreement Date; or (ii) Franchisor has notified Franchisee before Franchisee signed this Agreement that Franchisor (or its affiliate) intends to operate a business under the Marks in the Territory;

2.3.3 ~~3.3~~ To use the Marks in other lines of business, anywhere in the world;

2.3.4 ~~3.4~~ To establish and operate, and to grant others the right to establish and operate, similar businesses or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations inside or outside the Territory, under trademarks or service marks other than the Marks.

2.3.5 ~~3.5~~ To develop, manufacture, have manufactured, advertise, market, sell and distribute, at retail or wholesale, and license others to manufacture, sell or distribute, goods or services that are identical or similar to and/or competitive with those provided at the Franchised Business, whether under the Marks or any other name or mark, through dissimilar channels of distribution, including but not limited to through the Internet, mobile applications, telemarketing, retail stores, and wholesale clubs, or other distribution outlets (other than Franchised Businesses) both inside and outside the Territory;

2.3.6 ~~3.6~~ To establish and operate, and to grant others the right to operate, businesses offering dissimilar products and services both inside and outside the Territory under the Marks; and

2.3.7 ~~3.7~~ To acquire, be acquired by, or merge with other brands or outlets, even if the concepts or outlets are similar to the business operated under the System, and even if they have locations in the Territory. We will also have the right, in our sole discretion, to convert one or more outlets of the acquired, acquiring or merged brand to a Franchised Business within the Territory.

2.3.8 ~~3.8~~

2.4 ~~4~~ **Activities Outside of the Territory.** You may not perform services or sell products related to the Franchised Business outside of the Territory without our prior written consent, which we may give and withdraw as we deem appropriate, and which we may condition on obtaining a separate phone number or other requirements. You may not solicit or advertise to customers outside of the Territory without our permission. “**Solicit**” includes, but is not limited to, solicitation in person, by telephone, by mail, through the Internet, social media, email or other electronic means, and by distribution of brochures, business cards or other materials or any other advertising. If any solicitation of customers within the Territory is in media that will or may reach persons outside of the Territory, you are required to notify us in advance and obtain our consent. If you receive a request for services or products from outside the Territory, you are required to refer that request to the Franchised Business located in the applicable territory (or to Franchisor or its affiliate, if we have not assigned the applicable territory to a Franchised Business). Notwithstanding the foregoing, under certain limited circumstances, Franchisee may process a request from outside of the Territory if the requested service is permitted under our policies as set forth in the Brand Standards Manuals or otherwise designated by Franchisor. If Franchisor permits Franchisee to advertise, solicit, service or sell in areas outside of the Territory that are not serviced by another Franchised Business or by Franchisor or its affiliate, Franchisee is required to comply with all of the conditions and other requirements that we may from time to time specify in the Brand Standards Manuals or otherwise in writing with respect to such activities. We may at any time condition your continued out-of-Territory sales and services on your agreement to purchase the franchise rights for the territory in which the sales and services are being performed. At any time upon our demand or upon notice from us that the territory in question has been assigned to another Franchised Business, Franchisee agrees to immediately cease all activities in that territory and to comply with our procedures for the transition of customer accounts for that territory. Under no circumstances will we be liable to you for violations by other Franchised Businesses of our policies on out-of-Territory sales and services.

2.5 ~~5~~ **Key Accounts.** Franchisor may from time to time enter into agreements to provide services to customers as part of a national, regional or key account program (“**Key Accounts**”, sometimes also referred to as “**National Accounts**”) at locations which include locations within the Territory. You agree to accept and perform the terms of such agreements (including, without limitation, special pricing, payment terms, timing of services, central invoicing) in respect of locations within the Territory. If you refuse to perform the required services or we determine that the Franchised Business is not qualified, interested, able or available to perform the services, you are required to allow either Franchisor’s employee or another franchisee to enter the Territory to perform the required services. In the case of an agreement under which the customer will pay a fixed amount for services at all locations listed in the agreement, we may allocate the fixed amount among the businesses performing the services.

2.6 ~~6~~ **No Other Sales Channels.** You may not offer products or services through any channel other than those we have expressly approved. If you request approval of any other distribution channel or type of outlet, we will consider the factors we deem appropriate, which may include the period of time you have been operating the Franchised Business, your sales volume, whether you have met quality standards and other benchmarks, and other standards that we may determine. This Agreement does not license you to sell products to any vendor who would in turn sell to consumers. This Agreement does not restrict Franchisor or its affiliates from engaging in, and does not grant you any rights to participate in, any other business concepts of Franchisor or its affiliates other than the Franchised Business.

2.7 ~~7~~ **Relocation.** You may not relocate the Franchised Business without our prior written consent. Any relocation must be to a location within the Territory. Unless otherwise agreed in writing, relocation of the Franchised Business does not change the Territory. If your relocation request is granted you must pay us a Relocation Fee equal to \$2,500, this fee is non-fundable.

2.8 ~~8~~

3. AGREEMENT TERM

This Agreement will expire on the tenth anniversary of the ~~Agreement Effective~~ Date (the “**Expiration Date**”) specified in Attachment A, ~~Franchise Specific Terms~~. You will have an opportunity to renew the franchise rights when the term expires, subject to the terms of Section 19 and provided that you meet the conditions in that Section.

4. PRE-OPENING

4.1 ~~1~~ Preparation for Opening. You are required to prepare your Franchised Business and business premises as necessary to conform to the Brand Standards. The Brand Standards may require expenditures for, among other things, structural changes and modification of the premises; new or modified service vehicles, equipment, signs, fixtures and furnishings; interior and exterior remodeling and redecoration; installation of new technology and/or additions and upgrades to existing technology; and resurfacing of parking areas. As applicable, and as may be designated by Franchisor, you are required to order the Equipment Package and all other technology equipment, signs, fixtures, furnishings, inventory, and supplies from a Designated Vendor. If required by the this Agreement, you are required to pay us specified fees for outfitting the Franchised Business. You are required to notify us of the anticipated completion date and provide updates as requested during the build-out process. During the pre-opening period, you are required to permit our representatives to inspect the premises at reasonable times. We may specify further details of the build-out process in the Brand Standards Manuals.

4.2 ~~2~~ Permits. You are required to obtain all zoning classifications, permits, and clearances (including, as applicable, construction permits, certificates of occupancy, health permits, environmental permits, sign permits, and mall or strip center clearances) that may be required by federal, state, or local law or your landlord for the Franchised Business. You have sole responsibility for operating your Franchised Business in compliance with all permits and laws.

4.3 ~~3~~ Pre-Opening Marketing. You are required to conduct pre-opening marketing, as specified in Section 10.3, to attract an initial customer base for the Franchised Business.

4.4 ~~4~~ Approval to Open. You agree not to open the Franchised Business for business until we notify you that: (1) all of your pre-opening obligations have been fulfilled; (2) pre-opening training of your personnel has been completed as required by Section 5; and (3) we have been furnished with copies of all certificates of insurance required by Section 9.1.

4.5 ~~6~~ Opening Support. We will provide such opening support and assistance for the Franchised Business as we deem appropriate, at the time(s) and in the manner we determine. If you request opening support beyond what we customarily furnish to Franchised Businesses, and if we agree to furnish such additional support, then we will have the right to impose a fee, plus expenses, for providing the agreed additional support.

5. ~~5.~~ TRAINING

5.1 ~~4.~~ Initial Training. Franchisor will offer, at the time(s) and location(s) selected by Franchisor, a pre-opening training program to Franchisee and to those employees of Franchisee whom Franchisor deems appropriate. The individuals that we designate are required to successfully complete the pre-opening training. We have the right to vary the duration and content of initial training based on the trainee's prior experience in similar businesses. We alone have the right to judge whether a person has successfully completed the training program. Successful completion may require passing tests to establish proficiency in the delivery of services, use of technology and software applications, and other areas we designate. We will have the right to terminate this Agreement under Section 16.1 if, at any time during the pre-opening training program, we conclude in our sole judgment that any person required to attend the pre-opening training program does not possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or this Agreement.

5.2 ~~2.~~ Additional Training. After the Franchised Business opens for business, we will make available, at the time(s) and location(s) we designate, such other required and optional training programs as we deem necessary and appropriate. For training that we designate as required, the individuals that we designate are required to successfully complete the training.

5.3 ~~3.~~ Training Methods. We have the right to provide training programs in person, by video, via the Internet, or by other means, as we determine, and the training may be performed by us, our affiliates, or third parties.

5.4 ~~4.~~ Training Fees. We may charge a training fee: (a) for additional trainees that you request in excess of the maximum number we designate for a training program, currently \$500 per day per extra trainee, plus our trainers' reasonable costs and expenses, when applicable; (b) if we require remedial training as a result of your failure to comply with our Brand Standards, currently \$500 per day and you must reimburse our reasonable out-of-pocket expenses; (c) for re-training persons who are repeating a training program, or their substitutes; and (d) for training programs that we make optional for franchisees.

5.5 ~~5.~~ Travel Expenses. For all training, including initial training, you are responsible for all travel expenses, living expenses, wages, and other expenses incurred by your trainees. If we conduct training at any location other than our headquarters, you may be required to pay the reasonable travel, meal and lodging expenses of our trainer(s).

5.6 ~~6.~~ Training Assistance. After the Franchised Business opens, you agree to give us reasonable assistance in training or assisting other franchisees of the Brand. We will reimburse you for your reasonable costs and expenses in providing such assistance.

5.7 ~~7.~~ Employee Training. Except for the training in Sections 5.1 and 5.2, you are responsible for all employee training for the Franchised Business.

5.8 ~~8.~~ Brand Conferences and Conventions; Non-Attendance Fee. The Key Manager and/or Owners of Franchisee, as designated by us, are required to attend an annual convention and regional conferences of franchise owners, if called by us. Franchisee is responsible for the costs of travel and accommodations of its attendees. Franchisor reserves the right to charge a fee for each conference. If none of the designated Franchisee representatives attend the annual convention, we may charge Franchisee a non-attendance fee of \$2,000. If the Key Manager, Owners, and/or employees of Franchisee, as designated by us, do not attend the annual convention for two (2) consecutive years, you will be in default of this Agreement, and we will have the right to terminate this Agreement (or, in lieu of termination, increase your royalty fee by one percent (1%) of Gross Revenue under Section 7.6 until you attend the annual convention as designated by us), as well as any other rights and remedies available to us at law or in equity.

5.9 ~~9.~~

6. ~~6.~~ OPERATION OF THE FRANCHISED BUSINESS

6.1 ~~1.~~ Compliance with Brand Standards. In order to protect the reputation and goodwill of the Brand and to maintain high standards of operation under the System, you agree to comply strictly with all of our required Brand Standards. The Brand Standards may relate to any aspect of the appearance, operation, and marketing of the Franchised Business. Any material failure to comply with the required Brand Standards or to pass our inspection will constitute a material breach of this Agreement. However, we have the right to vary our standards and specifications to accommodate the individual circumstances of different franchisees. Franchisor's specifications do not constitute a warranty or representation, express or implied, as to quality, safety, suitability, fitness for a particular purpose or any matter. We will not be liable to you or others on account of the designation of Brand Standards for the operation of the Franchised Business under the System.

6.2 ~~2.~~ Opening for Business. Franchisee must secure an Approved Location within sixty (60) days after the execution of this Agreement. If you are granted the right to operate an RR Center, you must open for business no later than nine (9) months after the execution of this Agreement and later than (3) months after the execution of this Agreement, if you are granted the right to operate an RR Storefront location (the "Opening Deadline"). If Franchisee does not open the Franchised Business within the specified time frame listed above, Franchisor may grant Franchisee a 90-day extension so long as Franchisee is actively pursuing an acceptable location for the Franchised Business. Franchisee shall not open the Franchised Business for business until Franchisee has complied with Franchisor's requirements for opening, and Franchisor has granted Franchisee written permission to open. Franchisor's opening requirements include: (i) Franchisee must have paid the initial franchise fee and other amounts then due to Franchisor, or its affiliates; (ii) the Franchised Business complies with Franchisor's standards and specifications; (iii) all required personnel have satisfactorily completed Franchisor's pre-opening training requirements; (iv) Franchisee has obtained all applicable licenses and permits; (v) Franchisee has provided Franchisor with copies of all required insurance policies and evidence of coverage and premium payment and (vi) Franchisor has provide its written approval. If the Franchised Business is not opened for business within the time periods set forth above (and does not receive an extension from Franchisor), Franchisor may terminate this Agreement.

6.3 ~~3.~~ Management. The Franchised Business is required at all times to be under the day-to-day supervision of the Key Manager. We have the right to rely on any statement, agreement, or representation made by the Key Manager. If the Key Manager leaves your organization, you are required to nominate a replacement within thirty (30) days thereafter. If you have not obtained our approval of a replacement within ninety (90) days, you will be in material default of this Agreement.

6.4 ~~3.~~ Approved Products and Services. You are required to offer for sale from the Franchised Business all products and services that we designate from time to time as required items. You may also offer for sale any optional products and services that we have approved for sale in the Franchised Business. You are prohibited from offering any unapproved products or services without our prior written consent. The service system and processes are integral to the System and that failure to adhere to them strictly will constitute a default of this Agreement. You are required to discontinue selling or offering for sale any products or services that we disapprove at any time, in our sole discretion.

6.5 Pricing and Promotional Activities. To the extent permitted by applicable law where the Franchised Business is located, we have the right to establish maximum and/or minimum prices that you are required to follow for products and services sold in the Franchised Business. Subject to applicable law, you are required to participate in and comply with the terms of special promotional activities that we prescribe for Franchised Businesses generally or for Franchised Businesses in specific geographic areas or having particular characteristics. These activities may include special offers and other pricing promotions. Subject to the limitations in Section 10, you agree to bear your own costs of participating in these activities. You are required to display promotional signs and materials and otherwise participate in the manner we request.

6.6 ~~6~~ **Telephone Numbers.** You are required to obtain one or more separate telephone numbers that are identified with the Franchised Business and no other business. At the termination or expiration of this Agreement, those telephone numbers and any online listings become our property. We may require that telephone numbers and electronic identities you use in connection with the Franchised Business be owned and controlled by us or an approved supplier, and that you transfer to an approved call routing and tracking supplier all telephone numbers associated with the Franchised Business.

6.7 ~~7~~ **Technology Requirements.** We have the right to specify the point-of-sale (POS) system, customer relationship management (CRM) system, back-office system, software applications, audio/visual equipment, security systems, electronic payment devices, and other hardware, software, and network connectivity for the Franchised Business. You agree to sign any standard license agreement or user agreement that may be required to use a system that we specify. You are required to use the required systems for service calls, managing inventory, reporting Gross Revenue and other information, training personnel, and other functions as we specify from time to time. You are required to ensure that your employees are adequately trained to use the systems and that they follow applicable policies. You are required to maintain your technology systems in good working order at all times and promptly install upgrades, additions, modifications, substitutions and/or replacements of hardware, software, connectivity, power, and other system components as necessary. You agree to bear all costs of acquisition, installation, use, maintenance, and upgrade of your systems.

6.8 ~~8~~ **Franchisee Portal.** We have the right (but no obligation) to establish one or more websites and/or mobile applications that are open only to franchisees (the “**Franchisee Portal**”). If applicable, you are required to use the Franchisee Portal for reporting, training, ordering merchandise and supplies, or other purposes as we direct.

6.9 ~~9~~ **Payment Systems and Customer Retention Programs.** You are required to participate in programs relating to gift cards, gift certificates, stored value cards, online or mobile coupons or credits, online or mobile ordering systems, and other electronic money programs we prescribe from time to time for Franchised Businesses. Participation includes both issuing program benefits or credits and accepting them for payment by customers and may require you to purchase additional equipment. We have the right to coordinate the crediting and debiting of funds among Franchised Businesses based on customer purchases and redemption of stored value. You are required to comply with our policies regarding acceptance of payment by credit and/or debit cards, mobile payment systems, and digital coupons, including, for example, minimum purchase requirements and/or surcharges for use of a card. You are required to also participate in any customer loyalty programs we prescribe from time to time. You may not offer your own gift card, electronic money, or loyalty program for the Franchised Business without our prior written approval. The payment systems and loyalty programs we designate may require you to obtain new hardware, software, equipment, and training at your own expense.

6.10 ~~10~~ **Sourcing.** We have the right to require that all equipment, technology, inventory, supplies, vehicles, signs, furnishings, fixtures, décor items, retail merchandise, payment systems, and other products and services that you purchase for use or resale in the Franchised Business: (a) meet specifications that we establish from time to time; and/or (b) be purchased only from vendors that we have expressly approved; and/or (c) be purchased only from a single source (which may include us or our affiliates) at the then-current price. To the extent that we establish specifications, require approval of vendors, or designate specific vendors for particular items, we will notify franchisees via the Brand Standards Manuals or otherwise. We and our affiliates will earn revenue and profits on sales that we make directly to you. We may negotiate purchasing arrangements under which vendors agree to make goods or services available to Franchised Businesses on specific terms. You agree to participate in and abide by the terms of any vendor purchase program established by Franchisor. Subject to applicable law, we may earn money in the form of rebates, licensing fees, administrative fees, commissions, or other payments from vendors based on your purchases. Subject to applicable laws and our arrangements with the vendors, we have no obligation to remit the funds to you.

6.11 ~~12~~ Inventory. You are required to maintain a sufficient inventory of products, merchandise, and supplies to meet the Brand Standards (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

6.12 ~~13~~ No Liability for Others' Products. We disclaim all express and implied warranties and all other liability concerning any defects, malfunctions, or other deficiencies in equipment or other products manufactured by anyone other than us or our affiliates. You agree not to make any claims against us or our affiliates with respect to products that we and our affiliates did not manufacture, even if we or our affiliate sold you the product or designated or approved its source. You are required to assert any claims only against the manufacturer of the product, even if you obtained it through us or our affiliate.

6.13 ~~14~~ Use of Approved Location; Hours of Operation. You are required to use the Approved Location only for the operation of the Franchised Business, to keep the Franchised Business open and in normal operation for the minimum hours and days specified in the Brand Standards Manuals (subject to applicable laws), and to not use or permit others to use the Approved Location or the Franchised Business for any other purpose or activity without first obtaining our written consent. We have the right to vary the minimum hours and days of operation by market, type of facility, or other basis.

6.14 ~~15~~ Required Equipment, Vehicles, Signs, Furnishings and Other Items. During the term of the Agreement, you are must, at your expense, acquire, use, and install, any equipment, vehicles, technology, audio/visual equipment, security features, décor, furnishings, promotional materials, and signs that we require from time to time. You must not install or use any equipment, vehicles, technology, furnishings, signs, vehicle graphics, or other items that we have not approved.

6.15 ~~16~~ Condition of Business Assets. You must, at all times, maintain any equipment, vehicles, signs, and other tangible assets used in the operation of the Franchised Business in a clean, orderly state and in excellent repair, at your own cost. Upon our request, you must furnish us with copies of any reports concerning the inspection of the Franchised Business conducted by designated vendors or government agencies.

6.16 ~~17~~ Condition of Premises. You are required to periodically remodel your business premises to conform to our then-current Brand Standards for a new Franchised Business. We will not require remodeling more often than once every five (5) years. Remodeling may require expenditures for, among other things, replacement or renovation of furnishings, fixtures, equipment, and signs; interior and exterior painting, flooring, and redecoration; and upgrades to technology, restrooms, and customer amenities. The remodeling obligation in this section is separate from and does not limit your obligations in any other Section of this Agreement or in your lease.

6.17 ~~18~~ Customer Contracts. In the marketing and operation of the Franchised Business, you are required to use only the customer contracts, waivers, and/or other forms designated by Franchisor from time to time, except where Franchisor does not designate such items. Franchisor may provide Franchisee with templates or sample forms of such items, but it is Franchisee's responsibility to have all items which are to be used with prospective and/or actual customers reviewed, at Franchisee's expense, by an attorney licensed to practice law in the state(s) where the Franchised Business is operated, for compliance with all applicable state and local legal requirements. Franchisor makes no warranty or representation that any contracts, waivers and/or other forms and/or materials, whether supplied by Franchisor or otherwise, are in compliance with the laws of any particular state(s) or locality.

6.18 ~~20~~ Customer Warranty or Guarantee. If the Brand Standards include a customer warranty or a satisfaction guarantee, you are required to provide the warranty or satisfaction guarantee to each customer and comply with the requirements of the warranty/guarantee program, as set forth in the Brand Standards Manuals.

6.19 ~~21~~ **Performance Requirements.** You agree to continuously exert best efforts to promote and enhance the performance of the Franchised Business and the goodwill of the Marks. You are required to achieve Minimum Performance Requirements as follows:

Time Period Following Opening Date	
Minimum Gross Revenue for 12-Month Period	
Year 1	\$180,000
Year 2	\$280,000
Year 3 and beyond	\$380,000

If you do not achieve the Minimum Performance Requirements, we will have the right to: (i) reduce the size of the Territory; (ii) establish or license a third party(ies) to establish a Franchised Business within the Territory; (iii) require Franchisee to implement a revenue improvement program, as we specify, which may include, among other things, engaging in specified marketing activities, by the conclusion of which Franchisee is required to achieve the Minimum Performance Requirements; or (iv) terminate this Agreement. If we elect the option in clause (iii), your failure to comply with the terms of the revenue improvement program or failure to achieve Minimum Performance Requirements will allow us to terminate this Agreement. The Minimum Performance Requirements are not a representation or guarantee of any financial results to Franchisee from the exercise of the rights granted in this Agreement.

6.20 ~~22~~ **Territory Visits and Inspections.** You are required to permit our representatives to inspect the operations of the Franchised Business and to enter your business premises during normal business hours to review records, to observe, photograph and record operations, to remove samples of goods, materials and supplies for testing and analysis, and to interview your customers, employees, and vendors. You are required to provide assistance as requested by our representatives. Upon notice from us, you are required to immediately begin any steps necessary to correct deficiencies noted during a Territory visit.

6.21 ~~23~~ **Brand Standards Assessments.** You are required to comply with our Brand Standards monitoring program, at your own expense. The program may include, among other things, customer satisfaction surveys, mystery shopper reports, employee satisfaction and perception surveys, health and safety reviews, and third-party observation of your operations. If you do not achieve the minimum score or standard that we prescribe for a specific Brand Standards category, we may require you and/or your employees to complete additional training at a location we designate, at your expense. If you do not achieve the prescribed minimum score or standard on two consecutive assessments or on three or more assessments in any five (5) year period, we will have the right to terminate this Agreement under Section 16.1.

6.22 ~~24~~ **Brand Programs.** You are required to participate in and comply with any other programs that we prescribe for Franchised Businesses.

~~25.~~

6.23 ~~26~~ **Employer Responsibilities.** You are required to maintain proper staffing in the Franchised Business to meet Brand Standards. You have sole responsibility for all employment decisions and functions relating to the Franchised Business, including but not limited to decisions related to recruiting, screening, hiring, firing, scheduling, training (other than the training in Section 5), compensation, benefits, wage and hour requirements, recordkeeping, supervision, safety, security, and discipline of employees. Any information we provide relating to employment matters, whether directly or indirectly, in any form of communication, is a recommendation only and not intended to exercise control over the wages, hours or working conditions of your employees or the means and manner by which they carry out their duties. You alone will direct and control all employees of the Franchised Business, subject only to the Brand Standards that we prescribe to protect the goodwill associated with the Marks, which may include the requirement of initial and periodic drug testing and background checks. You are required

from any claim or allegation that Franchisor or any affiliate is the employer, co-employer, or joint employer of Franchisee, its Owners, or any workers in the Franchised Business.

6.24 ~~27~~ Modifications to System. We reserve the right to modify the System and the products and services offered by the Franchised Businesses from time to time (such as, but not limited to, by adding, deleting, and changing approved products or services, equipment, operating procedures, and Brand Standards). You agree to comply, at your own expense, with all such modifications, including without limitation any associated replacement or renovation of equipment, remodeling, redecoration, modifications to existing improvements, and structural changes.

6.25 ~~28~~ Compliance with Lease. You are required to comply with all terms of the lease or sublease for the Approved Location and all other agreements affecting the operation of the Franchised Business. You are required to use best efforts to maintain a good working relationship with your landlord and refrain from any activity that may jeopardize your right to remain in possession of the Approved Location.

6.26 ~~29~~ Compliance with Laws. You are required to operate the Franchised Business in compliance with all applicable municipal, county, state and federal laws, rules, regulations, and ordinances, including maintaining all regulatory licenses. You have sole responsibility for compliance despite any information or advice that we may provide.

6.27 ~~30~~ Taxes and Indebtedness. You are required to promptly pay when due all taxes and all accounts and other indebtedness you incur in the operation of the Franchised Business. In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but you may not permit a tax sale or seizure or attachment by a creditor against the Franchised Business.

7 ~~7~~ **FEES**

7.1 ~~1~~ Franchise Fee. You must pay us an initial franchise fee as set forth in Attachment A, Franchise Specific Terms (the “Franchise Fee”) upon execution of this Agreement. The initial Franchise Fee is paid in consideration of the rights granted in Section 2 and will be deemed fully earned at the time paid. You acknowledge that we have no obligation to refund the Franchise Fee, in whole or in part, for any reason.

7.2 ~~2~~

7.3 ~~3~~ **Royalty Fee.** You must pay us a monthly royalty fee (the “Royalty Fee”) equal to the greater of (i) 7% of your Gross Revenue (as defined in Section 7.2(a)) for the previous month or (ii) the Minimum Royalty. The Royalty Fee is non-refundable and is paid in consideration of the ongoing right to use the Marks and the System in accordance with this Agreement and not in exchange for services rendered by us. The “Minimum Royalty” is determined as follows:

MINIMUM ROYALTY
Months 0-6: None
Months 7-12: Calculated Using 50% of the Minimum Performance Requirement
Months 13 to Expiration Date: Calculated using the full Minimum Performance Requirement

a) “Gross Revenue” means all revenue that you receive or otherwise derive from operating the Franchised Business, including the sale of commissioned art pieces, and any revenue derived from organizing and hosting off-site events, whether from cash, check, credit or debit card, gift card or gift certificate, or other credit transactions, and regardless of collection or when you actually provide the products or services in exchange for the revenue. If you receive any proceeds from any business interruption insurance applicable to loss of revenue at the Franchised Business, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. Gross Revenue includes promotional allowances or rebates paid to you in connection with your purchase of products or supplies or your referral of customers. Gross Revenue does not include (i) any bona fide returns and credits that are actually provided to customers, (ii) any bone fide shipping charges that you collect from a customer and actually pay to a third-party shipping or logistics company for the delivery of items to customers, and (iii) any sales or other taxes that you collect from customers and pay directly to the appropriate taxing authority. You may not deduct payment provider fees (i.e., bank or credit card company fees and gift card vendor fees) from your Gross Revenue calculation.

7.4 ~~4~~ **Brand Fund Contribution.** You are currently required to contribute 2% of your monthly Gross Revenue to the Brand Fund. We reserve the right to increase the Brand Fund Contribution, to an amount not to exceed 3% of your monthly Gross Revenue. The Brand Fund contribution will be calculated for the same period and paid in the same manner as the royalty fee and will be used as described in Section 10.2.

7.5 ~~5~~ **Technology Fees.** You must pay to us, or a third party that we designate, a technology fee for various technology services that we will provide or arrange for third parties to provide, which services are subject to change over time (a “Technology Fee”). The Technology Fee is \$250 per month plus an additional \$0.50 per pet over 300 per month and is subject to increase upon 30 days written notice to you. The Technology Fee begins from the date that you begin receiving the technology services. The first month will be assessed pro rata from the date on which you begin receiving the technology services. The Technology Fee currently includes fees related to your access to and usage of our reservation system, our intranet, any mobile applications we develop, and the System Website. We may add, delete, or otherwise modify the products and services that are included in the Technology Fee.

7.6 ~~6~~ **Service Deficiency Reimbursements.** If a customer of the Franchised Business complains to us that your services were deficient and we determine, after discussion with you, that there is merit to the customer’s complaint, we reserve the right to perform or cause to be performed services to the customer’s satisfaction or to reimburse the customer for any money the customer may have paid for the deficient services. You are required to promptly reimburse us for any costs we incur to perform the services or to reimburse the customer, upon receipt of an invoice from us.

7.8 ~~8.~~ Non-Compliance Royalty Rate. If we determine that Franchisee is not in compliance with this Agreement, we are entitled to give notice declaring Franchisee non-compliant. Such notice shall be delivered with sufficient detail to provide Franchisee the opportunity to cure its non-compliance. As of the first Royalty Fee payment due date to occur more than ten (10) days after delivery of the notice of non-compliance by Franchisor and continuing until the non-compliant condition has been removed, Franchisor shall have the right to assess Royalty Fees at the rate one percent (1%) higher than the rate payable under Section 7.2, in Franchisor's sole and absolute discretion. This right is cumulative of all other rights of Franchisor arising from Franchisee's non-compliance.

7.9 ~~9.~~ Payment Method. For all amounts payable to us, you are required to use the payment method(s) that we designate from time to time. If we require payment by Automated Clearing House (ACH) or electronic funds transfer, you are required to designate an account at a commercial bank of your choice (the "**Account**") from which we are able to make withdrawals. You agree to complete and submit to us an authorization for Automated Clearing House or other electronic funds in such form as we or your financial institution may require. You agree to maintain sufficient funds in the Account to cover the amounts payable to us. If funds in the Account are insufficient to cover the amounts payable at the time we make our periodic electronic funds transfer, the amount of the shortfall will be deemed overdue. Additionally, if the electronic funds transfer payment request is returned due to insufficient funds, you are required to pay us a fee equal to the greater of: (a) \$50 or (b) the amount the bank charges us due to the insufficient funds. If we permit you to pay with a credit card, you agree to reimburse us for the resulting charges we incur, subject to applicable law.

7.10 ~~10.~~ Late Reports and Estimated Payments. If Franchisee's Gross Revenue report required by Section 8 is not received when due, (i) all payments owed by Franchisee for such time period shall be deemed overdue until the reports are received by Franchisor, regardless of whether payment was actually made; (ii) Franchisee shall be responsible for applicable late fees and interest under Section 7.9; and (iii) Franchisor will have the right to estimate Gross Revenue (and Franchisee agrees that 15% greater than previously reported Gross Revenue is a reasonable estimate, among other methods to estimate) and to draft from Franchisee's bank account the estimated amount due for royalties, Brand Fund contributions, and any other charges that are calculated based on Gross Revenue. When you provide the delinquent report(s), we will reconcile any difference between the estimated amount and the actual charges due for the period, and, if an overpayment, we will credit you on your next payment obligation to us.

7.11 ~~11.~~ Interest and Late Fees. If any payment to us is overdue, you are required to pay us, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid, at the rate of 12% per annum or the maximum rate permitted by law, whichever is less. In addition, we will have the right to charge a late fee of \$100 for the second occurrence of a payment or report that is more than thirty (30) days past due, \$200 for the third such occurrence, and \$300 for the fourth and each subsequent occurrence. The late fee is to compensate us for our administrative costs incurred in enforcing your obligation to pay us or submit reports to us.

~~12.~~

7.12 Security Interest. To secure payment of: (a) the amounts you owe to us and our affiliates from time to time under this Agreement and under any other agreement between you and us or our affiliates; and (b) the costs and expenses that we and our affiliates incur to collect or attempt to collect amounts due from you and to enforce this Section (together, the "**Obligations**"), you hereby grant us a security interest in all of the assets of the Franchised Business, including but not limited to: (i) all equipment, furnishings, fixtures, motor vehicles, merchandise, inventory, goods and other tangible personal property; (ii) all accounts, accounts receivable, other receivables, contract rights, leases, software, chattel paper and general intangibles; (iii) all instruments, documents of title, policies and certificates of insurance, securities, bank deposits, bank accounts and cash; (iv) all books, records and documents; (v) all permits and licenses for the operation of the Franchised Business; and (vi) all accessions, additions and improvements to, and all replacements, substitutions and parts for, and all proceeds and products of, the foregoing, including proceeds of insurance (collectively, the "**Collateral**"). Franchisee agrees to execute and deliver to Franchisor any other documents reasonably requested by

~~13~~the priority of the security interest granted above. Franchisee hereby appoints Franchisor as its agent and attorney-in-fact to execute and deliver documents and to take all other actions (to the extent permitted by law) in Franchisee's name and on Franchisee's behalf that Franchisor may deem necessary or advisable to create, maintain, perfect, assure the priority of, or foreclose its security interest in and lien on the Collateral. This appointment is coupled with an interest and is irrevocable as long as any of the Obligations remain outstanding.

7.13 ~~14~~No Set-off; Application of Payments. Your obligation for timely payment of the fees in this Agreement is absolute and unconditional. You may not set off, deduct, delay, escrow, or withhold any payment based on our alleged non-performance of obligations, including any money you allege that we or our affiliates owe you or any other claims that you believe you have against us or our affiliates. We can apply payments received from you to royalty fees, Brand Fund contributions, technology fees, purchases from us or our affiliates, interest, late charges, or any other obligation in the order we choose, regardless of any designation you make.

7.14 ~~15~~Taxes. The payments that you are required to make to us must be the gross amount determined according to the applicable section of this Agreement without deduction for any taxes. You will pay all state and local taxes, including, without limitation, taxes denominated as franchise, business, gross receipts, commercial activity, property, ad valorem, sales, use, or excise taxes, that may be imposed on us or you arising out of or related to our receipt or accrual of fees referenced under this Agreement or related agreements, or ownership or use of any property or materials in your Territory in the course of providing services to you under this Agreement. In any case, you will pay to us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes, penalties, interests, or expenses), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required. If you fail to withhold or pay any such obligations to the appropriate government authority, you must indemnify us for any obligations including penalties, interest, and expenses (including legal and accounting fees) resulting from your failure to timely withhold or to pay the taxes.

7.15 ~~16~~Transfer Fee. If you transfer (as defined in section 15.2) your Franchised Business or this Agreement, you must pay us a Transfer Fee as specified in section 15.2.3.

~~17~~:

8. ~~8~~**REPORTS, FINANCIAL STATEMENTS, CUSTOMER DATA, AND DATA SECURITY**

8.1 ~~1~~Business Records and Reports. You are required to prepare, and to preserve for at least five (5) years from the dates of their preparation, complete and accurate books, records, and accounts, in accordance with generally accepted accounting principles and in the form and manner we prescribe. We may designate the chart of accounts and/or the accounting program or platform that you are required to use. You are required to provide to us upon request all books, records, tax returns, accounting records, and supporting documents relating to the Franchised Business, including but not limited to daily cash reports, cash receipts journals, general ledgers, cash disbursement journals, weekly payroll registers, monthly bank statements, daily deposit slips, canceled checks, credit card statements, business tax returns, personal tax returns for all Owners and guarantors, supplier invoices, balance sheets, income statements, records of promotions and coupon redemptions, and lists of customers (both current and past) serviced by the Franchised Business. Concurrently with each payment of the Royalty Fee, you are required to send us a report of Gross Revenue for the preceding period, and at our request, you are required to send us accounting records, inventory reports, and such other information and supporting records as we may specify. These records are required to be maintained at the Approved Location except as otherwise permitted by Franchisor.

8.2 ~~2~~ **Financial Statements and Tax Returns.** Within fifteen (15) days after the end of each calendar month, you are required to submit a statement of financial condition (a balance sheet) as of the end of the calendar month and a Profit and Loss financial statement for the month and for the fiscal year-to-date. The financial statements are required to be certified as correct and complete by the Key Manager. We have the right to require financial statements on a more frequent periodic basis. By May 1 of each year, you are required to submit to us a copy of the federal and state tax returns for the Franchised Business for the prior year.

8.3 ~~3~~ **Parent and Guarantor Financial Statements.** At our request, you agree to furnish an annual statement of financial condition for each individual or corporate guarantor of your obligations to us and, if applicable, for each of Franchisee's direct and indirect corporate parents.

8.4 ~~4~~ **Access to Your Systems.** You are required to give us independent access to your systems and provide us with login credentials if necessary for that purpose. You are required to maintain an electronic connection with us at all times.

8.5 ~~5~~ **Right to Examine or Audit.** We have the right, at any time, to examine and copy, at our expense, the books, records, accounts, and tax returns of the Franchised Business and the personal tax returns of the Owners. We also have the right, at any time, to have an independent audit made of the books and records of the Franchised Business. You are required to cooperate with the persons making the examination or audit on our behalf. If you or we discover at any time, by means of an audit or otherwise, that there has been an underpayment of royalty fees or other amounts due, you are required to promptly pay the amount due, together with applicable late fees and interest. Your payment and our acceptance of the overdue amounts will not constitute a waiver of or prejudice our right to exercise any other remedy in this Agreement, including termination.

8.6 ~~6~~ **Cost of Examination or Audit.** If we perform an examination or audit due to: (i) your failure to submit reports of Gross Revenue or required financial statements, or (ii) your failure to maintain books and records as required, or if (iii) the cumulative Gross Revenue you report for any period of three consecutive months is more than 2% below the actual Gross Revenue for the period as determined by the examination or audit, then you are required to pay us the cost of the examination or audit, including travel and lodging expenses for the examiners or auditors. For purposes of calculating the cost, we will use hourly rates for our own personnel that are consistent with the rates of mid-level professionals of independent accounting firms.

8.7 **Business and Customer Data.** In this Section: **"Customer Data"** means Personal Information (as defined below), sales and payment history, and all other information about any person or entity the Franchised Businesses have serviced, wherever stored, including data regarding customers of businesses converted to a Franchised Business, and any other information we may identify in the Brand Standards Manuals; **"Personal Information"** includes any information that, by itself or in conjunction with other information, may be used to specifically identify an individual, such as name, physical address, telephone number, e-mail address, social media accounts, billing and payment history, customer service requests, and any other information as defined in applicable law; and **"Business Data"** means all financial reports, vendor and supplier pricing data, and all other data about the Franchised Businesses other than Customer Data. Franchisee agrees that:

8.7.1 ~~8.1~~ We have the right to independently access all Business Data, wherever maintained. Franchisor also has the right to require Franchisees to deliver Business Data to Franchisor. Franchisor has the right to use (and to authorize others to access and use) Business Data to, among other uses: ~~(i)~~
(i) verify sales; (ii) monitor progress of its franchisees, including compliance with Minimum Performance Requirements; (iii) prepare a financial performance representation for Franchisor's Franchise Disclosure Document; and (iv) share vendor and supplier pricing data with its affiliates.

~~8.7.2~~ ~~8.2~~ Franchisor owns and has the right to access all Customer Data, in whatever form existing, and wherever stored. Because we own the Customer Data, including Personal Information, we can share it with our affiliates, service providers, contracted third parties, or any other person, for any purpose, without notifying or compensating you, both during and after this Agreement, including for the performance of services for Franchisor or its parents or affiliates, as well as for marketing and cross-selling products and services of any of the foregoing parties. Whenever we request, and without request upon termination or expiration of this Agreement, you are required to promptly deliver to Franchisor all Customer Data in your possession or control, without retaining any of Customer Data in any media. You may not sell or disclose to anyone else any Personal Information or aggregated or non-aggregated Customer Data without first obtaining our written consent. In the event of an approved sale of the Franchised Business to a new owner who will continue to operate the Franchised Business under an agreement with us, you may not transfer the Customer Data to the new owner. You agree to install and maintain the security measures and devices necessary to protect Customer Data from unauthorized access or disclosure, including (but not limited to) the minimum measures in Section 8.8.

~~9. — Privacy and Security:~~

~~8.8~~ 8.8 Privacy and Security. You are required to comply with applicable laws and our requirements pertaining to the collection, use, processing, protection, integrity, transfer of, consumer access to, correction of, and deletion of Personal Information. You are required to ensure that you collect Personal Information with express or implied consent of the consumer. Where required by applicable law, you are required to provide a written privacy notice to consumers regarding your collection, use, and disclosure of Personal Information, and are required to comply in all respects with any such written privacy policy. In addition to any restrictions set forth in Section 8.7.2 above, if Franchisor provides Franchisee with Personal Information (i) for the purpose of performing a service on behalf of Franchisor, or (ii) at the direction of the consumer, then the following restrictions shall apply to Franchisee's use of such Personal Information: Franchisee shall not (i) sell, rent, release, disseminate, make available, transfer, or otherwise communicate orally, in writing, or by electronic or other means, Personal Information; (ii) retain, use, or disclose Personal Information for any purpose other than fulfilling the purpose for which it was provided and as permitted in this Agreement, including any restrictions set forth in Section 10; or (iii) retain, use, or disclose Personal Information outside of the direct business relationship between Franchisor and Franchisee. If Franchisor provides Personal Information to Franchisee, Franchisee certifies that it understands and will comply with the restrictions and obligations under any applicable laws on such Personal Information. Upon Franchisor's request, Franchisee shall provide reasonable assistance to Franchisor in complying with any request from a consumer to exercise rights under any applicable law. Without limiting the foregoing, upon Franchisor's request, Franchisee shall delete some or all Personal Information that Franchisee maintains.

~~9.2~~

~~8.8.1~~ ~~9.3~~ You are required to implement industry-standard administrative, physical, and technical security measures and devices to protect data from unauthorized access, acquisition, loss, destruction, disclosure or transfer. Without limiting the foregoing, you agree to comply with the then-current Payment Card Industry Data Security Standards (PCI/DSS), as those standards may be revised by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org) or successor organization; to implement the security requirements that the Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards; and to complete PCI/DSS audits as and when required by the standards. Compliance with PCI/DSS is not a guarantee that a security breach will not occur. Any losses or expenses we incur as a result of an actual or suspected security breach will be subject to indemnification under Section 20.

8.9 ~~10.~~ Data and Network Security. You are required to implement industry-standard administrative, physical, and technical security measures and devices to protect data (whether Personal Information, Customer Data, Confidential Information, intellectual property, or other data) and any portion of the Franchised Business from unauthorized access, acquisition, loss, destruction, disclosure or transfer. Franchisee is solely responsible for protecting the Franchised Business from computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders. Franchisee waives any and all claims Franchisee may have against Franchisor as the direct or indirect result of such disruptions, failures or attacks. Franchisee is also required to use best efforts to verify that Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This includes best efforts to secure Franchisee's systems, including, but not limited to, use of firewalls, access code protection, anti-virus systems, and backup systems. In the event of a known or suspected security breach, you agree to notify us promptly and comply with applicable laws and any instructions from us regarding response to the breach.

8.10 ~~11.~~ Late Report Fee. To encourage prompt delivery of all Gross Revenue reports, Customer Data, Certificates of Insurance, and any other reports or records required or that may be requested by Franchisor under this Agreement, Franchisee shall pay, upon demand, for each report or record that Franchisee fails to deliver when due, a late report fee under Section 7.8.

8.11 ~~12.~~ Third Party Information. Franchisee hereby authorizes Franchisor and its agents and representatives to make credit and background checks of Franchisee and Owners, and to make inquiries of Franchisee's bank, suppliers, and trade creditors concerning the Franchised Business and hereby directs such persons and companies to provide to Franchisor such information and copies of documents pertaining to the Franchised Business as Franchisor may request.

8.12 ~~13.~~ Licenses. Franchisee is required to provide to us, within 10 days after you receive them and upon our request, true and correct copies of all state and other licenses related to the Franchised Business and correspondence related to renewals, expirations, or denials thereof.

~~14.~~

9. ~~9.~~ **INSURANCE**

9.1 ~~1.~~ Basic Requirements. You must maintain the types and minimum amounts of insurance coverage and bonds we specify for Franchised Businesses, at your own expense. The policies must be written by carriers with an industry rating acceptable to us; must name Franchisor, our affiliates, and their respective officers, directors, shareholders, and employees as additional insureds as we direct; and must not have deductibles, exclusions or co-insurance that are unacceptable to us. Each insurance policy must contain a waiver by the insurance company of subrogation rights against Franchisor, its affiliates, and their successors and assigns. You are required to provide us with evidence of all required insurance coverage and payment of premiums at the times we require. At least thirty (30) days before each insurance policy expires, you are required to furnish a copy of renewal or replacement insurance and evidence of payment of the premium. Your obligation to obtain coverage is not limited by insurance that we maintain.

9.2 ~~2.~~ Changes. We have the right to increase the amounts of insurance coverage required and to require different or additional kinds of insurance. If you do not have the insurance required by this Agreement, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you agree to reimburse us for the cost of insurance, plus a reasonable fee for our services.

10. ~~10.~~ — **MARKETING AND ADVERTISING**

10.1 ~~1.~~ **Acknowledgments.** You acknowledge the importance of standardization of marketing and advertising programs to the goodwill and public image of the System, the Marks, and Franchised Businesses generally. You further acknowledge our rights in this Section to modify advertising, marketing and public relations programs and the manner in which marketing and advertising funds are used from time to time.

10.2 ~~2.~~ **Brand Fund.** You are required to contribute to the Brand Fund as provided in Section 7.3. The purpose of the Brand Fund is to support general recognition of the Franchised Businesses and the Brand. The Brand Fund will operate as follows:

10.2.1 ~~2.1~~ We will have the right to direct all advertising, marketing, public relations, and other activities to promote, develop and enhance the Brand, with final discretion over strategic direction, creative concepts, the materials and endorsements to be used, and the geographic market and media placement. We may use the Brand Fund to pay costs and expenses as we determine in our sole discretion, including but not limited to: production of video, audio, written, online and mobile marketing materials; purchasing promotional items; sponsorship of sporting, charitable, or similar events; design, establishment, and maintenance of websites, social media, mobile applications and other electronic marketing; implementation of advertising programs, in-store promotions, direct mail, and media advertising; marketing and sales training; employing advertising agencies; conducting public relations, consumer research, product development, product testing, and test marketing programs; developing and implementing trade dress and design prototypes; fulfillment charges; salaries and expenses of employees of Franchisor and affiliates working for or on behalf of the Brand Fund; fees of accounting firms, design firms, public relations firms, consultants and ad agencies; legal fees for advertising pre-clearance, defense of false advertising claims, and defense of any claims made regarding our administration of the Brand Fund; other administrative costs and overhead incurred in activities related to the administration and activities of the Brand Fund; and interest on any monies borrowed by the Brand Fund.

10.2.2 ~~2.2~~ We will make available to you any creative materials financed by the Brand Fund. You agree to pay or to reimburse us for any costs to reproduce the materials and/or to customize the materials for your use.

~~2.3~~

10.2.3 ~~2.4~~ We may seek the advice of franchisees by formal or informal means with respect to the creative concepts and media used for programs financed by the Brand Fund. We retain final authority on all programs financed by the Brand Fund. We have the right to incorporate, replace, change, or dissolve the Brand Fund.

10.2.4 ~~2.5~~ We will not be obligated, in administering the Brand Fund, to make expenditures for you that are equivalent or proportional to your contributions, or to ensure that any particular franchisee or Franchised Business benefits directly or pro rata from expenditures by the Brand Fund. You have no right to reduce or withhold contributions based on any alleged lack of benefits to the Franchised Business or based on failure by any other franchisee (with or without our permission) to make its contributions to the Brand Fund.

10.2.5 ~~2.6~~ Nothing in this Agreement is intended or will be construed to impose a trust or fiduciary duty on Franchisor in connection with the Brand Fund, including, but not limited to, with respect to the collection of contributions, maintenance of the bank account, bookkeeping, and disbursement of monies from the Brand Fund. Except as expressly provided in this Section 10.2, we assume no direct or indirect liability or obligation to you with respect to maintenance, direction, or administration of the Brand Fund.

10.3 ~~3~~ **Pre-Opening and Grand Opening Marketing.** We recommend that you conduct pre-opening and grand opening marketing for the Franchised Business in accordance with a plan that you will create, subject to our approval. You are required to spend at least \$10,000 to implement the pre-opening/grand opening marketing plan. We reserve the right to require you to deposit with us the funds required under this Section, which we will distribute as necessary to carry out the approved plan. If you purchase more than 1 Protected Territory, you will be required to spend the following amounts:

Total Number of Territories Purchased	Aggregate Pre-Opening and Grand Opening Marketing Obligation
Two	\$15,000
Three	\$20,000

10.4 ~~4~~ **Local Marketing.** You are required to spend at least \$3,000 per month for local advertising and promotion of the Franchised Business (“**Local Marketing**”). This is in addition to your obligations under Sections 10.2 and 10.3. We have the right to specify that you pay Local Marketing funds to us, our affiliate, or a third-party vendor. We and our affiliates may earn revenue and profits on products or services we provide and may receive rebates, licensing fees, administrative fees, commissions, or other payments on products and services that third party vendors provide. With respect to all Local Marketing funds you pay to a third party, you are required to provide us with monthly Local Marketing expense statements (including receipts supporting the reported expenditures) evidencing compliance with the Local Marketing spend requirements. All Local Marketing is required to be approved by us pursuant to Section 10.6 below. You must be listed in the local Internet based directories and in the Yellow Pages or comparable telephone directory if available, as we designate.

~~5.~~

10.5 ~~6~~ **Joint Marketing Programs and Cooperatives.** We have the right to organize: (1) co-marketing programs in which Franchised Businesses and vendors (or other third parties) cross-promote each other’s goods and services; (2) joint marketing efforts in which multiple Franchised Businesses contribute to a specific ad or event; and/or (3) local or regional marketing co-operatives (“**Cooperatives**”) that pool funds of Franchised Businesses in a geographic area or with common characteristics on an ongoing basis to jointly promote the Marks and the Franchised Businesses. The amount we require you to spend or contribute to joint marketing programs and/or a Cooperative will be credited to your obligation for Local Marketing under Section 10.4 or, at our option, to your Brand Fund obligation under Section 7.3, or any combination of the two. You are required to participate in each applicable joint marketing program and comply with the rules of the program. If an existing Cooperative is applicable to your Franchised Business at the time it opens, you are required to immediately become a member of the Cooperative. If a Cooperative applicable to the Franchised Business is established during the term of this Agreement, you are required to become a member no later than thirty (30) days after the date we approve for the Cooperative to begin operation. We have the right to designate any geographic area or set of common characteristics for purposes of establishing a Cooperative.

10.6 ~~7~~ **Approval Requirement.** All proposed advertising and promotional plans and materials that you intend to use are required to meet our standards and specifications and be submitted to us for approval at least, thirty (30) days before their intended use. You are required to use the method(s) we specify to submit materials for approval. You do not have to submit samples of plans or materials that were prepared by us or that we have approved within the last twelve (12) months. Proposed advertising plans or materials are deemed to be disapproved unless we have approved them in writing within fifteen (15) days after your submission of the samples. All advertising and promotion is required to be in the media and of the type and format that we approve, conducted in a dignified manner, and conform to our standards.

10.7 ~~8.~~ Ownership of Advertising and Promotional Materials. You agree that Franchisor owns all copyrights and other rights to all existing and future advertising and promotional materials that contain any of the Marks or that otherwise relate to the Franchised Business, as well as any products, materials, and rights that result from any advertising, marketing, and promotional programs created, purchased, produced or conducted by or on behalf of Franchisee, Franchisor, the Brand Fund, or any Cooperative, regardless of the party that created such materials. No copyrights or other rights or interest in any tangible or intangible materials or in the Marks will vest in Franchisee as a result of any contribution to, or participation in, any advertising, marketing, or promotional program. If, notwithstanding this provision, Franchisee is deemed to have acquired any copyrights, contractual rights or common law rights in any advertising programs or materials, Franchisee shall execute (and shall cause its employees and agents to execute) such documents or instruments as Franchisor requests to effect assignment of such rights to Franchisor or its affiliate.

10.8 ~~9.~~ Solicitation of New Franchisees. We may from time to time develop advertising and promotional materials and displays for the solicitation of franchisees for the Brand. You agree to display all such materials and displays as required by us from time to time.

10.9 ~~10.~~ Media Appearances. You shall not make any television or radio appearance, or make any statement to any public media, in connection with any Franchised Business or the Brand unless you obtain our prior written approval.

~~11.~~

10.10 ~~12.~~ Electronic Marketing and Electronic Communications. Unless we have agreed to it in writing, you may not use, register, maintain, or sponsor any website, URL, social media, blog, messaging system, email account, username, text address, mobile application, or other digital, electronic, mobile or Internet presence that uses or displays any of the Marks (or any derivative thereof) or that promotes any products or services of the Franchised Business. The use of any digital or electronic medium constitutes advertising and promotion subject to our approval under Section 10.6. You agree not to post or transmit, or cause any other party to post or transmit, advertisements or solicitations by telephone, e-mail, text message, instant message, website, social media, mobile apps, VoIP, streaming media, or other electronic media that are inconsistent with our brand advertising guidelines and standards. The brand advertising standards may include the use of disclaimers, warnings, and other statements that Franchisor may prescribe. You are responsible for ensuring that your employees do not violate the policies relating to the use of social media. We have the right to require that social media accounts, profiles, pages, and registrations that primarily promote the Marks or the Franchised Business be registered in Franchisor's name. For any such accounts that we permit to be registered in Franchisee's name, you agree to provide us with the current login credentials within five

(5) days after opening the account or changing the credentials. You agree that we have the rights to: (i) access any social media accounts to take corrective action if the account or any postings are in violation of our policies; and (ii) take ownership of the accounts on expiration or termination of this Agreement and operate them thereafter as we see fit. We may offer to provide, or may require that you have, a website for your Franchised Business (which may be structured as a separate page of a consumer website(s) supported by the Brand Fund).

11. ~~13.~~ LICENSED MARKS AND COPYRIGHTS

11.1 ~~1.~~ Identification of the Franchised Business; Public Notice of Independent Status. You are required to operate, advertise, and promote the Franchised Business only under the Marks. In conjunction with any use of the Marks, you are required to conspicuously identify yourself in all dealings with customers, employees, contractors, suppliers, public officials, and others as an independent franchisee operating under authority of this Agreement. You are required to display a prominent notice, in the form that we prescribe, in the Franchised Business and on all business cards, stationery, advertising, signs, invoices, and other materials, identifying us as the owner of the Marks and stating that you are a licensed user of the Marks.

11.2 ~~2.~~ Your Acknowledgments. You acknowledge that: (a) the Marks are valid and serve to identify the Brand and the Franchised Businesses operating under the System; (b) your use of the Marks under this Agreement does not give you any ownership interest in the Marks; and (c) all goodwill associated with and identified by the Marks belongs exclusively to Franchisor. Upon expiration or termination of this Agreement, no monetary amount will be attributable to goodwill associated with your activities as a franchisee under the Marks. Both during and after this Agreement, you agree not to contest or aid in contesting the validity or ownership of the Marks or take any action harmful to our rights in the Marks.

11.3 ~~3.~~ Limitations on Use of the Marks. You agree to:

11.3.1 ~~3.1~~ Use the Marks only for the operation of the Franchised Business within the Territory, for approved activities outside of the Territory, and for approved marketing and advertising for the Franchised Business;

11.3.2 ~~3.2~~ Use the Marks to promote and to offer for sale only the products and services that we have approved, and not use any Marks in association with the products, materials or services of others;

11.3.3 ~~3.3~~ Use only the Marks designated by us and use them only in the manner we authorize;

11.3.4 ~~3.4~~ Comply with our instructions in filing and maintaining any requisite trade name or fictitious name registrations, and sign any documents we deem necessary to obtain protection for the Marks or to maintain their continued validity and enforceability;

~~3.5~~

11.3.5 ~~3.6~~ Not independently register or apply for registration of any trademark, service mark, trade name, domain name or electronic identifier relating directly or indirectly to the Marks, anywhere in the world, without our prior written consent. Any such registration or application by you, whether or not authorized by us, will be deemed to be owned by Franchisor and you agree to take such steps, including signing an assignment document, as we may request to confirm our ownership;

11.3.6 ~~3.7~~ Permit us or our representatives to inspect your operations to assure that you are properly using the Marks;

11.3.7 ~~3.8~~ Not use the Marks to incur any obligation or indebtedness on our behalf;

11.3.8 ~~3.9~~ Not use any of the Marks as part of your corporate or legal name;

11.3.9 ~~3.10~~ Not use any of the Marks on any employee forms, employee manuals, employee policies, pay stubs, benefits forms, payroll records, or other employee materials; and

11.3.10 ~~3.11~~ Ensure that the Marks bear the ®, ™, or ™ symbol, as we prescribe.

11.4 ~~4~~ **Changes to the Marks.** We have the right to change, discontinue, or substitute for any of the Marks and to adopt new Marks that you are required to or may use. You agree to implement any such change at your own expense.

11.5 ~~5~~ **Copyrighted Materials.** You acknowledge that Franchisor is the owner of certain copyrighted or copyrightable works (the “**Works**”) and that the copyrights in the Works are valuable property. The Works include, but are not limited to, the Brand Standards Manuals, advertisements, promotional materials, signs,

Internet sites, mobile applications, vehicle graphics, and facility designs. We authorize you to use the Works on the condition that you comply with all of the terms and conditions of this Section 11. This Agreement does not confer any interest in the Works on you, other than the right to use them in the operation of the Franchised Business in compliance with the terms of this Agreement. If you prepare any adaptation, translation or other work derived from the Works, whether or not authorized by us, you agree that the material will be our property and you hereby assign all your right, title, and interest therein to us. You agree to sign any documents we deem necessary to confirm our ownership.

11.6 ~~6~~ **Third-Party Challenges.** You agree to notify us promptly of any unauthorized use of the Marks or Works that you suspect or of which you have knowledge. You also agree to inform us promptly of any challenge to the validity of, our ownership of, or our right to license others to use any of the Marks or Works. We have the exclusive right (but no obligation) to initiate, direct and control any litigation or administrative proceeding relating to the Marks and Works, including any settlement. You agree to sign documents and render any other assistance our counsel may deem necessary to protect our interests in the Marks and the Works.

11.7 ~~7~~ **No Representation.** Franchisor makes no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of the Marks or Works.

~~8.~~

12. BRAND STANDARDS MANUALS

We will furnish you with one copy of, or electronic access to, the Brand Standards Manuals. We own the copyright in the Brand Standards Manuals and any portions in your possession or control are on loan from us and remain our property. We have the right to modify the Brand Standards Manuals at any time to reflect changes in the Brand Standards. In the event of a dispute about the contents of the Brand Standards Manuals, the master copy at our principal office takes precedence. The Brand Standards Manuals and any credentials necessary to access digital versions of the Brand Standards Manuals are part of the Confidential Information.

13. CONFIDENTIAL INFORMATION

13.1 ~~1~~ **Nondisclosure.** You are prohibited, both during and after the term of this Agreement, from communicating or divulging Confidential Information to any unauthorized person and from using Confidential Information for your benefit or for the benefit of any other person, other than for operation of the Franchised Business. You may divulge Confidential Information only: (i) to your employees and agents who must have access in order to carry out their duties relating to the Franchised Business; and (ii) to your contractors and landlord with our prior written approval. All information that we designate as confidential will be deemed to be Confidential Information for purposes of this Agreement.

13.2 ~~2~~ **Individuals Affiliated with the Franchised Business.** At our request, the Owners, Key Manager, and any employees we designate are required to sign a separate Confidentiality and Non-Compete Agreement in the form of Exhibit H to the Franchise Disclosure Document. At our request, you are required to use best efforts to obtain signed confidentiality agreements from your landlord, contractors, and any other person outside of your organization to whom you wish to disclose any of our Confidential Information. The confidentiality agreements are required to be in a form satisfactory to us and identify us as a third-party beneficiary with the independent right to enforce the agreement.

13.3 ~~3~~ **Improvements.** You may not introduce any Improvement into the Franchised Business without our prior written consent. Any Improvement developed by you or any Owner, employee or agent of Franchisee is the property of Franchisor. At our request, you are required to provide us with information about the Improvement and sign any documents necessary to verify assignment of the Improvement to us, without compensation. We will have the right to use, disclose, and/or license the Improvement for use by others.

14. ~~14.~~ **RESTRICTIONS ON COMPETITION**

14.1 ~~1~~ **During the Term.** The relationship established by this Agreement will provide access to valuable Confidential Information, training, and business opportunities that you and the Owners did not possess before entering into this Agreement. Accordingly, while this Agreement is in effect, except as we otherwise approve in writing, you may not, either directly or indirectly:

1.16 ~~1.1~~ Own, maintain, operate, engage in, invest in, be employed by, provide any assistance to, or have any interest in any “**Competing Business**,” as defined in this Agreement or any other agreement which is part of this Franchise Disclosure Document; or

1.17 ~~1.2~~ Appropriate or duplicate any part of the System for a purpose other than to operate the Franchised Business or divert or attempt to divert any present or prospective business or customer to any Competing Business or do anything else harmful to the goodwill associated with the Marks and the System.

~~1.3~~

2.14.2 ~~14.2~~ **After Expiration, Termination or Transfer.** You agree that you will not, for a period of two (2) years commencing on the date of: (a) a transfer permitted under Section 15 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); or (d) a final arbitration or court order (after all appeals have been taken) with respect to enforcement of this Section

14.2 ~~14.2~~ to the extent such order is later than the respective foregoing event:

14.2.1 ~~2.1~~ Own, maintain, operate, engage in, invest in, be employed by, provide assistance to, or have any interest in any Competing Business that is located in or serves customers within (i) the Territory, (ii) forty (40) miles of the Territory, (iii) any zip code where Franchisee’s Franchised Business served customers during the term, (iv) the territory of any other then-existing Franchised Businesses plus the area formed by extending the boundaries of that territory ten (10) miles in all directions, or (v) the territory serviced by any business operated by Franchisor, its affiliates or their licensees under the Marks at such time plus the area formed by extending the boundaries of that territory ten (10) miles in all directions; or

14.2.2 ~~2.2~~ Appropriate or duplicate any part of the System for a purpose other than to operate a Franchised Business under a valid agreement with us, or divert or attempt to divert any present or prospective business or customer to any Competing Business, or do anything else harmful to the goodwill associated with the Marks and the System.

14.3 ~~3~~ Enforcement.

14.3.1 ~~3.1~~ You acknowledge that a violation of this Section 14 would result in irreparable injury for which no adequate remedy at law may be available. You consent to the issuance of an injunction, without the need to post bond, prohibiting any violation of this Section 14. Injunctive relief is in addition to any other remedies we may have.

14.3.2 ~~3.2~~ Neither you nor any person bound by the restrictions of this Section 14 may circumvent the restrictions by engaging in prohibited activity indirectly through any other person or entity.

14.3.3 ~~3.3~~ For the individuals who are bound personally by the restrictions in this Section 14 or by a separate non-competition agreement with you or us, the time period in Section 14.2 will run from the expiration, termination, or transfer of the Franchised Business or from the end of the individual's relationship with Franchisee, whichever occurs sooner.

14.3.4 ~~3.4~~ The time periods in Section 14.2 and Section 14.3.3 will be tolled for any period of time during which Franchisee or the restricted individual is in breach of the section and will resume only when Franchisee or such person begins or resumes compliance.

14.3.5 ~~3.5~~ The existence of any claim Franchisee or any Owner may have against Franchisor or its affiliates, whether or not arising under this Agreement, shall not constitute a defense to Franchisor's enforcement of the restrictions in this Section 14 or any separate confidentiality or non-competition agreement.

14.3.6 ~~3.6~~ You represent that Franchisee and each of its Owners possess skills and abilities of a general nature that provide them with other opportunities for employment and, therefore, our enforcement of the restrictions in Sections 14.2 and 14.3.3 will not deprive Franchisee or any of its Owners of their personal goodwill or ability to earn a living through alternative means.

14.3.7 ~~3.7~~ We have the right to reduce the scope of any restriction in this Section 14, effective immediately upon written notice to Franchisee.

~~3.8~~

15. ~~15~~ SALE OR ASSIGNMENT

15.1 ~~1~~ No Transfer of Interest without Our Consent. We have entered into this Agreement in reliance on the business skill, financial capacity, and personal character of Franchisee and its Owners. Accordingly, neither Franchisee nor the Owners may sell, assign, give away, pledge, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) any direct or indirect interest in this Agreement, in the assets of the Franchised Business, or in the equity ownership of Franchisee without obtaining our prior written consent. This section applies to any transfer that would occur by any mechanism, including but not limited to family financial planning, estate planning, corporate reorganization, issuance or offering of securities, employee ownership plans, divorce, new marriage, bankruptcy, or receivership. If Franchisee is a corporation, limited liability company, or other business entity, this Section also applies to the transfer of a direct or indirect ownership interest in Franchisee. We can approve or disapprove the proposed transferee in our sole discretion. If we approve the proposed transferee, we can still impose conditions on the transfer. Franchisee and the Owners agree that the conditions in Sections 15.2 through

15.7 below are reasonable and that they do not preclude other conditions that we may impose. Franchisee and the Owners agree to notify us in writing of each proposed transfer, to provide all information and documentation relating to the proposed transfer that we request, and to refrain from completing the transfer until we advise you that all requirements of this Section 15 have been satisfied. If we have not responded within sixty (60) days after receiving all requested information, we will be deemed to have

transferring party if we approve the transfer. If we do not approve the transfer, you are required to continue to operate the Franchised Business in accordance with this Agreement.

15.2 ~~2~~ Transfer of Business. The conditions set forth in this Section apply to a proposed transfer of this Agreement and/or substantially all of the assets of the Franchised Business, as well as to a proposed transfer, alone or together with other previous, simultaneous, or proposed transfers, of any direct or indirect equity ownership interest in Franchisee that would result in a change of control of Franchisee or the Franchised Business (“**Change of Control**”). Unless waived by Franchisor, the conditions are:

15.2.1 ~~2.1~~ Franchisee and the Owners are required to be in compliance with all obligations to us under this Agreement and any other agreement with us and our affiliates as of the date of the request for our approval of the transfer, or make arrangements satisfactory to us to come into compliance by the date of the transfer.

15.2.2 ~~2.2~~ The proposed transferee is required to:

15.2.2.1 ~~2.2.1~~ Demonstrate to our satisfaction that the proposed transferee and its owners and managers meet all of our then-current qualifications to become a franchisee of the Brand, which may include educational, managerial, and business standards; absence of involvement with Competing Businesses; good moral character, business reputation, and credit rating; and aptitude and ability to operate the Franchised Business. If the proposed transferee is already a franchisee of the Brand, that fact does not guarantee approval to become the operator of the Franchised Business. We have no less discretion with respect to a proposed transferee than we have with granting a new franchise.

15.2.2.2 ~~2.2.2~~ At our option, sign our then-current standard form of Franchise Agreement (or the standard form most recently offered to new franchisees) and related documents. The new Franchise Agreement may include new or increased fees and may otherwise differ, without limitation, from the terms of this Agreement.

15.2.2.3 ~~2.2.3~~ Require all owners of a beneficial interest in the transferee to sign our then-current form of Personal Guarantee and our other then-current standard documents.

15.2.2.4 ~~2.2.4~~ Successfully complete our then-current training requirements.

~~2.2.5~~

15.2.2.5 ~~2.2.6~~ Make arrangements to modernize and upgrade the Franchised Business, at the transferee’s expense, to comply with our then-current Brand Standards.

15.2.2.6 ~~2.2.7~~ If the proposed transferee is another franchisee of the Brand, the proposed transferee is required to not have any outstanding notice of default under any agreements with us, have a good record of customer service and compliance with Brand Standards, and sign a general release in a form acceptable to us.

15.2.3 ~~2.3~~ Franchisee is required to pay us a transfer fee of \$10,000 (“**Transfer Fee**”). If the proposed transferee had been referred to you or us by a third-party (e.g., a broker) with whom we have a referral arrangement, then we must receive as a condition of approval, an additional fee equal to the amount owed under that referral arrangement. If we identify the prospective purchaser, then in addition to the Transfer Fee, we must receive the greater of: (a) \$15,000; (b) three percent (3%) of the total purchase price; or (c) our actual costs to identify the prospective purchaser. Any amounts paid pursuant to this Section are ~~non~~-non-refundable.

15.2.4 ~~2.4~~ Franchisee and all Owners are required to sign a general release, in a form satisfactory to us, of all claims against us and our past, present and future affiliates, officers, directors, shareholders, agents and employees. Franchisee and the Owners will remain liable to us for all obligations

15.2.5 ~~2.5~~ The price and other proposed terms of the transfer must not, in our judgment, have the effect of negatively impacting the future viability of the Franchised Business.

15.2.6 ~~2.6~~ Any financing incurred in connection with the transfer is required to be expressly subordinated to the transferee's obligations to us.

15.3 ~~3~~ Transfer of Minority Ownership Interest. For any proposal to admit a new Owner, to remove an existing Owner, to change the distribution of ownership shown on Attachment A, or otherwise modify the ownership in a way that would not result in a Change of Control of Franchisee or the Franchised Business, Franchisee is required to give us advance notice and submit a copy of all documents and other information concerning the transfer that we may request. We will have a reasonable time (not less than forty-five (45) days) after we have received all requested information to evaluate the proposed transfer. We may withhold our consent or give our consent subject to the conditions in Section 15.2 that we deem to be applicable, except that, instead of a transfer fee, we will only charge (i) the applicable, then-current change of ownership fee set by Franchisor from time to time (as of the Agreement Date, it is the greater of \$500 or Franchisor's external (i.e., not in-house) legal and administrative costs); plus (ii) applicable training fees for each new person that we determine needs training. Each proposed new owner is required to submit a personal application and sign a Personal Guarantee and our other then-current standard documents.

~~4.~~

15.4 ~~5~~ Transfer on Death, Incapacity or Bankruptcy. If Franchisee or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee is required to apply to us in writing within 3 months after the event for consent to transfer the person's interest. The transfer will be subject to Sections 15.2 through 15.6, as applicable. In addition, if the deceased or incapacitated Owner is the Key Manager, we will have the right (but no obligation) to take over operation of the Franchised Business upon giving notice to the executor, administrator, personal representative, or trustee and to manage the Franchised Business until the transfer is completed. If we exercise this right, we can charge a reasonable management fee for our services. For purposes of this Section, "**incapacity**" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of thirty (30) or more consecutive days or (ii) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 15.2, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement. If an interest is not disposed of under this Section 15.4 within one year after the date of death or appointment of a personal representative or trustee, we can terminate this Agreement under Section 16.1.

15.5 ~~6~~ Non-Conforming Transfers. Any purported transfer that is not in compliance with this Section 15 is null and void and constitutes a material breach of this Agreement, for which we may terminate this Agreement without opportunity to cure.

15.6 ~~7~~ Our Right of First Refusal. We have the right, exercisable within thirty (30) days after receipt of the notice of a proposed transfer required by Section 15.1, to send written notice to you that we intend to purchase the interest proposed to be transferred, except that our right of first refusal will not apply if: (i) the sale would not result in a Change of Control; or (ii) the interests would transfer only to the spouse(s) and/or adult children of the Owners. The request for approval of transfer must include a true and complete copy of the term sheet, letter of intent, proposed purchase agreement, assignment document, description of financing or other contingencies, and any other documents we deem necessary to support a prudent business decision on whether to exercise the right of first refusal. We can assign our right of first refusal to someone else either before or after we exercise it.

15.6.1 ~~7.1~~ If the proposed transfer is a sale, we or our designee may purchase on the same economic terms and conditions offered by the third party. Closing on our purchase must occur within sixty (60) days after the date of our notice to the seller electing to purchase the interest. If we cannot reasonably be expected to furnish the same type of consideration as the third-party, then we may substitute the equivalent in cash. If the parties cannot agree within thirty (30) days on the equivalent in cash, you and we will jointly designate and pay the cost of an independent appraiser, and the appraiser's determination will be final. We will have thirty (30) days after receipt of the appraiser's determination to decide whether to proceed with the purchase. We are entitled to receive, and Franchisee and the Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable. Any material change in the third party's offer after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as for the third party's initial offer.

15.6.2 ~~7.2~~ If a transfer is proposed to be made by gift, you and we will jointly designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We will have thirty (30) days after receipt of the appraiser's determination to decide whether to purchase the interest at the fair market value determined by the appraiser. If we decide to purchase, closing on the purchase will occur within forty-five (45) days after our notice to the transferor of our decision.

~~7.3~~

15.6.3 ~~7.4~~ If we elect not to exercise our rights under this Section, the transferor may complete the proposed transfer after complying with Sections 15.1 through 15.4, provided that the final sale price is not less than the price at which we were entitled to purchase. If we determine that the final sale price is less than the price at which we were entitled to purchase, we may refuse to give our consent to the transfer. Closing of the transfer to the third party must occur within sixty (60) days of our election not to exercise our rights. If closing does not occur within the 60-day period, the third party's offer will be treated as a new offer subject to our right of first refusal.

15.7 ~~8~~ Transfer of Development Agreement. If this Agreement is associated with a Development Agreement and you propose to transfer your rights under the Development Agreement, you are required (unless we otherwise approve) to transfer this Agreement and all other Franchised Businesses developed under the Development Agreement to the same transferee in the same transaction.

15.8 ~~9~~ Sale or Assignment by Franchisor. We have the right to transfer or assign all or any portion of our rights or obligations under this Agreement to any person or legal entity including the operator of a competing franchise system. The assignee will expressly assume our obligations and become solely responsible for them from the effective date of assignment. We can sell our assets, sell securities in a public offering or in a private placement; merge with, acquire, or be acquired by another company; or undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, without restriction and without affecting your obligations under this Agreement.

16. ~~16.~~—DEFAULT AND TERMINATION

16.1 ~~1.~~Termination without Cure Period. In addition to any other rights of termination set forth in this Agreement, we will have the right to terminate this Agreement if any of the following events of default occurs, without providing you an opportunity to cure the default, effective immediately upon delivery of written notice to you:

16.1.1 ~~1.1~~If you do not have an Approved Location within sixty (60) days after signing this Agreement;

16.1.2 ~~1.2~~If at any time during the pre-opening training program, we conclude in our sole judgment that any person required to attend the pre-opening training program does not possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or this Agreement;

16.1.3 ~~1.3~~If you do not open the Franchised Business by the Opening Deadline;

16.1.4 ~~1.4~~If you close the Franchised Business for three (3) or more consecutive business days without our prior approval, express your intent to abandon the Franchised Business, or cease to operate the Franchised Business for any period in circumstances where it is reasonable to conclude that you do not intend to promptly resume operation of the Franchised Business;

16.1.5 ~~1.5~~If you lose the right to possession of the Approved Location, or otherwise forfeit the right to do business in the jurisdiction where the Franchised Business is located. However, if, through no fault of your own, the Franchised Business premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then you will have thirty (30) days after that event in which to apply for our approval to relocate and/or reconstruct the Franchised Business;

16.1.6 ~~1.6~~If you refuse to permit us to inspect the Franchised Business or your books, records, or accounts as provided herein;

16.1.7 ~~1.7~~If you do not comply with the restrictions on competition in Section 14;

~~1.8~~

16.1.8 ~~1.9~~If any transfer of interest in this Agreement, Franchisee, or the Franchised Business occurs that does not comply with Section 15, or if an interest is not disposed of under Section 15.4 within one year after the date of death or appointment of a personal representative or trustee;

16.1.9 ~~1.10~~If you misuse or disclose to any unauthorized person any contents of the Brand Standards Manuals or other Confidential Information;

16.1.10 ~~1.11~~If you knowingly maintain false or misleading books or records, knowingly underreport sales, or knowingly submit any other false or misleading information to us;

16.1.11 ~~1.12~~If you perpetrate common law fraud against us or any customer or supplier of the Franchised Business or knowingly permit any agent or employee of Franchisee to embezzle any funds or property of any customers, Franchisor, Franchisee, or others;

16.1.12 ~~1.13~~If Franchisee takes, withholds, misdirects or appropriates for Franchisee's own use any funds withheld from Franchisee's employees' wages for employees' taxes, FICA, insurance, or benefits;

16.1.13 ~~1.14~~ If Franchisee or any Owner commits or is convicted of, pleads guilty to, or pleads no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe is likely to have an adverse effect on the System, the Marks, or the goodwill associated with them. Once Franchisee or any Owner has been arrested for or formally charged with a serious criminal offense, we will have the right: (i) to require that the individual(s) charged be removed from any active role in the Franchised Business pending final disposition of the charges; and (ii) if the person(s) charged include the Key Manager, to take over operation of the Franchised Business and to manage it on your behalf pending final disposition of the charges. If we exercise the right in clause (ii), we may charge a reasonable management fee for our services;

16.1.14 ~~1.15~~ If Franchisee is insolvent or makes an assignment for the benefit of creditors; if a receiver is appointed for the Franchised Business; if execution is levied against your business assets; if a suit to foreclose any lien or mortgage is filed against you and not dismissed within sixty (60) days; or if your business entity is dissolved;

16.1.15 ~~1.16~~ If Franchisee or any Owner appears on any government list of “blocked” persons or its assets, property, or interests are “blocked” under any anti-terrorism law or similar law that prohibits us from doing business with Franchisee or the Owner;

16.1.16 ~~1.17~~ If Franchisee breaches a material provision of this Agreement that is not, by its nature, curable or that goes to the essence of the Agreement;

16.1.17 ~~1.18~~ If you do not achieve the prescribed minimum score or standard on two consecutive assessments or on three or more assessments in any five (5) year period under Section 6.21;

16.1.18 ~~1.19~~ If you fail to maintain the insurance coverage required by Section 9, or fail to provide satisfactory evidence of insurance to us within forty-eight (48) hours of our request;

16.1.19 ~~1.20~~ If you fail to contact a customer within forty-eight (48) hours after receiving a customer complaint, or fail to resolve to our satisfaction any customer complaint in the manner and within the timeframe set forth in the Brand Standards Manuals, and you do not correct such failure within seven (7) days after we deliver written notice to you;

16.1.20 ~~1.21~~ If you fail to attend our annual convention for two (2) consecutive years;

16.1.21 ~~1.22~~ If the business license for, or any other permit or license required for the operation of, the Franchised Business is suspended or revoked;

~~1.23~~

16.1.22 ~~1.24~~ If you fail to conduct and keep records of a satisfactory background check on any employee as may be required by us prior to his/her hire and on a regular basis, and you fail to cure the default within 10 days after we deliver written notice to you;

16.1.23 ~~1.25~~ If you cure a default after written notice from us and the same default occurs again within one (1) year, whether or not cured after notice; or

16.1.24 ~~1.26~~ If you fail on three (3) or more separate occasions within any period of eighteen (18) months to submit when due reports or other data, information or supporting records, or to pay when due any amounts due to us or otherwise comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you.

16.2 ~~2~~ **Termination for Non-Payment.** If you fail to pay any monies owed to us, our affiliates or a third party supplier within seven (7) days after receipt of notice of default from us, this Agreement will terminate at the end of the 7-day period without further notice from us.

16.3 ~~3~~ Termination Following Expiration of Cure Period. Except as provided in Sections 16.1 and 16.2 and elsewhere in this Agreement, we can terminate this Agreement only by giving you written notice of termination stating the nature of the default, at least thirty (30) days before the effective date of termination. If the default is not cured within the thirty (30) day period (or such longer period as applicable law may require) this Agreement will terminate without further notice to you, effective at the end of the cure period. Any material failure to comply with the requirements imposed by this Agreement (as supplemented by the Brand Standards Manuals) will be a default under this Section 16.3.

16.4 ~~4~~ Cross-Default. We have the right to treat a default under any other agreement that you or an affiliate have with us or an affiliate as a default under this Agreement, subject to any applicable provisions for notice and cure set forth in the other agreement. For purposes of this section, “affiliate” means a person or business entity controlling, controlled by, or under common control with Franchisee or Franchisor, as applicable.

16.5 ~~5~~ Cross-Guarantee. In the event Franchisee or Franchisee’s affiliate now holds or later acquires any interest in a business other than the Franchised Business as defined in this Agreement, Franchisee shall unconditionally guarantee full performance and discharge of all of the franchisee’s obligations under the franchise agreement for such other business, including without limitation the payment of all royalty fees, advertising fees, and other obligations.

16.6 ~~6~~ Pre-Termination Options of Franchisor. Prior to the termination of this Agreement, if you fail to pay any amounts owed to us or our affiliates or fail to comply with any term of this Agreement, then in addition to any right we may have to terminate this Agreement or to bring a claim for damages, we will have the right to take the actions set out below and continue them until you have cured the default to our satisfaction. The taking of any of the actions permitted in this Section 16.6 will not suspend or release you from any obligation that would otherwise be owed to us or our affiliates under the terms of this Agreement. We may:

16.6.1 ~~6.1~~ Remove the listing of the Franchised Business from all advertising published or approved by us;

16.6.2 ~~6.2~~ Prohibit you from attending any meetings or seminars held or sponsored by us or taking place on our premises;

16.6.3 ~~6.3~~ Charge you the default Royalty Fee rate in Section 7.6 of this Agreement;

16.6.4 ~~6.4~~ Suspend access to the Call Center, the Franchisee Portal, and any technology systems we provide to you; and/or

~~6.5~~

16.6.5 ~~6.6~~ Suspend services provided to you by us or our affiliates under this Agreement, including but not limited to inspections, training, marketing assistance, and the sale of products and supplies.

16.7 ~~7~~ Step In Rights. In addition to our right to terminate this Agreement, and not in lieu of such right, or any other rights we may have against you, upon a failure to cure any default within the applicable cure period (if any), we have the right, but not the obligation, to enter the Franchised Business premises and exercise complete authority with respect to the operation of the Franchised Business (or designate a third party to exercise authority) until such time as we determine that the default has been cured, and you are otherwise in compliance with this Agreement. If we exercise the rights described in this Section, you are required to pay us (or our designee) a fee of up to \$500 per day and reimburse us (or our designee) for all costs and overhead, if any, incurred in connection with the operation of your Franchised Business, including, without limitation, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging. If we undertake to operate the Franchised Business pursuant to this Section, you agree to indemnify and hold us (and our designees and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of our operation of the Franchised Business.

16.8 ~~8~~ **Liquidated Damages.** If we terminate this Agreement based on your default, you are required to pay us, as liquidated damages, an amount equal to the greater of: (i) two years of Royalty Fees (calculated as your average Royalty Fees per payment period in the year preceding the termination of this Agreement, multiplied by the number of payment periods occurring in a two-year period); or (ii) \$100,000 (unless a different minimum is stated in this Agreement). The liquidated damages are in addition to costs and expenses that you may owe us under Section 23 (Disputes).

17 ~~17~~ **—OBLIGATIONS UPON TERMINATION OR EXPIRATION**

17.1 ~~1~~ **Our Rights to Acquire Approved Location and Franchise Assets.** Upon expiration or termination of this Agreement under any circumstances, you are required to:

17.1.1 ~~1.1~~ At our request, assign to us your interest in the lease or sublease for the Approved Location (or provide us with a commercially reasonable lease if you own the Approved Location). If we elect not to exercise our option to acquire the lease, you are required to make modifications or alterations to the Approved Location as necessary to comply with Section 17.2 and to distinguish the Approved Location from that of a Franchised Business.

17.1.2 ~~1.2~~ At our request, sell to us such of the furnishings, fixtures, vehicles, equipment, and signs of the Franchised Business as we may designate, at fair market value, and such of the inventory and supplies on hand as we may designate, at fair market wholesale value. If the parties cannot agree on the price of any such items within thirty (30) days, we will appoint an independent appraiser, and the appraiser's determination will be final. Franchisor and Franchisee will each pay one-half of the appraiser's fees and costs. We will have thirty (30) days after receipt of the appraiser's determination to decide whether to proceed with the purchase. If we exercise our option to purchase any items, we will have the right to set off any amount due us or our affiliate from you against any payment for the items.

17.1.3 ~~1.3~~ At our request, provide us with a copy of each customer agreement for the Franchised Business and any related information we request, and provide us with all other information and access necessary for us (or our designee) to continue servicing the customer and related business relationships within three (3) days from our request at no cost to us (since the Customer Data is our property).

To this end, each customer agreement must include a clause providing us the unconditional right (but not an obligation) to assume (directly or through a designee) the customer agreement upon the termination or expiration of this Agreement, including all of your rights and obligations thereunder that arise from and after such assumption. Upon the expiration or termination of this Agreement, you agree to facilitate our conversations with customers to ensure an orderly transition of the business operations. You agree to pay over to us (or our designee) any amounts (or a pro rata portion of any amounts) paid to you by your customers for services that you have not yet performed.

~~1.4~~

We can exercise any or all of our options under Sections 17.1.1, 17.1.2 and 17.1.3: (a) within thirty (30) days after the expiration of the Agreement Term, in the case of expiration of this Agreement; and (b) in the case of termination of this Agreement, at any time between the date of delivery of written notice of termination and thirty (30) days after the effective date of termination (or after the arbitration or court ruling upholding the termination, if termination is contested). We may assign these options to another person or entity. To preserve the value of these options, we may issue to you, and you are required to comply with, written instructions to refrain from, delay, or reverse any of the actions required of you under Section 17.2.

17.2 ~~2~~De-identification. Unless we have instructed you otherwise under Section 17.1.3, upon termination or expiration of this Agreement under any circumstances, you are required to:

17.2.1 ~~2.1~~ Cease to operate the Franchised Business, withdraw all advertising that can be canceled, remove from the Approved Location and from service vehicles all signs, graphics, and other items that display the Marks, and make any other changes that we request to dissociate yourself, the Approved Location, and the former Franchised Business from the System;

17.2.2 ~~2.2~~ Either permanently deactivate or, at our request, transfer to us all domain name registrations and other accounts, profiles, pages, usernames, and registrations by which you associate the Franchised Business with the Brand online or in any mobile network or other electronic marketing or communications channel, including but not limited to any social media, blog, messaging system, email domain, listserv, directory, or smart phone app, whether or not we authorized the particular usage or channel. If you do not voluntarily transfer these domain names, accounts, profiles, pages, usernames, and registrations, the registrars and hosts of any such electronic marketing or communications channels may accept this Agreement as evidence of our exclusive rights in the domain names, accounts, profiles, pages, usernames, and registrations and of our authority to direct their transfer on your behalf. When the domain names, accounts, profiles, pages, usernames, and registrations are transferred, all hosted content will also be transferred to us, including all data housed on the electronic marketing and communications channels as well as all members, friends, contacts and customers who are linked to the accounts or sites;

17.2.3 ~~2.3~~ Cease to use the Confidential Information (including the Brand Standards Manuals, Customer Data and Business Data), the Marks, the Works, and all other distinctive elements associated with the System, and return all materials in your possession or control, in any medium, that contain Confidential Information, bear any of the Marks, or constitute Works;

17.2.4 ~~2.4~~ Cancel any assumed name registration that contains any element or variation of the Marks, and furnish evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement;

17.2.5 ~~2.5~~ Cease using the telephone number(s) of the Franchised Business, notify your telephone company and all listing agencies of the termination of your right to use the telephone numbers and listings for the Franchised Business, and transfer those number(s) and listings to us or our designee;

17.2.6 ~~2.6~~ Return to customers (or if we request, to us) all items, including keys, in your possession which relate to that particular customer;

~~2.7~~

17.2.7 ~~2.8~~ Not directly or indirectly represent yourself to the public or hold yourself out as a present or former franchisee of the Brand; and

17.2.8 ~~2.9~~ Not use any reproduction, counterfeit, copy, or colorable imitation of the Marks or the Works in connection with any other business that, in our opinion, is likely to cause confusion, mistake, or deception or to dilute our and/or our affiliates' rights in and to the Marks and the Works. You must not use any designation of origin or description or representation that falsely suggests or represents an association or connection with us.

You hereby appoint us as your attorney-in-fact to carry out the requirements of this Section 17.2 if you fail to do so within a reasonable time, which need not be more than fifteen (15) days. You agree that we will have the right to enter the Approved Location and to contact your landlord and other third parties to make any required changes that you fail to make. You agree to reimburse us on demand for any costs that we incur to carry out your obligations.

17.3 ~~3.~~ Continuing Obligations. After termination or expiration of this Agreement under any circumstances, you will remain liable to us for certain obligations. Among other things, you are required to:

17.3.1 ~~3.1~~ Promptly pay all sums owing to us and our affiliates;

17.3.2 ~~3.2~~ Permit access to and examination of books and records as provided in Section 8 to determine any amounts due;

17.3.3 ~~3.3~~ Protect the Confidential Information as provided in Section 13;

17.3.4 ~~3.4~~ Comply with the post-term restrictions on competition in Sections 14.2 and 14.3; and

17.3.5 ~~3.5~~ Indemnify us as provided in Section 20.

18. ~~18.~~ **BUSINESS ENTITY REQUIREMENTS**

18.1 ~~1.~~ Ownership Information. Franchisee and each Owner represents and warrants that the ownership information in Attachment A is correct and complete as of the Agreement Date and will not be changed without first obtaining our consent as required by Section 15. You are required to maintain a current list of all stockholders, general partners, limited partners, members, or other direct and indirect beneficial owners (as applicable) and furnish the list to us upon request. If any Owner is a business entity, you are required to provide all information we request concerning that business entity and its owners. Every individual or entity that owns a direct or indirect equity interest of 5% or greater in Franchisee is required to guarantee Franchisee's performance of this Agreement by executing the Personal Guarantee attached to this Agreement.

18.2 ~~2.~~ Governing Documents. At our request, you are required to furnish us with copies of Franchisee's articles of incorporation, bylaws, partnership agreement, certificate of formation, limited liability company operating agreement, stock certificates, corporate minutes, or other governing documents, as applicable. You are required to give us at least thirty (30) days prior written notice of any proposed amendments to your governing documents. Your governing documents must provide at all times that your activities are confined exclusively to developing and operating Franchised Businesses. If any controlling Owner is a business entity, you are required to provide similar information concerning that business entity as we may request.

~~3.~~

18.3 ~~4.~~ Control Arrangements. Any voting trust, management agreement, or other arrangement affecting the power to direct and control the affairs of Franchisee requires our prior written consent. You are required to furnish any information and documentation that we may request concerning a proposed control arrangement.

18.4 ~~5.~~ No Use of Marks in Corporate or Legal Name. Without limiting any of the requirements in Section 11.3 above, you may not use any of the Marks as part of your corporate or legal name.

19. ~~19.~~RENEWAL

19.1 ~~1.~~Renewal Term and Conditions. You will have the option to continue the franchise relationship for additional terms of five (5) years each, subject to this Section. We will require you to satisfy the following requirements as a condition of renewing the franchise relationship with us:

19.1.1 ~~1.1~~You are required to give us written notice of your desire to renew not less than six (6) months and not more than twelve (12) months before the Expiration Date;

19.1.2 ~~1.2~~You must not be in default of this Agreement or any other agreement with us, our affiliates, or our approved vendors at the time you give the notice in Section 19.1 or during the remainder of the expiring term;

19.1.3 ~~1.3~~You are required to have a good record of customer service and of compliance with Brand Standards and your contractual obligations to us;

19.1.4 ~~1.4~~You are required to be on good terms with us, including but not limited to having a good working relationship for day-to-day operations and not being in litigation or other adversarial legal proceedings with us;

19.1.5 ~~1.5~~At our option, you will sign the then-current franchise agreement being offered to new franchisees of the Brand, except that we may or may not include a further renewal option (the “**Successor Franchise Agreement**”). The terms of the Successor Franchise Agreement may differ substantially from the terms of this Agreement, including increased fees, new fees, reconfiguration of the Territory, and higher Minimum Performance Requirements. Personal guarantees will be required per our then-current policy and our other standard documents will be required;

19.1.6 ~~1.6~~You must pay us a Renewal Fee of \$10,000 when you sign your successor Franchise Agreement. This fee is non-fundable;

19.1.7 ~~1.7~~Franchisee and all Owners are required to sign a general release, in a form we prescribe, of any and all claims against us, our affiliates, and our officers, directors, shareholders and employees;

19.1.8 ~~1.8~~The Key Manager and any employees we designate are required to successfully complete any additional or refresher training courses that we may require;

19.1.9 ~~1.9~~You are required to demonstrate that you have the right to remain in possession of the Approved Location for the full renewal term;

19.1.10 ~~1.10~~You are required to remodel, refurbish, renovate (including without limitation, as to any upgrading or refurbishing of vehicles used in the Franchised Business as may be requested by us) and/or re- equip the Franchised Business and premises to conform to our then-current Brand Standards for new Franchised Businesses before the end of the expiring term or obtain our approval of arrangements to complete the work on a schedule satisfactory to us; and

~~1.11~~

19.1.11 ~~1.12~~The computer system and vehicle(s) used in operation of the Franchised Business must be upgraded as necessary to meet our then-current Brand Standards.

19.2 ~~2~~**Your Failure to Act.** Your failure to give timely notice of your desire to renew will be deemed an election to decline the option in Section 19.1. IN FRANCHISOR'S SOLE DETERMINATION, FRANCHISEE MAY BE DEEMED TO HAVE IRREVOCABLY DECLINED TO CONTINUE THE FRANCHISE RELATIONSHIP IF FRANCHISEE FAILS TO SIGN AND RETURN TO FRANCHISOR THE SUCCESSOR FRANCHISE AGREEMENT AND OTHER DOCUMENTS REQUIRED BY FRANCHISOR WITHIN THIRTY (30) DAYS AFTER THEIR DELIVERY TO FRANCHISEE, OR FAILS TO COMPLY IN ANY OTHER WAY WITH THE PROVISIONS OF THIS SECTION 19.

19.3 ~~3~~**Holding Over.** If Franchisee does not sign a Successor Franchise Agreement by the Expiration Date and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor, this Agreement may be treated either as (i) expired as of the Expiration Date, with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

20. INDEMNIFICATION

You agree to indemnify Franchisor, its affiliates, and their respective past, present, and future officers, directors, shareholders, employees, and agents (collectively, "**Protected Parties**") for, and at our option defend the Protected Parties against: (i) any claims (whether or not by a third party) arising directly or indirectly from, as a result of, or in connection with your activities under this Agreement (collectively, "**Claims**"); and (ii) any liabilities, damages, losses, and expenses the Protected Parties incur as a result of such Claims, including but not limited to attorneys' fees, costs of investigation, settlement costs, fines, civil penalties, and interest charges (collectively, "**Expenses**"). To the extent permitted by law, this indemnity includes Claims and Expenses alleged to be caused by the negligence of the Protected Parties, unless (and then only to the extent that) the Claim or Expense is finally determined by a court to have been caused solely by the gross negligence or willful misconduct of the Protected Parties. With respect to any threatened or actual litigation, proceeding, or dispute that could directly or indirectly affect any of the Protected Parties, the Protected Parties will have the right, but no obligation, to: (i) choose counsel; (ii) direct, manage, and control the handling of the matter; and (iii) settle any Claim on behalf of the Protected Parties. Your obligations under this Section are not limited by the amount of your insurance coverage. This Section will survive the expiration or termination of this Agreement.

21. NOTICES

All notices related to this Agreement are required to be in writing and are required to be delivered in person or sent by certified mail, by national commercial delivery service, or by other written or electronic means which affords the sender reliable evidence of delivery or attempted delivery, to the address shown in Attachment A, in the case of Franchisee, or to Resting Rainbow Pet Memorials and Cremation Franchise, LLC, 13700 NW 19th Ave., Suite 11, Opa Locka, FL 33054, Attn: Legal Department, in the case of Franchisor, unless and until a different address has been designated by written notice to the other party. For the avoidance of doubt, our delivery of notice to the business email address that we have on file for you will constitute effective notice unless we receive a non-delivery message. This Section does not apply to changes to the Brand Standards Manuals or any written instructions that we furnish to you relating to operational matters.

22. GENERAL PROVISIONS

22.1 ~~1~~ 1 **Notice of Suit.** You are required to notify us promptly of any legal proceeding or any order of a court or government agency that may adversely affect the operation or financial condition of the Franchised Business.

22.2 ~~2~~ 2 **Independent Contractor.** Nothing in this Agreement is intended to make Franchisor or Franchisee an agent, legal representative, subsidiary, joint venturer, partner, or employee of the other for any purpose. This Agreement does not create a fiduciary relationship between you and us. Nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf or to incur any debt or other obligation in our name. We will not assume liability for any such action or for your acts or omissions or any claim or judgment against you. You are required to hold yourself out to the public as an independent contractor operating under this Agreement.

22.3 ~~3~~ 3 **Public Notice of Independent Status.** Franchisee is required to conspicuously identify itself by its own company name in all dealings with customers, landlords, vendors, contractors, reporters, public officials, and employees and on all business cards, stationery, advertising, payroll forms, purchase orders and other materials.

22.4 ~~4~~ 4 **Severability.** If a court or government agency determines that any provision of this Agreement is invalid or contrary to applicable law, the invalidity will not impair the operation of any other provision of this Agreement that remains otherwise intelligible. The latter will continue to be given full force and effect and the invalid provision(s) will be deemed not to be a part of this Agreement.

22.5 ~~5~~ 5 **No Implied Waiver.** No failure to exercise any right reserved to us in this Agreement or to insist on your strict compliance with any obligation or condition in this Agreement, and no custom or practice of the parties, will constitute a waiver of our right to exercise any right or to demand your compliance with this Agreement. Our waiver of any particular default will not affect or impair our rights with respect to any subsequent default. Our delay or forbearance in exercising any right arising out of your breach or default will not prevent us from exercising the right, declaring any subsequent breach or default, or terminating this Agreement.

22.6 ~~6~~ 6 **No Implied Third-Party Beneficiaries.** Nothing in this Agreement is intended to confer any rights or remedies on any person or legal entity other than Franchisee and us.

22.7 ~~7~~ 7 **No Implied Consent.** Whenever this Agreement requires our prior approval or consent, you are required to make a timely written request, and the approval or consent must be obtained in writing and signed by one of our officers. We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you by providing any waiver, approval, consent, or suggestion in connection with this Agreement.

22.8 ~~8~~ 8 **Survival of Obligations.** All obligations which expressly or by reasonable implication are to be performed, in whole or in part, after the expiration, termination, or assignment of this Agreement will survive expiration, termination, or assignment.

22.9 ~~9.~~ Our Business Judgment. Except as otherwise expressly provided in this Agreement, whenever we exercise a right and/or discretion to take or withhold an action, we can make our decision or exercise our discretion based on our judgment of what is in the best interests of the Brand at the time, even though (a) there may have been alternative decisions or actions that could have been taken; (b) our decision or the action taken promotes our own financial interest; or (c) our decision or the action may apply differently to different franchisees. In the absence of an applicable statute, we will have no liability to you for any such decision or action. If applicable law implies a duty of good faith and fair dealing in this Agreement, we and you agree that the duty does not encompass any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement.

~~10.~~

22.10 ~~11.~~ Relationship to Other Businesses of Franchisor and its Affiliates. In fulfilling its obligations to Franchisee, and in conducting any activities or exercising any rights pursuant to this Agreement, Franchisor has the right: (i) to take into account, as it sees fit, the effect on, and the interests of, other businesses in which Franchisor and its affiliates have an interest, and on Franchisor's (and its affiliates') own activities;

(ii) to share market and product research, and other proprietary and non-proprietary business information, with Franchisor's affiliates and the businesses in which they have an interest; and/or (iii) to introduce products, processes, or operational equipment used by the System into the franchised systems of Franchisor's affiliates, and to allocate new products and/or developments between and among the franchised systems, as Franchisor and its affiliates see fit. Franchisee understands and agrees that all obligations of Franchisor under this Agreement are subject to this section, and that nothing in this section shall affect in any way Franchisee's obligations under this Agreement.

22.11 ~~12.~~ Right to Information. You consent to us obtaining, using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose whatsoever 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 us or our affiliates (or disclosed to us or our affiliates) in accordance with this Agreement.

22.12 ~~13.~~ Entire Agreement. This Agreement and its Appendices constitute the entire agreement between Franchisor and Franchisee and the Owners concerning the Franchised Business. It supersedes all prior agreements, negotiations, representations, and correspondence concerning the same subject matter, except that nothing in this Agreement is intended to disclaim any representations made in any Franchise Disclosure Document that you received from us in connection with this Agreement. No amendment, change, or variance from this Agreement will be binding unless agreed to in writing and signed by authorized representatives of each party.

22.13 ~~14.~~ Amendment of Prior Agreements. In order to enhance consistency and quality of operation, performance, dispute resolution and other matters, we amend our standard Franchise Agreement from time to time. As a result, this Agreement may be different from other Brand franchise agreements that Franchisee or Franchisee's affiliates may have signed in the past and may contain revised provisions regarding, among other things, modifications to the System, manner of payment of fees and late fees, duties of franchisee, protection of trademarks, status and protection of Manuals and Confidential Information, technology requirements, advertising, insurance, accounting and records, transfers, default and termination, obligations on termination, franchisee covenants, taxes, indemnification, obligations to defend, approvals and waivers, notices, construction of agreement and applicable law. To cooperate with us in the achievement of these goals and as a condition of the grant of an additional franchise, Franchisee agrees that all of Franchisee's or its affiliates' existing Brand franchise agreements with Franchisor or its affiliates are amended to match the provisions of this Agreement (if the existing franchise agreements do not already include these provisions), except with respect to the royalty fee rate, required marketing contributions and spending, other fees for which amounts are specified, territory description, Approved Location, contract term, renewal conditions, and transfer conditions set out in the prior agreements, which will remain unchanged. FRANCHISEE ACKNOWLEDGES THAT THIS SECTION AMENDS ALL OF FRANCHISEE'S EXISTING FRANCHISE AGREEMENTS WITH FRANCHISOR AND THAT THE

AMENDMENT WILL SURVIVE THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.
22.14 ~~15:~~

22.15 ~~16.~~ Material Modification – for California Locations Only. If Franchisee or Franchisee's affiliates previously entered into one or more franchise agreements with Franchisor for a Franchised Business in

California, Section 22.13 may constitute a material modification of those existing franchise agreements under California law. If that is the case, and if Franchisee notifies Franchisor in writing within five (5) business days after signing this Agreement that Franchisee (or Franchisee's affiliate, as applicable) rescinds this modification of the existing franchise agreement(s) for the Franchised Business in California, this Franchise Agreement will be null and void and Franchisee will not have the right to develop a Franchised Business under this Franchise Agreement.

22.16 ~~17.~~ Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered shall be deemed to be an original. Any signature by electronic signature, facsimile or scanned PDF shall be deemed an original signature. This Agreement shall be effective only upon the receipt of countersignature by us.

23. ~~23.~~ **DISPUTES**

23.1 ~~1.~~ Governing Law. This Agreement and the relationship between Franchisor and Franchisee and the Owners is governed by the laws of the State of Maryland, except that if a provision of this Agreement would not be enforceable under the laws of Maryland, and if the Franchised Business is located outside of Maryland and the provision would be enforceable under the laws of the state in which the Franchised Business is located, then that provision will be governed by the laws of the state in which the Franchised Business is located. In the event of any conflict of law question, the laws of Maryland will prevail, without regard to the application of Maryland conflict-of-law rules. This Section 23.1 is not intended to subject this Agreement or our relationship with you to any Maryland statute or regulation that would not apply by its own terms without considering this Section.

23.2 ~~2.~~ Mandatory Arbitration. Except as set forth in Sections 23.3 and 23.4 below and in subsection 23.2.5, any claim or dispute arising out of or relating to this Agreement (including but not limited to any claim that the Agreement or any of its provisions is invalid, illegal, or otherwise voidable or void), the relationship between you, your owners and affiliates and us or our affiliates, or your operation of the Franchised Business, shall be submitted to JAMS for mandatory, final and binding arbitration. The arbitration will be conducted in accordance with the Federal Arbitration Act, 9 U.S.C., Section 1, *et seq.*, and the commercial arbitration rules of JAMS in effect at the time of filing of the demand for arbitration (the "**JAMS Rules**"), except as the JAMS Rules may be modified by the following:

23.2.1 ~~2.1~~ The seat of arbitration will be the JAMS office closest to Opa Locka, Florida, and all arbitration hearings shall take place at that office. We have the right to designate headquarters for the Brand at a location other than Opa Locka, Florida and to substitute that location for Opa Locka, Florida for purposes of this section.

23.2.2 ~~2.2~~ The arbitration will be conducted, heard, and decided by one (1) arbitrator ("**Arbitrator**") who is mutually agreeable to the parties. If the parties have not agreed on the Arbitrator within thirty (30) days after filing of the arbitration demand with JAMS, the Arbitrator shall be appointed in accordance with the JAMS Rules.

23.2.3 ~~2.3~~ The Arbitrator shall not entertain or permit any class or consolidated proceeding.

23.2.4 ~~2.4~~ The administrative fees of JAMS and the Arbitrator's fees will be split equally between Franchisor and Franchisee.

23.2.5 ~~2.5~~

23.2.6 ~~2.6~~ If either party fails to pay its share of any fee required by JAMS to proceed with administration of the arbitration, and if the other party has paid its own share of the fee, the Arbitrator shall enter a default judgment in favor of the latter party. If an Arbitrator has not yet been appointed at the time of the non- payment of the required fee, the party that has paid its own share of the fee shall have the option to have a default judgment entered in its favor or to proceed in court on the claims submitted to arbitration. The Arbitrator will not have the authority to add to, delete, or modify the terms of this Agreement. All findings, judgments, decisions, and awards of the Arbitrator will be limited to the claims set forth in the arbitration demand and any counterclaims, as they may be amended, and the Arbitrator will not have the authority to decide any other claims. The Arbitrator will have the power to decide any or all of the issues, claims and defenses presented in the arbitration through summary judgment, summary disposition, or dismissal proceedings without a full evidentiary hearing or witness testimony, as long as all parties are permitted to submit memoranda and affidavits and have oral argument, either in person or by telephone, if the Arbitrator determines that oral argument would assist in the decision making process. The Arbitrator will not have the right or authority to award punitive damages to any party. All findings, judgments, decisions and awards by the Arbitrator will be in writing and will be made within sixty (60) days after the arbitration hearings have been completed, and will be final and binding on all parties in the arbitration.

23.2.7 ~~2.7~~ The written decision of the Arbitrator will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction.

23.2.8 ~~2.8~~ The decision of the Arbitrator will have no collateral estoppel effect with respect to a controversy with any person or entity who is not a party to the arbitration proceeding.

23.3 ~~3~~ Provisional or Declaratory Relief. Nothing in Section 23.2 or elsewhere in this Agreement prohibits Franchisor's right to seek a restraining order, preliminary injunction, specific performance, or declaratory relief in court, under the applicable court rules, against conduct or threatened conduct for which no adequate remedy at law may be available or which Franchisor believes may cause Franchisor irreparable harm. Franchisor may have such relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law. Franchisee and each of its Owners acknowledges that any violation of (without limitation) Sections 11, 12, 13, 14, 15 or 17 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available. Accordingly, Franchisee and each of its Owners consents to the issuance of an injunction at Franchisor's request (without posting a bond or other security) prohibiting any conduct in violation of any of those Sections. Franchisee's sole remedy in the event of the entry of specific performance or injunction order will be the dissolution of the order, if warranted (all claims for damages by reason of the wrongful issuance of any such order being expressly waived by Franchisee). Franchisee agrees that the existence of any claims Franchisee or any of its Owners may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement of Sections 11, 12, 13, 14, 15 or 17.

23.4 ~~4~~ Disputes Not Subject to Mandatory Arbitration. Notwithstanding Section 23.2, Franchisor shall have the option to submit to a court any of the following actions: to collect fees due under this Agreement; for injunctive or other relief as described in Section 23.3; to protect our intellectual property, including the Marks, Confidential Information, and trade secrets; to terminate this Agreement for a default; and to enforce the post- term obligations in Section 17 of this Agreement. Notwithstanding anything in this Agreement, in the JAMS Rules, or any provision of law, the determination of whether a dispute or controversy filed in a court is subject to arbitration shall be made by the court, not by an arbitrator.

23.5 ~~5~~

23.6 ~~6~~ Time Limit on Filing. Except for claims arising from Franchisee's non-payment or underpayment of amounts Franchisee owes Franchisor or from performance or non-performance of Franchisee's obligations arising upon expiration or termination of this Agreement, any claim or action arising out of or relating to this Agreement or the relationship between us and Franchisee and the Owners will be barred unless submitted to arbitration or filed in court and served within two (2) years from the date the complaining party knew or should have known of the facts giving rise to such claim.

23.7 ~~7~~ Venue for Litigation. Franchisee and the Owners are required to file any lawsuit against us only in the federal district court for the district encompassing Opa Locka, Florida (or in the closest state court to Opa Locka, Florida, if the federal court lacks subject matter jurisdiction). We may file a lawsuit against Franchisee or the Owners in the federal or state court for Opa Locka, Florida or in the federal or state court where the Franchised Business is located. We have the right to designate headquarters for the Brand at a location other than Opa Locka, Florida and to substitute that location for Opa Locka, Florida for purposes of this section. The parties irrevocably submit to the jurisdiction of such courts and waive all objections to personal jurisdiction and venue for purposes of carrying out this provision.

23.8 ~~8~~ Waiver of Jury Trial. We, you, and the Owners irrevocably waive trial by jury in any action, proceeding, or counterclaim.

23.9 ~~9~~ Waiver of Exemplary Damages. Franchisee and the Owners, on the one hand, and Franchisor on the other, waive any right to or claim of punitive or exemplary damages against the other, except that we do not waive our right to: (i) statutory, punitive or exemplary damages for violation of the Lanham Act, trademark infringement or dilution, or unauthorized disclosure of confidential information or trade secrets; or (ii) indemnification from Franchisee under Section 20 for any such damages claimed or awarded against Protected Parties.

23.10 ~~10~~ Class Action Waiver. TO THE EXTENT PERMITTED BY LAW, FRANCHISEE AND THE OWNERS WAIVE THE RIGHT TO SEEK CERTIFICATION OF A CLASS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM AGAINST US.

23.11 ~~11~~ Costs and Legal Fees. In connection with any failure by Franchisee to comply with this Agreement, regardless of whether there is any legal proceeding to enforce the terms of this Agreement, Franchisee will reimburse Franchisor, upon demand, for the costs and expenses incurred by Franchisor as a result of such failure and Franchisor's enforcement of the terms of this Agreement. Franchisor's costs and expenses include, without limitation, accountants', attorneys', attorneys' assistants and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses, and travel expenses. If Franchisee initiates a legal proceeding against Franchisor, and if Franchisee does not prevail in obtaining the relief Franchisee was seeking in such legal proceedings, then Franchisee will reimburse Franchisor for the costs and expenses incurred by Franchisor as a result of such legal proceedings, including, without limitation, accountants', attorneys', attorneys' assistants and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel expenses, whether incurred prior to, in preparation for, in contemplation of, or in connection with such legal proceedings. However, in case of any conflict between this Section and Section 23.2.4 or 23.2.7 above, Section 23.2.4 or 23.2.7 will take precedence. This section will survive termination or expiration of this Agreement.

23.12 ~~12~~ Remedies are Cumulative. Except as otherwise provided in this Section 23, no right or remedy under this Agreement is exclusive of any other right or remedy.

~~[SIGNATURE PAGE FOLLOWS]~~

SIGNATURE PAGE TO THE FRANCHISE AGREEMENT

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date signed below.

FRANCHISEE:

[FRANCHISEE]

By:

Name:

Title:

Date:

FRANCHISOR:

RESTING RAINBOW PET
MEMORIALS AND CREMATION
FRANCHISE, LLC

By:

Name:

Title:

Date:

CALIFORNIA

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, Franchise Agreement, and Area Development Agreement the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT dfpi.ca.gov.

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.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

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

ITEM 3 – LITIGATION

Neither the Franchisor, nor any person identified in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

ITEM 5 – INITIAL FEES

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

ITEM 17 – RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

2. 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).

~~4.~~ 4. The Franchise Agreement and the Development Agreement require venue to be limited to Florida. This provision may not be enforceable under California law.

~~5.~~ 5. The Franchise Agreement contains a covenant not to compete which extends beyond the termination or non-renewal of the franchise. This provision may not be enforceable under California law.

~~6.~~ 6. THE FRANCHISE AGREEMENT MAY REQUIRE THE FRANCHISEE TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON EXECUTION OF THE FRANCHISE AGREEMENT. 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).

7. California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Corporations before we ask you to consider a material modification of your Franchise Agreement or the Development Agreement.

8. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

9. The Franchise Agreement and any Area Development Agreement require binding arbitration. The arbitration will occur in Florida. If we are the substantially prevailing party, we will be entitled to recover reasonable attorneys' fees and litigations costs and expenses in connection with the arbitration. 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.

MINNESOTA

Notwithstanding anything to the contrary set forth in the Disclosure Document, the Franchise Agreement, or the Area Development Agreement, the following provisions will supersede and apply:

1. ~~Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.~~

2. ~~1.~~ We will protect your right to use the trademarks, service marks, trade names, logotypes, or other commercial symbols and/or indemnify you from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the same.

3. ~~2.~~ Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

4. ~~3.~~ No release language set forth in the Franchise Agreement or Area Development Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

5. ~~4.~~ Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 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 or Area Development Agreement.

6. ~~5.~~ Under the terms of the Franchise Agreement and Area Development Agreement, as modified by the Minnesota Addendum to the Franchise Agreement, you agree that if you engage in any non-compliance with the terms of the Franchise Agreement or unauthorized or improper use of the System Marks, or Proprietary Materials during or after the period of the Agreements, we will be entitled to seek both temporary and permanent injunctive relief against you from any court of competent jurisdiction, in addition to all other remedies which we may have at law, and you consent to the seeking of these temporary and permanent injunctions.

7. ~~6.~~ Subject to Minnesota Statute 604.113, all service charges are capped at \$30.

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

9. ~~8.~~

EXHIBIT J

STATE EFFECTIVE DATES

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

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

State	Effective Date
California	Application Pending
Hawaii	~~Application Pending~~ <u>Not Registered</u>
Illinois	~~Application Pending~~ <u>April 30, 2024</u>
Indiana	~~Application Pending~~ <u>May 15, 2024</u>
Maryland	Application Pending
Michigan	Application Pending
Minnesota	Application Pending
New York	Application Pending
North Dakota	~~Application Pending~~ <u>Not Registered</u>
Rhode Island	Not Registered
South Dakota	~~Application Pending~~ <u>Not Registered</u>
Virginia	Application Pending
Washington	Not Registered
Wisconsin	~~Application Pending~~ <u>May 15, 2024</u>

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.